

THE REPUBLIC OF ZIMBABWE



COMMUNIQUÉ OF THE HIGH-LEVEL STRUCTURED DIALOGUE PLATFORM FORUM – ZIMBABWE ARREARS CLEARANCE AND DEBT RESOLUTION PROCESS

Held on 25 November 2024 at Harare International Conference Centre, Harare, Zimbabwe

1. On the 25th of November 2024, the Government of the Republic of Zimbabwe, successfully hosted its sixth High-Level Structured Dialogue Platform Forum, to update stakeholders and discuss the Roadmap for the Arrears Clearance and Debt Resolution Process.
2. His Excellency, Cde. Dr. Emmerson D. Mnangagwa presided over the Forum. Supporting him, were His Excellency Joaquim A. Chissano, Former President of the Republic of Mozambique and the High-Level Facilitator of the Process, who participated virtually, and the African Development Bank Group President and Process Champion, Dr. Akinwumi A. Adesina.
3. Also at the Forum were Ambassador Thomas Nuno, President Chissano's Advisor, who represented him physically at the meeting, Government representatives, Zimbabwean ambassadors abroad, who joined virtually, creditors, Development Partners, representatives of International Organisations, Civil Society Organisations and the private sector among others.
4. In his Keynote Address, President Mnangagwa acknowledged that Zimbabwe was achieving significant milestones, despite the challenges posed by the external debt overhang, global climate shocks, and the burden of illegal economic sanctions. He expressed his Government's commitment to consolidating constitutionalism, upholding the rule of law, promoting good governance, and protecting constitutionally enshrined rights and freedoms.
5. The President reiterated that, to anchor further economic reforms under the Arrears Clearance and Debt Resolution Process, the Government was negotiating a Staff Monitored Programme (SMP) with the International Monetary Fund. He explained that since Zimbabwe established the Structured Dialogue Platform two years ago in December 2022, it had registered tremendous progress, with growing consensus, trust and confidence in this key national initiative. He added that it was now time to move to the ultimate objective of the Process: clearing arrears, debt resolution and unlocking new concessional external financing, for the country.
6. President Mnangagwa, reiterated that His Government took full ownership of the Arrears Clearance and Debt Resolution Process and remained fully committed to the implementation of reforms underpinning the Process, consistent with Zimbabwe's National Development Strategy 1, despite the current climatic shocks induced by the El Nino weather phenomenon.
7. The successful implementation of the reforms under the Process, was emphasised as key for Zimbabwe to unlock new concessional external financing, critical for achieving its economic development objectives, under Zimbabwe's National Development Strategy 1 and as the country also transitions to the implementation of its National Development Strategy 2.
8. Reflecting on the Process over the past two years, stakeholders agreed that the historic Structured Dialogue Platform has been successful in re-engaging Zimbabwe with its international

Development Partners and creditors. They affirmed that this was the only viable path forward. They commended the inclusive nature of the Process, which they noted had brought all key stakeholders together to discuss the reforms underpinning the Process. They agreed that the Platform had made significant progress in rebuilding trust and fostering an environment of confidence, through inclusive consultations.

Progress on the Implementation of Reforms under the three Pillars

9. President Mnangagwa updated the Forum on the progress made over the past two years in implementing reforms under the three strategic pillars, Co-Chairs of the Sector Working Groups buttressed this in their interventions. The three sector Working Groups are in the following areas:
 - Economic Growth and Stability Reforms
 - Governance Reforms and;
 - Land Tenure Reforms (bankable 99-year lease), Compensation of Former Farm Owners and the Resolution of Bilateral Investment Protection and Promotion Agreements (BIPPAs).
10. **On Economic Growth and Stability Reforms**, Government has been implementing a tight monetary policy to manage money supply growth. Effective co-ordination between fiscal and monetary policies will ensure the stability of the exchange rate and low single-digit inflation. To bolster macro-economic stability, the Government, in April 2024, introduced a new local currency the Zimbabwe Gold (ZiG).
11. In addition, all Reserve Bank of Zimbabwe foreign currency liabilities were transferred to the Zimbabwean Treasury, and these are now being serviced through the National Budget, allowing the Reserve Bank of Zimbabwe, to refocus its efforts exclusively on price stability. The liabilities have put more pressure on the fiscus by increasing debt service payments from the national budget.
12. The exchange rate is now determined on the interbank market, based on a willing buyer willing seller foreign exchange system. The tight monetary policy to support the effective management of money supply will remain in place. The monetary policy intervention on 27 September 2024, has seen the stabilization of both the interbank exchange rate and the parallel market rate, with the premium significantly narrowing from over 100 per cent, to below 30 per cent, while the prices of goods and services have also stabilized.
13. To anchor and consolidate the implementation of further economic reforms under the Arrears Clearance and Debt Resolution Process, the Government is currently negotiating a Staff Monitored Programme (SMP), with the International Monetary Fund. An IMF mission is expected in Zimbabwe towards the end of January 2025 for negotiating the SMP. The signing off on the SMP is expected by the end of the first quarter of 2025.
14. Stakeholders also agreed that the implementation of reforms under the SMP negatively impacts the vulnerable groups of the Zimbabwean population. In this regard, focus on several supportive measures is critical to ensure the successful implementation of the SMP. These include collective efforts in resource mobilization for a “wet” SMP to support the following key priority areas; social protection, education, health, agriculture/food security and climate change.
15. **On Land Tenure Reforms (bankable 99-year lease), Compensation of Former Farm Owners and the Resolution of Bilateral Investment Protection and Promotion Agreements (BIPPAs)**, tremendous progress has been registered in all three reform priority areas.

16. Regarding **Land Tenure Reforms (bankable 99-year lease)**, the Government, in October 2024, made a bold decision to give security of tenure to all the beneficiaries of the Land Reform Programme consistent with Section 292 of Zimbabwe's Constitution. All land held by the beneficiaries of the Land Reform Programme under the 99-year leases, offer letters, and permits, will now be held under bankable, registrable and transferable tenure documents.
17. In line with the Global Compensation Deed (GCD) signed in 2020, the Government allocated US\$35 million for the compensation of Former Farm Owners (FFOs) in the 2024 National Budget. To date, 444 applications have been approved for payment under the GCD. In addition, the Government allocated US\$20 million to compensate farms affected by the Land Reform Programme that were protected by Bilateral Investment Protection and Promotion Agreements, with 94 applications approved for payment so far. Payments to both FFOs and BIPPA claimants will commence before the end of 2024, as soon as all the payment procedures have been completed by the claimants.
18. **On Governance Reforms**, the Governance Policy Reform Matrix under the Arrears Clearance and Debt Resolution Process uses 16 selected sub-indicators under the Mo Ibrahim Index of African Governance, the World Justice Project Rule of Law Index and Corruption Perception Index to measure the progress, with 2019 as the base year. The 16 sub-indicators are linked with the six pillars of the Governance Reform Matrix from National Development Strategy 1. These six pillars are as follows: Justice Delivery, Public Sector Transparency and Accountability, Combating Corruption, Promotion of Human Rights, Electoral Reforms, and National Unity, Peace, and Reconciliation.
19. Zimbabwe recorded improvements on seven sub-indicators, while declines were recorded in nine areas. To improve the scores, the Government has committed to take specific actions to improve the score of each sub-indicator. Interventions in response to the parameters set involve various Ministries, Departments, and Agencies contributing to the objectives of the National Development Strategy 1.
20. Under the Justice Delivery matrix, enhancement of the justice delivery system continues through the building of courts countrywide and the decentralisation of Zimbabwe's High Court. Meanwhile, the fight against corruption is being strengthened with the anticipated enactment of the Whistleblower Protection Bill; Witness Protection Bill; Anti-Corruption Amendment Bill; as well as the Assets and Conflict of Interest Bill.
21. To improve the human rights environment in the country, the Abolition of the Death Penalty Bill is undergoing Parliamentary approval processes, while the Zimbabwe Human Rights Commission has been decentralised. In addition, the establishment of the Zimbabwe Independent Complaints Commission in line with Section 210 of the Constitution, will enhance the culture of transparency and accountability in the security sector.
22. In addition, the Private Voluntary Organisations (PVOs) Bill, is expected to enhance transparency and accountability within that sector, while also augmenting Government's efforts to prevent the financing of terrorism and money laundering, through PVOs.
23. During their remarks, both President Chissano and Dr Adesina commended the Government of Zimbabwe's commitment to implementing the reforms essential for the Arrears Clearance and Debt Resolution Process. However, they cautioned stakeholders that the Government alone cannot fulfil all commitments due to constrained capacity. They recommended that international Development Partners and creditors consider assisting the Government to ensure the successful

implementation of reforms, particularly the mobilisation of resources for a “wet” IMF Staff Monitored Programme to protect vulnerable groups of the population.

24. Dr Adesina also urged stakeholders to collectively agree on a time-bound, concrete plan for delivering the core objective of the Arrears Clearance and Debt Resolution Process. He encouraged Development Partners to indicate the triggers and incentives to support the Government of Zimbabwe, as it consolidates existing reforms and embarks on further reform initiatives.
25. Dr Adesina thanked President Mnangagwa for continuing to engage stakeholders on the PVO Bill, which, he noted, resulted in further consultations, where Civil Society Organizations submitted their recommendations to Government. He urged President Mnangagwa to consider further consultations with Civil Society Organizations on outstanding issues.
26. The High-Level Facilitator, President Chissano, urged the Government to evaluate the nine negative indicators that need to be addressed to reverse the unfavourable assessment. In the spirit of mutual understanding and cooperation, Development Partners encouraged the Government to continue working on areas that needed improvement to maximise overall progress.
27. There was consensus from stakeholders that although some reforms have not moved as fast as others, it is critical to note that this is a Process where some reforms take time. Going forward, it is essential to consolidate efforts and focus on the core objective of the Arrears Clearance and Debt Resolution Process, which is to clear the arrears and attain debt sustainability, in order to unlock new external concessional financing, needed to achieve National Development Strategy 1 development objectives.

Arrears Clearance and Debt Resolution Roadmap

28. The Minister of Finance, Economic Development and Investment Promotion, Professor Mthuli Ncube updated stakeholders on the Roadmap for the Arrears Clearance and Debt Resolution Process. His presentation covered the following areas:
 - Signing off of an SMP with the IMF by the first quarter of 2025, anchoring policies to bolster macroeconomic stability;
 - Continuation with the implementation of outstanding reforms under the pillars of the three Sector Working Groups;
 - Continuing with Structured Dialogue Platform meetings, both at high and technical level, as a platform for building trust, feedback and reporting of progress on the implementation of the reforms;
 - Resource mobilisation for the wet IMF Staff Monitored Programme, towards social protection, education, health, agriculture & food security, climate change and pre-arrears clearance funding;
 - Lobbying for the support of Development Partners for resources to be set aside for a pre-arrears clearance grant under the African Development Fund (ADF17) and the International Development Association (IDA21) Replenishments;
 - Engaging a bilateral creditor champion to assist with the resource mobilisation of bridging finance to clear arrears to the World Bank, the African Development Bank, the European Investment Bank and others;

- Requesting for debt relief and restructuring, working together with the Financial and Legal Advisors – options are the G20 Common Framework or similar mechanism;
- Requesting for an IMF Upper Credit Tranche program;
- Engaging the Paris Club and other official bilateral creditors; and
- Arrears clearance, debt relief and restructuring from the Paris Club creditors, Non-Paris Club creditors, multilateral regional development banks and other creditors.

29. The progress registered during the last two years of the Structured Dialogue Platform Process is a key milestone, and a foundation to move towards the core objective of the Arrears Clearance and Debt Resolution Process. The Government of Zimbabwe will continue working together with the Champion, the High-Level Facilitator, Development Partners, and all creditors and stakeholders, including the Financial and Legal Advisors in the implementation of the Roadmap.

30. The Government of Zimbabwe takes full ownership of the Arrears Clearance and Debt Resolution Process and is committed to the implementation of reforms underpinning the Process, consistent with the National Development Strategy 1.

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