Zimbabwe

ANNUAL BUDGET AND ECONOMIC REVIEW

FISCAL YEAR 2019

HARARE

July 2020

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INTRODUCTION

1. The 2019 Annual Budget and Economic Review gives overall performance of the National Budget and the economy during the year, also reflecting progress on implementation of the Transitional Stabilisation Programme (TSP) reforms. The Review specifically details developments in the real sector, public finances, monetary, financial sector and balance of payments. In addition, milestones on structural reforms including institutional and governance issues are also highlighted in this Review.

Progress on TSP Reforms

2. Following the adoption of the Transitional Stabilisation Programme (TSP) in October 2018, earnest implementation of the programme started in 2019 focussing on macroeconomic stabilization, institutional reforms to support investment and economic growth and governance reforms to strengthen laws, improve management of institutions and deal with corruption.

3. Significant milestones were made on strengthening fiscal management, improving the financial stability framework, restoration of the local currency and resuscitation of monetary and foreign currency policy instruments, infrastructure rehabilitation and development, social protection and governance reforms.

4. Further, Government also approved reforms for key SOEs, aimed at making them more accountable, transparent, and viable, as well as improving the business climate.

Gross Domestic Product

5. However, the overwhelming drought and other climatic shocks negatively affected agriculture which is primarily rain-fed, as well as electricity generation largely dependent on the rain collected at the Kariba dam. The largest drop was in agriculture, where output is estimated to have fallen by 18%, mainly driven by drought and Cyclone Idai. Manufacturing, which is tightly linked to the agriculture sector through forward and backward linkages, contracted by 8.7%, further subdued by electricity and foreign exchange shortages.

6. The mining sector, which heavily relies on electricity supply and foreign exchange for the procurement of equipment, declined by 12.4% compared to the previous year.

7. Coupled with other macroeconomic challenges related foreign exchange shortages and high inflation, the economy showed stress and ended up recording output contraction estimated at -6% in 2019 against estimated real GDP growth of 3.5 % in 2018.

Growth rates by sector

	2019 Budget	2019 Rev
Overall GDP growth	-6.5	-6.0
Agriculture and forestry	-18.0	-17.8
Mining and quarrying	-11.9	-12.4
Manufacturing	-5.9	-8.7
Electricity and water	-13.9	-19.2
Construction	-14.0	-13.9
Distribution, Hotels and restaurants	-6.0	-8.0
Supportive services	-3.2	6.8
Transportation and communication	-4.5	13.0
Financial, banking and insurance activities	-1.3	-5.7
Administrative and support service activities	-0.5	1.5
Education and training	0.6	0.9
Human health and social work activities	1.8	2.7
Private's education and health	0.9	1.3
Households-related services	-4.7	0.2
Real estate activities	-14.0	-1.4

Other service activities	0.9	0.9

Source: Ministry of Finance and Economic Development

8. A combination of output contraction, foreign currency shortages and monetisation for unanticipated expenditures on mitigating drought and other inescapable spending, exerted pressure on inflation. Between January and December 2019, domestic month-on-month inflation averaged 17% posing serious challenges for business operations and general economic downturn.

9. Consequently, the envisaged 2019 National Budget targets had to be revised accordingly taking into account the challenging environment, especially inflation developments.

Global Economic Developments

10. The above domestic developments were against modest global economic performance estimated at 2.9% compared to the 3.6% projected at the beginning of the year.

11. Revised global growth was on account of persistent trade tensions between the United States and China, uncertainty surrounding Brexit, social unrest in several countries, as well as weather-related disasters.

Global Growth Forecasts

Country	2017	2018	2019	2020
World	3.8	3.6	2.9	3.3
Advanced economies	2.5	2.2	1.7	1.6
United States	2.4	2.9	2.3	2.0
Euro area	2.5	1.9	1.2	1.3
Emerging market and developing economies	4.8	4.5	3.7	4.4
Emerging and developing Asia	6.6	6.4	5.6	5.8

China	6.8	6.6	6.1	6.0
Emerging and developing Europe	3.9	3.1	1.8	2.6
ASEAN-5	5.3	5.2	4.7	4.8
Latin America and the Caribbean	1.2	1.1	0.1	1.6
Middle East and Central Asia	2.3	1.9	0.8	2.8
Sub-Saharan Africa	3.0	3.2	3.3	3.5

Source: International Monetary Fund, World Economic Outlook Database, October 2019, and World Economic Outlook Update January 2020.

12. The slowdown was further amplified by weaker than expected growth in emerging market and developing economies, which grew at 3.7% compared to 4.5% last year. To a large extent, this is attributable to country-specific shocks in major economies of India, Mexico and South Africa.

13. Sub-Saharan Africa remained most resilient to the global slowdown, with growth increasing to 3.3% in 2019 marginally against 3.2% of the previous year. However, the bulk of this growth was concentrated in large oil exporting countries such as Angola and Nigeria.

SECTORAL DEVELOPMENTS

Agriculture

14. Government, under the Transitional Stabilisation Programme, recognises the agricultural sector as critical in ensuring food self-sufficiency as well as for stimulating general economic activities through linkages to other sectors.

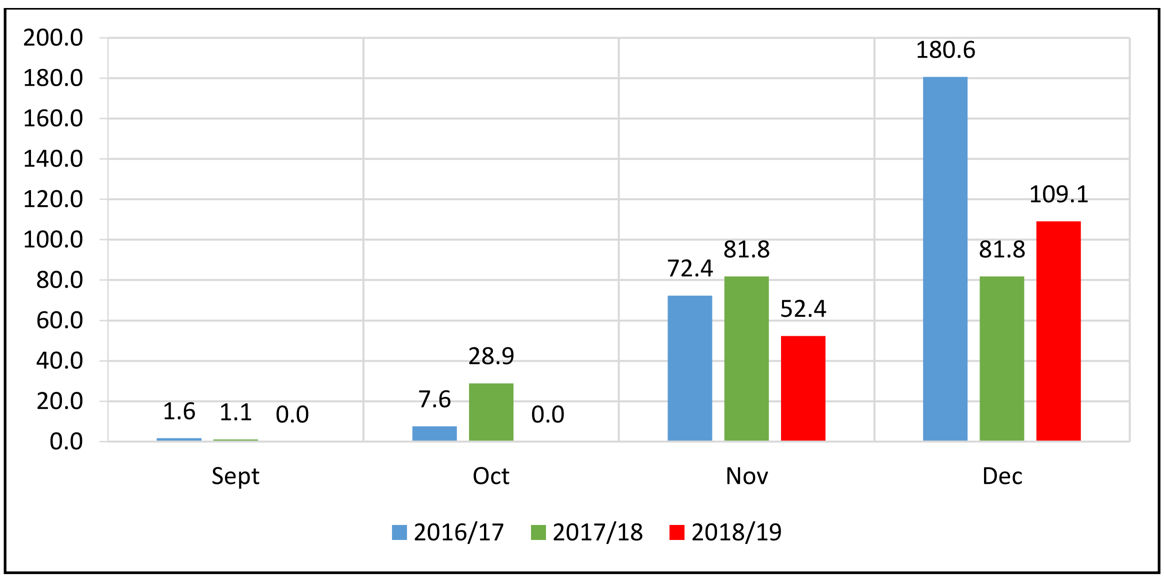
15. The 2018/19 agriculture season was characterised by adverse conditions, including a severe drought, Cyclone Idai devastations, power shortages and high costs of inputs. Taken together, these factors resulted in a subdued performance of the sector during the year 2019.

2018/19 Agriculture Season

16. During the 2018/19 agriculture season, the country experienced one of the most severe droughts in history, comparable to those recorded in 1992 and 1964. The effects of the drought were felt mainly in agricultural production with spill-over effects to other sectors of the economy.

17. The country did not receive rainfall during the months of September and October which is historically unusual. When rainfall finally started in November, it was still lower than in previous years.

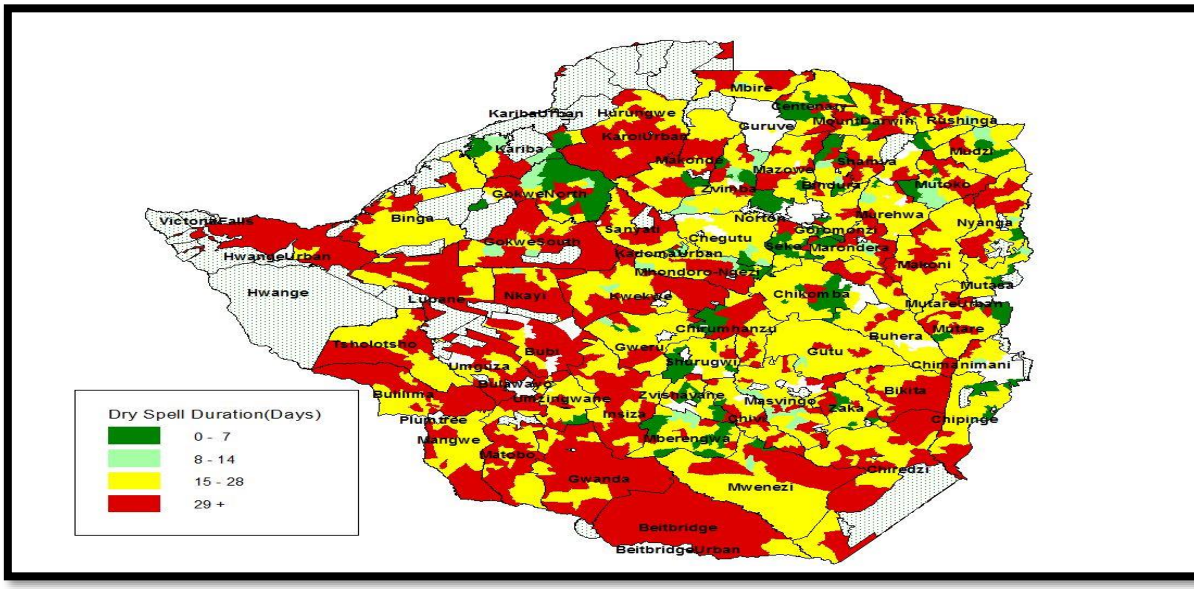
Average Monthly Rainfall Received (mm)



Source: MSD, 2019

18. Further to the late onset of the rainfall, the season experienced a long dry spell beginning in late December and lasting until January. Dry spells of 10 to 20 days were common during the months of January, February and March.

Distribution of Mid-Season Dry Spells



19. Low and poorly distributed rainfall negatively affected planting and germination of almost all crops resulting in low production.

20. Despite the harsh environment, some sub-sectors such as tobacco and dairy performed beyond expectation.

Agriculture Production (000 tons)

	2017	2018	2019
Agriculture (% growth)	**35.3**	**8.1**	**-18.0**
Tobacco (flue cured)	190	252	259.5
Maize	2,155	1831	777
Beef	72	74.5	70
Cotton	75	144	74
Sugar cane	4,350	3903	4720
Horticulture	70	71	77.39
Poultry	134.5	166	167
Groundnuts	139.0	127	70.9

	2017	2018	2019
Wheat	160.0	161	94
Dairy (m lt)	83.0	92	99
Soybeans	36	54	60
Pork	10.0	11.4	12.0

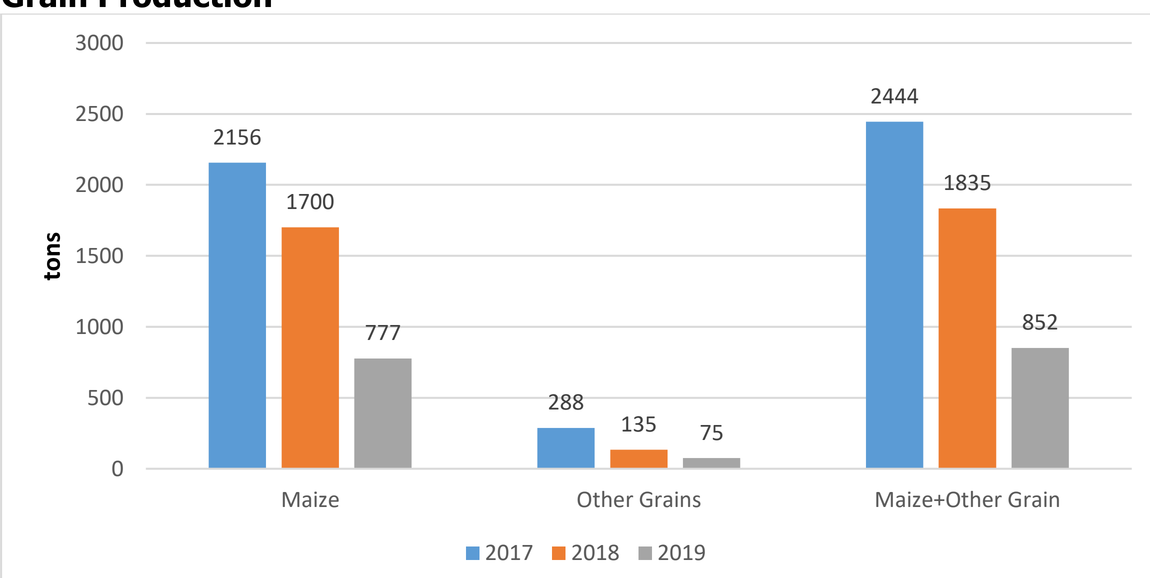
21. Consequently, the agriculture sector is estimated to have shrunk by around 18%, compared to an estimated growth of 8.1% recorded in 2018.

Grain Production

22. Grain production was severely compromised with output for maize and other small grains combined estimated at 852 000 tons, short of previous year's total grain output of 1.8 million tons.

23. This level of output created a huge gap on annual national requirement for human consumption of approximately 1.8 million tons, excluding 350 000 tons required for livestock consumption.

Grain Production



24. Low grain output meant that stocks at GMB at the end of 2019 were critically low, forcing Government to import to close the gap.

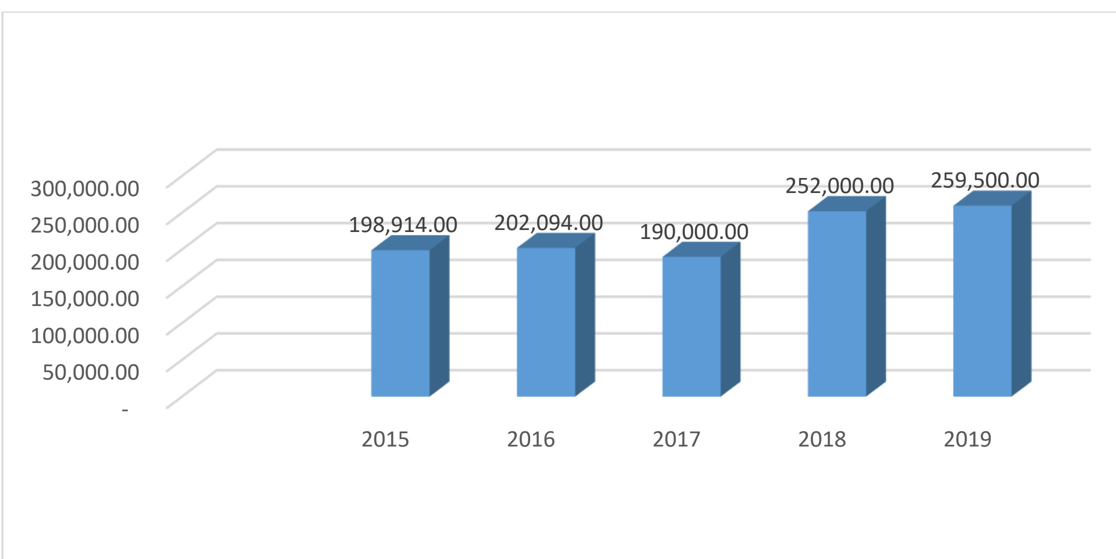
25. To mobilise grain domestically, Government gazetted Statutory Instrument 145 of 2019 which barred any other person or institution from buying maize from farmers other than GMB. This was complemented by the review of the maize purchase price to ZWL$4 000 per ton, allowing GMB to salvage domestic stocks of over 260 000 tons.

Tobacco

26. Tobacco production remained on a growth trajectory over the past 5 years as farmers opted to grow the crop as a major source of income. Sustained growth in tobacco production also benefited from a successful financing model anchored on contract farming reducing the financing burden on farmers.

27. The crop has also remained one of the major sources of foreign exchange, contributing about 25% to the total export proceeds.

Tobacco Output Trend (tons)



28. During the 2018/19 agriculture season, planted area increased by 20% to about 132 000 hectares from about 110 000 hectares planted during the previous season. The increase contributed to growth in tobacco output despite the unfavourable weather conditions.

29. As a result, tobacco output increased by about 3% to 259.5 million kg in 2019 recorded during the previous year.

Tobacco Deliveries to the Auction Floors as 22 October 2019

SEASONAL	DELIVERED FROM		TOTAL 2019	TOTAL 2018	% CHANGE
	Non-Contracted	Contracted			
Mass sold (kg)	32,504,057	226,962,482	**259,466,539**	252,603,251	2.72
Value (US$)	57,130,394	469,538,621	**526,669,015**	737,431,247	(28.58)
Avg. price US$/kg	**1.76**	**2.07**	**2.03**	**2.92**	**(30.47)**

Source: TIMB

30. However, prices offered on the market were below US$2 per kg for the greater part of the season down from US$2.92 paid offered during the previous year. The situation was worsened by the inaccessibility of cash at banks, discouraging farmers to grow the crop for the 2019/20 farming season.

Livestock Production

31. Livestock production was not spared by the harsh environment with drought compromising pastures worsened by outbreak of diseases. This was also compounded by high costs of stock feeds and vaccines. As a result, a significant number of livestock, especially cattle, was lost throughout the country resulting in a tumbling of the number of cattle slaughters during the year.

32. Consequently, formal cattle slaughters declined by 12% in 2019, to 235 000 compared to 266 000 slaughtered during the previous year. Demand for beef was also subdued owing to increasing cost of living lowering aggregate demand.

33. However, milk production remained on an upward trajectory with output from formal farmers increasing by 5% to 79 million litres up from 75 million litres recorded during the year 2018. This was supported by the heifer development programme.

Irrigation Development

34. The development of irrigation infrastructure and mechanisation of farming activities remains key in drought proofing the economy whilst also increasing agricultural production and productivity in the country.

35. While the Budget channelled ZWL$20 million towards irrigation development, little progress was realised on account of foreign currency shortages to import pipes, pumps, centre pivots among other equipment.

36. On a positive note, through support from JICA, development of 580ha at Nyakomba irrigation scheme was largely completed benefiting farmers already utilising some of their allocated plots.

Mechanisation

37. Government facilitated importation of agriculture equipment from various suppliers, to be distributed to farmers on a cost recovery basis through the following facilities:

- Pedstock Centre Pivot Facility, US$10 million;
- Belarus Facility, US$51 million; and
- John Deere, US$50 million.

Mining

38. In 2019, the country embarked on a road map for the realisation of US$12 billion mining industry GDP by 2023. Various initiatives, as well as investments are underway in various subsectors in pursuit of this vision. This is expected to set the sector on rebound in 2020, recovering from an estimated decline of 11.9% in 2019.

39. The contraction of the sector in is mainly attributable to low output of Platinum Group Metals. General performance of the sector was also adversely affected by shortages of foreign currency for spare parts and consumables compounded by the shortages of electricity.

40. Notwithstanding withstanding the weak performance, key minerals such as gold, nickel, coal and diamonds performed better than anticipated in 2019, surpassing targets as shown in the table below.

Mineral Production 2018-2019

	2018	2019 Proj	2019 Act	Var Act/Proj
Overall Growth	**15.3**	**-11.9**	**-12.4**	
Chrome \t	1756000	1600000	1550064	-27
Coal \t	3347764	2600000	2729921	-7
Gold \kg	35054	28000	29429	46
Nickel \t	17809.8	16000	16278	-11
Paladium \kg	12094	12000	11640	-15
Platinum \kg	14703	15000	13857	-14
Diamonds \carats	3252418	2000000	2119189	-34

Source: Ministry of Mines and Mining Development and Chamber of Mines

41. The 2019 Budget continued to capacitate small scale miners with appropriate skills, equipment and modern technologies in mineral recoveries from ores, notwithstanding a general decline in deliveries which were largely attributable to leakages.

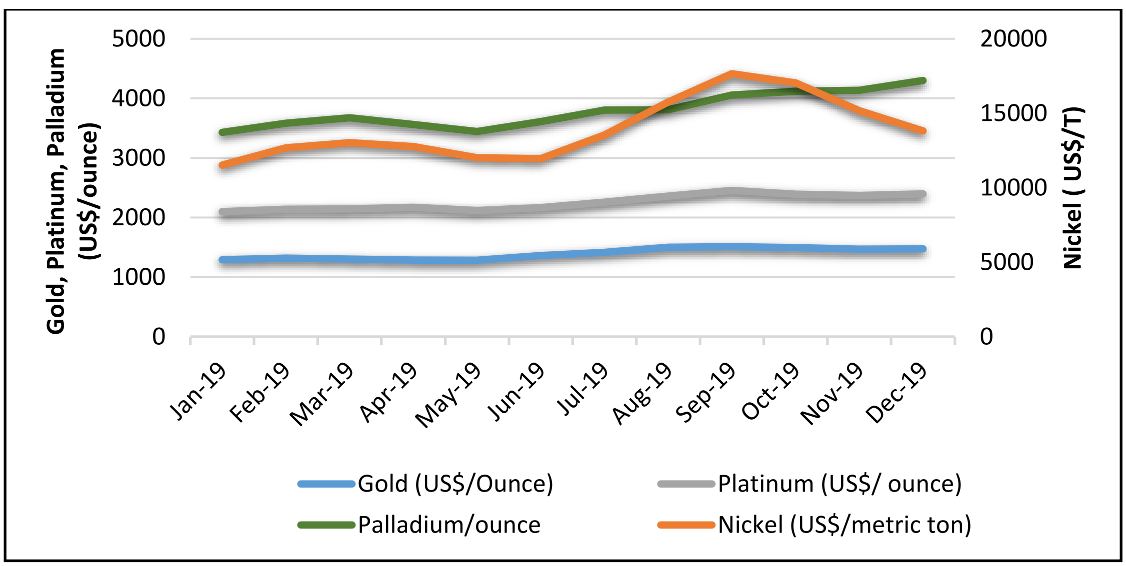
42. The sector, however, remains the major contributor to foreign exchange earnings having contributed an estimated US$2.9 billion (55% of total exports) in 2019, compared to US$3 billion of total exports of US$5 billion recorded in 2018.

International Mineral Prices

43. International mineral prices were relatively high in 2019 compared to 2018. Average gold prices for the year improved by 10%, to about US$1 392/ounce from US$1 269/ounce in 2018.

44. Palladium prices firmed in 2019 by about 49% to all time high of around US$1 538/once from US$1 031/ounce recorded in 2018 notwithstanding platinum prices decline by about 2% to US$868/ounce compared to US$880/ounce, during the same period.

International Prices for Selected Minerals



Source: World Bank

45. Similarly, average nickel prices were also higher by about 7% in 2019 at US$13 914/ton compared US$13 051/ton in 2018.

Manufacturing

46. The manufacturing sector output is estimated to have declined by -8.7% against -2% recorded in 2018, largely due to foreign currency and power shortages.

47. Major declines in capacity utilization were recorded in Textiles & Ginning (25%), Drinks, Tobacco & Beverages (21.5%), Foodstuffs (21%), Paper, Printing & Publishing (16%) & Other Manufacturing sub-sectors (27.5%).

48. However, there were positive strides in capacity utilization in the sub-sectors of Metallic Products (14%), Chemical and Petroleum Products (2.8%), Transport, Equipment (3%).

Manufacturing Growth

Manufacturing	Weights	2017	2018	2019
Foodstuffs	252	108.0	119.2	109.4
Drinks, Tobacco and Beverages	118	94.7	94.7	76.6
Textiles and Ginning	28	133.3	104.0	90.6
Clothing and Footwear	79	29.6	30.9	26.8
Wood and Furniture	24	250.8	257.4	214.4
Paper, printing and Publishing	68	97.6	100.4	90.1
Chemical and Petroleum Products	172	82.3	82.5	76.3
Non-metallic mineral products	46	130.5	131.7	130.2
Metals and Metal products	103	66.7	61.8	59.7
Transport, Equipment	20	57.4	57.3	56.6
Other manufactured goods	89	95.5	94.3	95.2
Manufacturing Index	100.0	**93.9**	95.8	87.4
Overall Growth Rate		**0.3**	2.0	-8.7

Source: CZI

49. In terms of exports, the country recorded a 13.2% increase in manufactured exports, from US$720.9 million in 2018 to US$816.2 million in 2019.

50. Significant developments were witnessed on the policy side with the enactment of the Zimbabwe National Industrial Development Policy together with the Local Content Strategy which seek to promote investment-led and innovation-led industrialization.

51. Furthermore, following the ratification of the African Continental Free Trade Area Government also crafted the African Continental Free Trade Area Strategy which seeks to take advantage of regional and continent-wide opportunities created by the emergence of the vast African market.

52. In addition, Parliament also passed the Zimbabwe Investment Development Agency Act which will create a one-stop shop for the entry and facilitation of all investment projects in Zimbabwe.

Tourism

53. Technology is increasingly playing a pivotal role in global tourism, riding on deep internet penetration as the online travel market gains momentum. Marketing through promotions on social media platforms is increasing visibility of major tourist attractions and tourism product offerings, worldwide.

54. International tourism is also expected to ride on a growing middle class global economy, giving better prospects of tourism growth. The United Nations World Tourism Organisation (UNWTO) estimates 1.5 billion global tourist arrivals in 2019, representing a 4% average growth from 2018. All markets recorded positive growth as shown below.

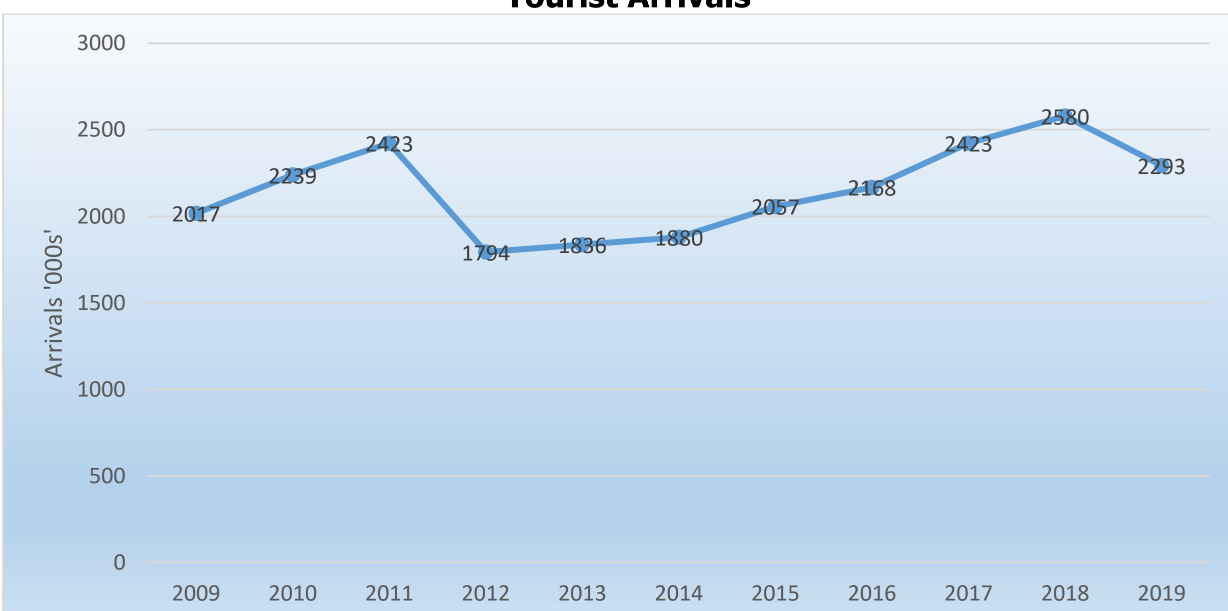
Global Tourist Arrivals by source Markets

Source Market	Growth (%)
Africa	4
Americas	2
Asia and Pacific	5
Europe	4
Middle East	8

Zimbabwe's Tourism Performance

55. Whilst international tourism recorded positive growth, Zimbabwe's tourist arrivals dropped by 11% to 2 294 259 from 2 579 974 recorded in 2018, according to the Zimbabwe Tourism Authority (ZTA) 2019 Annual Report. This trend signals the need to step up marketing efforts in order to tap into the growing global market.

Tourist Arrivals



Source: ZTA Annual Report

56. The drop was driven by subdued performance in all source markets except the Middle East as shown below.

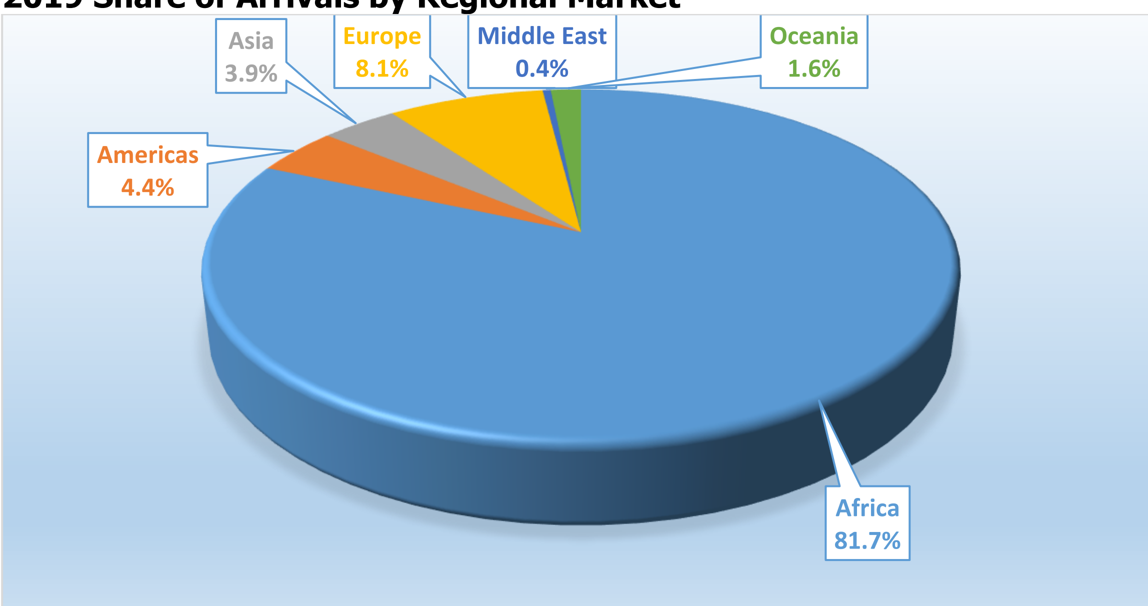
Tourist Arrivals by Region

	2018	2019	Change
Africa	2064534	1872656	-9%
Americas	120313	99826	-17%
Asia	112694	90358	-20%
Europe	232233	184903	-20%
Middle East	7798	9549	22%
Oceania	42402	35637	-16%
Total	2579974	2292929	-11%

Source: ZTA 2019 Annual Report

57. Despite the drop in arrivals, Africa remains the biggest source market for Zimbabwe's foreign tourists contributing about 82% of the total arrivals. It is important to note that of the Africa source market, South Africa, Malawi and Zambia contribute a combined 75% of total arrivals from this regional source market.

2019 Share of Arrivals by Regional Market



Source: ZTA 2019 Annual Report

58. However, the purpose of visit is largely visiting friends and relatives (VFR), where direct tourism receipts are minimal. The other overseas source markets were largely dominated by leisure and business tourists, who ordinarily have a higher average spend per visit, although their share to total arrivals remains subdued.

Tourism Receipts

59. Foreign receipts are estimated at US$868 million, being about 70% of total tourism receipts for 2019. A total of US$1.25 billion was recorded for the year, which is a 10% drop from US$1.39 billion in tourism receipts for 2018. This fall is largely as a result of the drop in tourist arrivals during the same period. The main source of these receipts was accommodation facilities and the food subsector.

Occupancy Rates

60. Consequent to the general depressed performance of the tourism industry, national average hotel room occupancy rates for all regions declined to 44% from 53% in 2019. The major regions, with the largest share in hotel bed and room occupancies, which are Victoria Falls, Harare and Bulawayo all registered declines in occupancy rates during the period under review. Similarly, national average hotel bed occupancy rates declined by 7 percentage points from 39% in 2018.

61. According to the ZTA 2019 Annual Report, 84% of clientele for the country's hotels are domestic tourists who demand services for workshops, conferences and business. Victoria Falls is an exception with an average 77% of the clientele being foreign tourists.

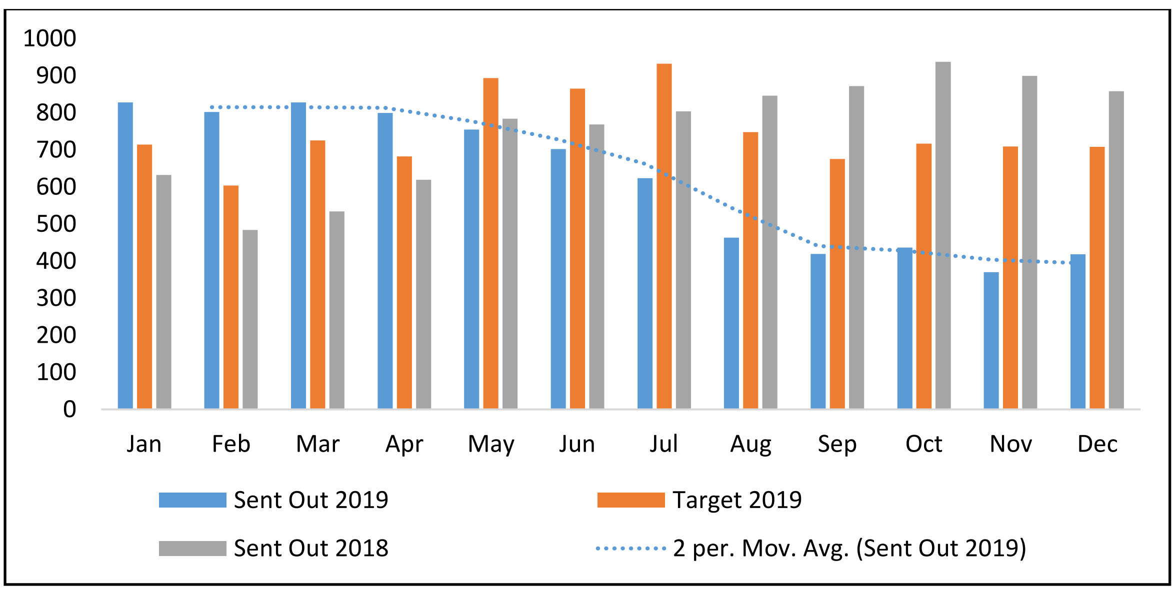
Electricity

62. Electricity generation for the year 2019 was low compared to planned output. This was due to severe impact of drought, which reduced water levels in Lake Kariba to near critical levels. As a result, generation capacity at Kariba Power Station was reduced from 1050 MW/h to an average of 154-300MW.

63. Production at Hwange Power Station averaged 291MW against 920MW of installed capacity constrained by plant unreliability due to old age and intermittent coal supply.

64. Therefore, total electricity generated and distributed amounted to 7 445.2GW/h against the planned output of 8 973.5GW/h, prolonging period of load shedding to 18hrs a day. Relative to 2018, electricity generation fell by 17.6% in 2019.

Electricity Generation Sent Out



65. This resulted in severe power cuts across the country as ZESA battled to meet the daily demand of about 1 400MW, with imports merely ranging between 45MW to

345MW. Electricity importation was constrained by lack of foreign currency and constrained supply in the region.

66. To mitigate the challenge, ZESA introduced cost reflective electricity tariffs during the year in order to improve the operational efficiency of the utility and attract investments into the sector. A new tariff regime – the stepped tariff, which cushions the low energy users through a lifeline tariff whilst also encouraging efficiency in the consumption of power, was introduced.

67. Further, in 2019, Government licensed several Independent Power Producer projects, mainly under green energy, solar and mini hydro projects with a capacity of more than 8MW. Additional 33MW from Independent Power Producer is expected in 2020.

Hwange 7 & 8 Expansion Project

68. Expansion of the Hwange Thermal Power Station remains on course with overall progress now at 35% completion.

69. Major works completed include civil foundations to the main power building, preliminary layout and detailed design reviews for the various equipment and vendor selection for the supply of equipment.

Alaska-Karoi 132kV Transmission Line

70. The AfDB grant of US$22 million for the construction of the 85km Alaska-Karoi transmission line was approved by the Bank and is now effective paving way for the implementation of the project.

Rural Electrification Programme

71. Drawing from the Rural Electrification Fund, a total of 134 institutions and 6 biogas digesters were completed in 2019 whilst 319 institutions remain as work in progress including 4 biogas digesters.

72. The Table below shows progress under the Rural Electrification Programme distribution by province.

Institutions Electrified for the year ended 31 December 2019

Province	Pry School	Sec School	RHC/ Clinic	Govt Ext Offices	Chief	Bus Centre	Farm	Village	Other	Total	Target
Manicaland	4	2	0	1	0	1	3	4	3	18	50
Mash Central	4	2	0	0	0	4	1	0	1	12	25
Mash East	3	1	0	0	0	1	3	2	2	12	29
Mash West	2	0	1	0	0	1	4	2	1	11	30
Masvingo	4	2	1	5	0	1	0	1	5	19	27
Mat North	5	2	2	2	1	12	5	1	4	34	29
Mat South	4	2	1	0	2	0	2	0	3	14	19
Midlands	4	0	2	0	2	1	1	1	3	14	26
Total	30	11	7	8	5	21	19	11	22	134	235

Transport and Communication

73. Cumulative disbursement to the transport sector amounted to ZWL$890 million, targeting support for the Road Development Programme, ZWL$776.5 million, aviation infrastructure, ZWL$77.9 million and capitalisation of Air Zimbabwe (Pvt) Ltd ZWL$35.7 million.

Road Development Programme

74. The targeted output for the year had to be revised, in the wake of Cyclone Idai that devastated some areas in Manicaland with efforts now focussed on ensuring access

for affected communities through rehabilitation of damaged road infrastructure, particularly in the districts of Chipinge and Chimanimani.

75. Overall progress under the Road Development Programme is as indicated in the summary below.

PROVINCE	SCOPE (km)	ACHIEVEMENT (km)	ACHIEVEMENT (%)
Manicaland	90	62	69
Mashonaland Central	50	28	56
Mashonaland East	55	25	45
Mashonaland West	50	22	44
Masvingo	60	37	62
Matabeleland North	25	10	40
Matabeleland South	40	20	50
Midlands	40	18	45
AGGREGATES	**410**	**222**	**54**

76. Some of the notable achievements under the programme during the year include the following:-

- Completed construction of Pembi bridge in Mashonaland Central and Norton Over-Rail Bridge in Mashonaland West province;
- Completed 20 km of dualisation on the Harare-Bulawayo and Harare – Mutare roads
- Upgraded and rehabilitated 202 km of trunk roads out of a target of 410 km;
- Contracted five local contractors to rehabilitate and widen the Harare Beitbridge road from the existing 7m width trunk road to 12,5m. A consultant was also engaged to undertake designs, contract management and supervision of the contractors.

77. With regards to rural feeder roads managed through the District Development Fund, an amount of ZWL$106.8 million was expended to cover roadworks in all provinces as indicated in the Table below.

Province	Grading	Tyre Drag	Pipe drift	Culv. Repair	Culv. Constr.	Regravelling / spot gravelling	Erosion & Drains	Gravel Stockpiling	Bush Clearing	Grav. Patch	Bridges & C/Ways	Inverts	Gabion /Gully reclamation	Total Cost ($)
	(km)	(km)	(no.)	(no.)	(no.)	(km)	(km)	(m³)	(km)	(km)	(no.)	(no.)	(no.)	
Manicaland	551.6	104	1	0		28.9	34	41 300	128.2	25.2	1			5 384 368.00
Mash. Central	2684.6	3004	6	324		20.1	7.6	14 280	10.7	15.9	1			3 471.106.00
Mash. East	855.3	643	19	42		18.9	143	27 890	32.4	73	1	1		4 659.569.00
Mash. West	177	0	3	29		7.1	36	13 230	10	41.6	1			2 532.699.00
Masvingo	948	411	0	92	3	35.3	45	5 335	32	68	2			2 915.401.00
Mat. North	604	58	1	36	38	14	9	23 051	13	22	4		1	3 234.560.00
Mat. South	1320	1079	0	0		3	24	385	5	2	1			3 610 596.00
Midlands	660	237	3	4		87.9	0	62 548	62.6	17	2			21 435 876.00
Cyclone Idai Damaged Infrastructure	477		5	701		27.5			14.5		5			10 116 547.00
National Parks Roads Rehabilitation	267					28	61.5		28.4					12 982 814.00
Road Surfacing													2.8km	26 500 000.00
Total	9038.8	5536	37	1228	41	270.7	360.1	188 019	336.8	264.7	18	1	1	96 843 536.00

78. Furthermore, urban and rural local authorities undertook works, utilising resources under devolution, and such interventions.

79. The construction of a dry land port at Walvis Bay was also completed during the year, providing an alternative inland intermodal terminal facility for the trans-shipment of sea cargo into the country.

Aviation

80. Disbursements to the sub-sector amounted to ZWL$113.6 million with an amount of ZWL$35.7 million being channelled towards recapitalisation of Air Zimbabwe and the balance of ZWL$77.9 million being spent on payment of outstanding certificates for the J.M. Nkomo International Airport upgrading programme.

81. Furthermore, expansion works for the R. G. Mugabe International Airport Project continued to progress during 2019, with loan funding from the China Eximbank with disbursements during the year amounting to US$45.7 million.

82. As at December 30, 2019, overall progress on the landside and airside was at 26% and 60%, respectively. This excludes the airfield ground lighting system where the contractor is currently installing pipes for the runway edge lights.

Water & Sanitation

83. Water and sanitation projects accounted for ZWL$957.6 million in fiscal funding, covering priority dam projects and other water supply schemes.

Dam Projects

84. As part of measures to drought proof the economy, the 2019 Budget prioritised the implementation of targeted dams with disbursements going towards the following projects:

- Gwayi Shangani
- Causeway
- Marovanyati
- Chivhu
- Semwa
- Bindura
- Dande

85. Overall progress for Causeway Dam is at 76% with the contractor now completing the embankment placing for the right and left bank saddle dams whilst work on the maim dam is now at 50% complete.

Causeway Dam - main dam placing of fill and core material in progress

86. With regards to Gwayi Shangani Dam, overall project is at 39% completion level with works being targeted at dam, spillway & apron concreting, among other works.

87. For Marovanyati Dam, the overall progress is at 96% with major works focussed on spillway construction and laying of slope stabilizing kerbstones. The other dams are at various stages of completion.

Urban Wash

88. Urban Wash interventions were supported mainly through the funds availed under the devolution as well as fiscal support disbursed towards targeted urban local authorities.

89. The above interventions were complimented by support from Development Partners through Zim-Fund and UNICEF.

Zim-Fund Phase II Urgent Water Supply & Sanitation Rehabilitation Project

90. The works under UWSSRP Phase II complements and sustains works that were undertaken and officially completed in May 2016 under Phase I of the project, targeting Harare, Mutare, Masvingo, Chegutu, Kwekwe, and Chitungwiza.

91. To date, an amount of US$27.8 million (77.3%) has been disbursed towards the project with most works for the targeted cities now complete and most contracts now concluded.

Housing

92. Expenditure on institutional housing amounted to ZWL$338 million, targeting construction and rehabilitation of public buildings such as composite offices, court facilities and cantonment areas, among other facilities.

93. This includes the purchase of offices for the Zimbabwe Anti-Corruption Commission, Commercial Division and Labour Court of Zimbabwe, among others.

ZPCS staff houses under construction

Social Services

Health Infrastructure

94. During the 2019 fiscal year, an amount of ZWL$62 million was availed across all the four levels of care, with the bulk of the funds being utilised at the quaternary level.

95. Following a fire outbreak at Mbuya Nehanda Maternity Hospital, support enabled the institution to rehabilitate and equip the two affected theatres as well as the neo-natal section of the hospital, through procurement of incubators and UPS machines.

96. With regards to Mpilo Central Hospital, resources were utilised towards the renovating and equipping of the Radiotherapy Centre, theatres and recovery wards whilst ZWL$2 million at Sally Mugabe Central Hospital, the 2.5 mega litres reservoir was completed together with renovations of a nurses' home and call rooms were also completed. Furthermore, three villas, 2 boilers and laundry facilities were commissioned at Ingutsheni Hospital.

97. Refurbishment works on surgical and general wards at Gwanda, Mutare and Masvingo Provincial hospitals were completed, whilst Phase I of the construction of the Lupane Provincial Hospital in Matabeleland North resumed in August 2019.

98. Incinerators, mortuaries, kitchens, laundry rooms among other ancillary facilities at Nyanga, Mvurwi, Chivhu, Siakobvu and Mvuma District hospitals were upgraded during the year and are already serving their respective catchments whilst 2 staff houses at Mahusekwa where completed under Phase II, bringing the total number of housing units to 23.

99. The US$200 NMS Health Facility which Government entered into a partnership with an international health infrastructure development company is constructing 10 new district hospitals countrywide.

Education Infrastructure

100. Cyclone Idai, which occurred in March 2019, affected a total of 139 schools in Manicaland and Masvingo provinces, necessitating the need to redirect fiscal resources towards the reconstruction and rehabilitation of classrooms, teachers' houses as well as water and sanitation facilities, among other issues.

101. Forty-one schools have been fully reconstructed, providing all the basic amenities that guarantee a safe teaching and learning environment, including rehabilitation of water and sanitation facilities.

102. Furthermore, construction works on 4 Primary and 7 Secondary schools are at various stages of completion. This is in addition of works being undertaken by local authorities, utilising devolution funds.

103. With regards to the construction of 12 primary and 5 Secondary schools under OFID, construction of the schools was completed with focus now on procurement of furniture and computers.

Nyuni Secondary School, Mwenezi

104. With regards to tertiary education, a total of ZWL$93.4 million was expended towards construction of infrastructure at universities, polytechnics and colleges. These include, construction of the BED Technical Block at the University of Zimbabwe, a three storey Medical School building at the Great Zimbabwe University, teaching and learning facilities at Manicaland State University of Applied Sciences

and Gwanda State University as well as construction of a 126 bedded three storey hostel block at Kushinga Phikelela Polytechnic.

105. A total of ZWL$16 million was disbursed towards outstanding works on innovation hubs at the University of Zimbabwe, Chinhoyi University of Technology, Harare Institute of Technology and the National University of Science and Technology.

ICT

106. During the year, an amount of ZWL$276.3 million was availed to the sector mainly for the implementation of the following projects and programmes:

- Zimbabwe Digital Broadcasting Migration Project, ZWL$35.7 million.
- Automation of ZIMRA operations, ZWL$87.9 million.
- Tel-One upgrading project, ZWL$35.6 million
- Voice over Internet, ZWL$83 million

107. Given the high import content of the above projects, the shortage of foreign currency was a major constraint in the achievement of targeted outputs for the year.

FISCAL OUTTURN

108. The 2019 Mid-Year Budget Review and Supplementary Budget projected revenue collections of ZWL$14 billion and limited expenditures to ZWL$18.6 billion, consistent with a targeted budget deficit of ZWL$4.6 billion.

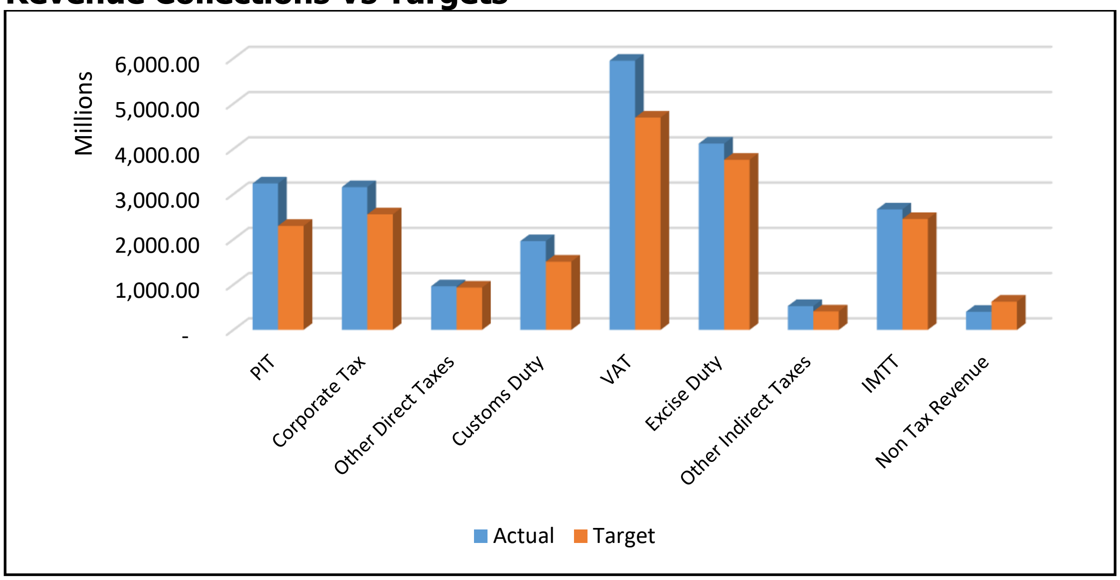
109. Outturn indicated higher than expected revenues and expenditures, giving room for accommodating food imports and other inescapable expenditures. For the first time in many years, fiscal surplus was recorded from direct Government operations.

Revenue

110. Cumulative revenue collections for the period January to December 2019 amounted to ZWL$22.97 billion against a revised target of ZWL$19.2 billion.

111. The positive performance is attributed to higher than target collections for personal income tax (40.8%), customs duty (30.2%), VAT (26.8%) corporate income tax (23.6%), excise duty (9.5%) and IMTT (8.7%).

Revenue Collections Vs Targets



Source: Ministry of Finance and Economic Development

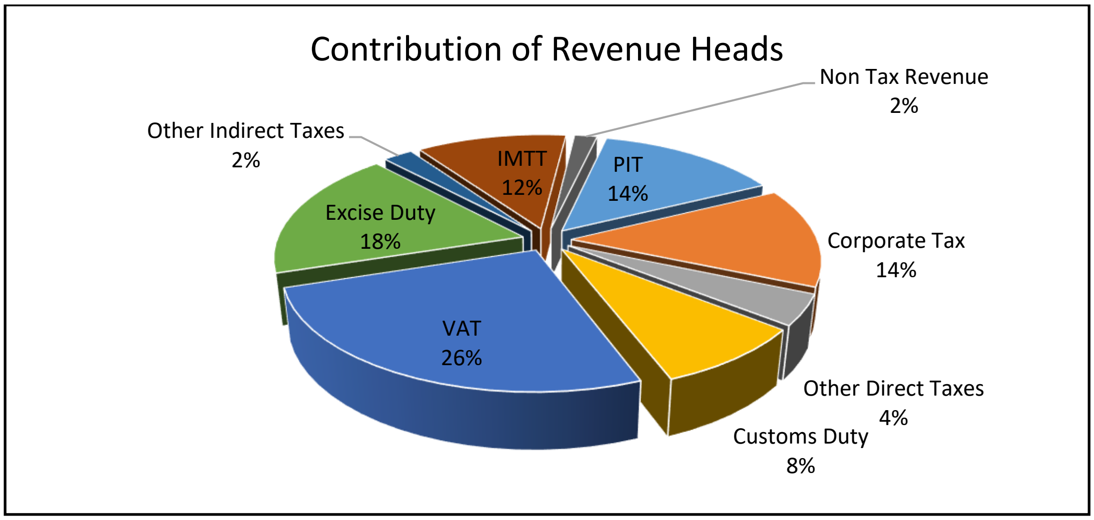
112. As is depicted above, actual VAT collections were significantly higher than target than any other revenue head.

113. Similarly, the bulk of the revenue was generated from VAT (26%), Excise Duty (18%), Corporate Income Tax (14%), Personal Income Tax (14%) Intermediated Money Transfer Tax (12%), Customs Duty 8% and Other Indirect Taxes (2%).

114. Notably, there has been a change in the contribution to revenue from the prior year. The contribution of VAT and Excise Duty has increased by 1% and 2%, respectively, while IMTT increased from 3% to 12% reflecting the full year impact. The contribution of Non Tax Revenue declined by 8 percentage points whilst PIT shed a percentage point.

115. Figure below shows the relative contribution of each revenue head.

Contributions of Revenue Heads to Total Revenue



Performance of Revenue Heads

Value Added Tax

116. Cumulative collections amounted to ZWL$5.9 billion against a target of ZWL$4.7 billion resulting in a positive variance of ZWL$1.3 billion or 26.8%.

Excise Duty

117. Excise duty collections amounted to ZWL$4.1 billion against a target of ZWL$3.8 billion resulting in a positive variance of ZWL$358.5 million (9.5%). The revenue

head exceeded the target mainly on account of policy review on excise duty on fuel from a specific rates to ad valorem rates of duty, thus, collections largely reflect changes in fuel prices.

Personal Income Tax

118. Cumulative collections amounted to ZWL$3.2 billion against a target ZWL$2.3 billion resulting in a positive variance of ZWL$936.8 million or 40.8%. The performance of personal income is as a result of continuous reviews on salaries.

Intermediated Money Transfer Tax

119. Cumulative collections amounted to ZWL$2.7 billion against a revised target of ZWL$2.5 billion, resulting in a positive variance of ZWL$212 million (8.7%). Revenue collections under this revenue head benefited from review of wages and salaries across as well as price increases.

Non-Tax Revenue

120. Cumulative non-tax revenue collections amounted to ZWL$400.2 million against a revised target of ZWL$623.5 million resulting in a negative variance of 35.8%. Under-performance of non-tax revenue is attributable to sticky Government fees and charges.

Expenditure

121. Expenditures outturn for the year 2019 amounted to ZWL$22.6 billion against a Revised Budget of ZWL$17.6 billion.

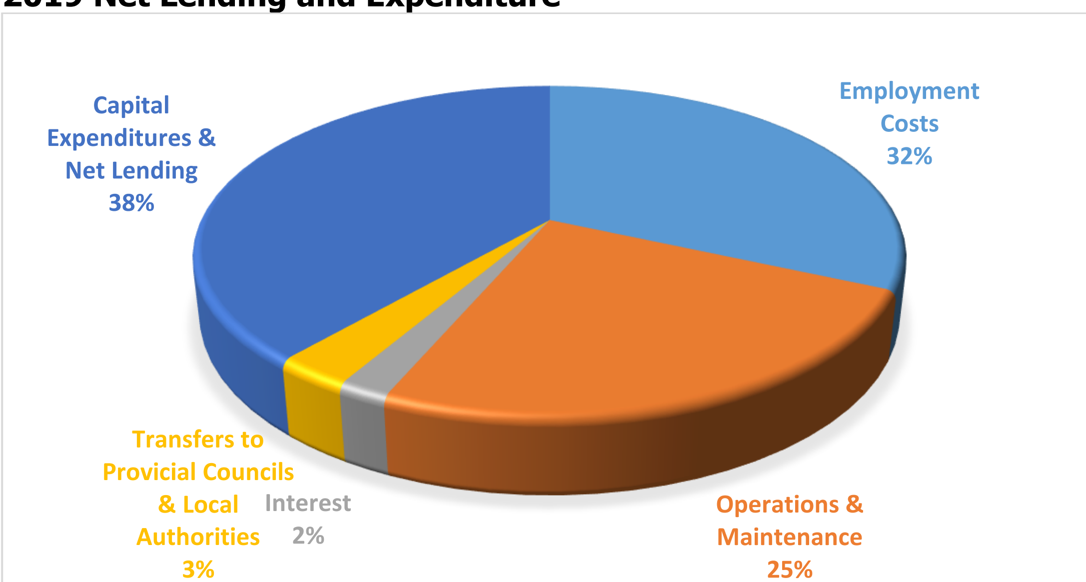
Expenditure Outturn

	Revised Budget Estimate	Expenditure Outturn	Var
	ZWL$m	ZWL$m	ZWL$m
Total Expenditure and Net Lending	**17,642**	**22,575**	4,933
Employment Costs	5,558	7,118	1,560
Operations & Maintenance	4,554	5,668	1,114
Interest	487	378	-109
Transfers to Provicial Councils & Local Authorities	703	657	-46
Capital Expenditures & Net Lending	6,339	8,752	2,413

Source: Ministry of Finance and Economic Development

122. In terms of distribution across the various expenditure heads, capital spending was 38%, while employment costs accounted for 32%, Operations and Maintenance, 25%, Interest, 2% and Transfers to Provincial Councils and Local Authorities 3% as indicated in the table below.

2019 Net Lending and Expenditure



Source: Ministry of Finance and Economic Development

Recurrent Expenditure

Employment Costs

123. Employment costs for 2019 amounted to ZWL$7.1 billion against a target of ZWL$5.6 billion, resulting in over-expenditures of ZWL$1.5 billion, driven by the increase in the cost of living.

Support for Operations and Maintenance

124. Expenditure on operations and maintenance amounted to ZWL$5.7 billion against a target of ZWL$4.6 billion. Major areas of support included support to Social Services and Mass Public Transport system, among others.

Mass Public Transport

125. The Urban Mass Transport System was introduced with effect from 21 January 2019 to cushion the public against increasing cost of transport. A total of 382 buses were hired by Zimbabwe Urban Passengers Company (ZUPCO) to operate in major cities of Harare, Bulawayo, Mutare, Gweru, Masvingo, Kwekwe and Chinhoyi.

126. By end of December 2019, ZWL$303.9 million had been paid towards meeting the cost of hiring buses and other operating expenses.

Social Protection

127. To protect the poor and the vulnerable, Government continued to provide for the various social safety nets which included, Basic Education Assistance Module, Family, Social Protection and Repatriation Services, Harmonized Social Cash Transfer Scheme (HSCT), Food Deficit Mitigation, Disability and Rehabilitation Services and Health assistance.

Basic Education Assistance Module (BEAM)

128. Government availed ZWL$113.5 million in support of around 415 000 vulnerable children across the country to ensure increased access to education. These resources mainly went towards payment of examination fees as well as to clear arrears to both primary and secondary school fees backdated to 2014.

Harmonized Social Cash Transfer Scheme (HSCT)

129. The 2019 Budget availed cash transfers amounting to ZWL$114 million to about 20 276 households in 11 districts targeting the elderly, child headed household and the chronically ill.

130. These payments were made easier through the use of the mobile money transfer systems which greatly improved the timing of payments to beneficiaries.

Health Assistance

131. To improve access to health services to the vulnerable groups, Government expenditure towards Assisted Medical Treatment Orders (AMTOS) amounted to ZWL$8.1 million. Of this amount, ZWL$4.7 million went towards clearance of arrears thereby improving access to health services in various clinics and hospitals.

Disability and Rehabilitation Services

132. Furthermore, ZWL$3.2million was expended towards assisting people living with disabilities through payment for their per capita grants, administration grants, purchase of assistive technologies and support for their vocational training.

Food Deficit Mitigation

133. During the period under review, ZWL$13.4 million was availed towards the distribution of food, benefiting 760 000 vulnerable households under the Food Deficit Mitigation Strategy throughout the country.

Sustainable Livelihood

134. Within the context of empowering the vulnerable groups, Government availed ZWL$11.1 million towards acquiring equipment for setting up income generating projects that enables communities to sustain their livelihoods through income generating projects.

Education

135. Support towards education remained a priority, with 87% of the total education budget going towards payment of teachers' salaries, 10% towards operations and maintenance and 3% towards capital expenses.

136. Under Operations and Maintenance, ZWL$49 million was spent towards procurement of teaching and learning materials, provision of assistive devices to learners with special needs, schools supervision and monitoring as well as on the school feeding interventions.

137. Furthermore, ZIMSEC received ZWL$102million to facilitate the conduct of the 2019 June and November National Examinations.

138. This was complemented by support from development partners, as well as parents and guardians through fees and donations to aid education delivery.

Health

139. Provision of effective health services was marred by various challenges amongst them being the industrial action by health workers, shortages of medical supplies and sundries, emergency outbreaks of cholera and typhoid.

140. To address the economic challenges faced by the health workers and other Government workers, Government made various interventions which include cost of living adjustments and review of the health sector specific allowances.

141. Resources disbursed to the health sector went towards the following areas:

- Hospitals and health centres ZWL$167.7 million;
- Maternal Health ZWL$34.6 million;
- Results Based Financing ZWL$47 million;
- Preventive Health Programmes ZWL$14.7 million; and
- Medical supplies and sundries ZWL$107.1 million.

Capital Developments

142. Capital expenditure for the year amounted to ZWL$8.7 billion, of which ZWL$4.5 billion was channelled towards agriculture related outlays, ZWL$2.8 billion towards development expenditure, ZWL$0.4 billion towards capacitation of our public entities, whilst furniture, vehicles and other items accounted for ZWL$1 billion.

143. An additional ZWL$0.6 billion was disbursed to Local Authorities as Government sought to entrench the devolution agenda, in line with Section 301 of the Constitution.

144. The difficult macro-economic environment, particularly volatile exchange rate, high cost and shortage of materials as well as three tier pricing system adversely impacted on execution of most projects.

145. The extreme weather conditions, in the form of Cyclone Idai and recurrent droughts, necessitated the need to redirect and fund more urgent requirements, particularly rehabilitation of damaged infrastructure, importation of grain and scaling up of agriculture input support programmes.

146. As a result, support towards planned and budgeted infrastructure projects, critical in unlocking the growth potential of the country, was severely eroded, resulting in the suspension and scaling down of works on some priority projects.

147. Resources amounting to ZWL$1.6 billion went towards procurement and management of grain under the Strategic Grain Reserve. Of this, ZWL$1.2 billion went towards procurement enabling local delivery of 260 591 MT of maize, 9 872 of small grains and 67 095 MT of wheat. Additionally, ZWL$0.9 billion was availed towards the grain importation programme with 21 357 MT of maize and 66760 MT of wheat being imported.

148. Input support to farmers under the Vulnerable Input Support Programme accounted for ZWL$1.5 billion whilst the Special Maize Production Programme was financed through the private sector.

149. Compensation to former commercial farmers for farm improvements accounted for ZWL$65.9 million.

150. An amount of ZWL$411 million was channelled towards capitalisation of strategic public entities such as Air Zimbabwe Pvt Ltd, ZWL$35.7 million; Zimbabwe Electricity Supply Authority, ZWL$135 million; Women Microfinance Bank, ZWL$21 million;

Youth Empowerment Bank, ZWL$20 million; the Infrastructure Development Bank of Zimbabwe, ZWL$6 million; Industrial Development Cooperation, ZWL$70 million; Agribank ZWL$85 million, as well as SMEDCO, ZWL$15 million.

151. A further ZWL$809 million was channelled towards capacitation of Government Departments through procurement of furniture worth ZWL$100 million and vehicles to the tune of ZWL$709 million.

152. With regards to the Development Budget of ZWL$2.8 billion, the bulk of the fiscal resources of ZWL$854 million was channelled towards the transport sector, mainly focusing on the Roads Development Programme.

153. Given the limited budget capacity and the huge infrastructure gap, additional resources were mobilised from development partners, loan funding, statutory and other resources was channelled towards priority infrastructure projects.

154. The Table below provides details of spending to the various sectors during the 2019 financial year.

2019 Spending on Priority Infrastructure Projects

SECTORS	FISCAL	STATUTORY	DEVELOPMENT PARTNERS	LOAN
ENERGY	**66.40**	**-**	**8.38**	**25.90**
Generation	65.40		4.52	25.90
Transmission			3.86	
REA	1.00			
TRANSPORT	**854.40**	**-**	**8.23**	**45.70**
Roads	776.50		8.23	
Rail				
Airports	77.90			45.70
ICT	**276.40**	**-**	**-**	**-**
E-Government	205.00			
ICT Backbone	71.40			
SOCIAL INFRASTRUCTURE	**154.90**	**-**	**-**	**8.90**
Primary & Secondary	45.00			8.90
Tertiary Education	82.00			
Health	26.90			
Sports Facilities				
Social Welfare Rehabilitation Centers	1.00			
WATER & SANITATION	**952.80**	**-**	**23.11**	**-**
Dams	896.90			

SECTORS	FISCAL	STATUTORY	DEVELOPMENT PARTNERS	LOAN
Urban Wash	20.00		11.15	
Rural Wash	35.90		11.96	
AGRICULTURE	**50.06**	**-**	**2.03**	**-**
Irrigation Development	45.50		2.03	
Other Agriculture Infrastructure	4.56			
PUBLIC AMENITIES	**1,244.00**	**-**	**-**	**-**
Institutional Accommodation	337.60			
Housing Development	906.40			
Project Preparation Development Fund				
GRAND TOTAL	**3,598.96**	**-**	**41.75**	**80.50**

Update on Implementation of Key Infrastructure Projects

155. The sharp increase in construction materials, introduction of new procurement regulations, coupled with the currency reform, all contributed to a difficult operating environment that necessitated Treasury and the Procurement Regulatory Authority of Zimbabwe to issue guidelines on the treatment of contracts denominated in foreign currency which also led to delays in the execution of projects.

156. Notwithstanding the difficult operating environment, some sectors continued to perform well, resulting in the completion and commissioning of major projects during the year, including the following:-

- 300MW Kariba South Expansion Project was commissioned in February 2019;
- Commercial Division, Labour Court of Zimbabwe and the Mt Darwin Magistrates Courts were completed during the year;
- Upgrading or resealing of parts of our road network, as well as grading of critical feeder roads countrywide;
- Norton Road Over Rail Bridge;
- Construction and rehabilitation of 580 ha of land at Nyakomba Irrigation Scheme, Manicaland Province; and
- Impoundment of water at Marovanyati Dam.

Inter-Governmental Fiscal Transfers

157. In line with Section 264 of the Constitution, an amount of ZWL$657 million was transferred to local authorities for implementation of various basic infrastructure projects that make a difference at the local level.

158. Preliminary reports indicate that some local authorities successfully completed impactful projects that are already benefiting their communities, whilst a lot more are still in progress.

Domestic Public Debt

159. Prudent fiscal management resulted in fiscal surplus during the year 2019, therefore, ultimately no domestic borrowing was undertaken to finance the budget except for smoothening expenditures.

160. Consequently, domestic debt stock as at 31 December 2019 stood at ZWL$9 billion, down from ZWL$9.4 billion as at December 2018. The difference was a result of repayments made during the year.

External Debt

161. Public and Publicly Guaranteed (PPG) external debt stood at US$8.1 billion, as at end December 2019, of which US$6.4 billion (79%) are arrears. The total PPG external debt is made up of US$2.6 billion to multilateral creditors, US$5.5 billion to bilateral and the remainder to commercial creditors.

162. The major multi-lateral creditors include the World Bank Group (US$1.5 billion), African Development Bank (US$695 million) and European Investment Bank (US$327 million).

163. The Bilateral creditors are made up of the Paris Club and the non-Paris Club. As at end December 2019 the Paris Club debt stood at US$3.4 billion and Non-Paris Club stood at US$1.6 billion.

164. The huge external debt exposure, most of which is in arrears, prevents the country from accessing new financing from the International Financial Institutions (IFIs) and limits access to external financing from most of the traditional bilateral and commercial creditors, hence the need for accelerated arrears clearance, debt relief and re-engagement in 2020.

FINANCIAL SECTOR DEVELOPMENTS

Banking Sector

165. In line with the 2019 National Budget pronouncement, the Monetary Policy Committee (MPC) was appointed during the last quarter of 2019, in terms of the Reserve Bank of Zimbabwe Act. The establishment of the MPC has enhanced the formulation and implementation of monetary policy, policy transparency, predictability as well as coordination between monetary policy and fiscal policy.

166. Consistent with its mandate, the MPC is implementing monetary targeting framework to regulate the money supply and align it with desired inflation and exchange rate levels. The framework is being operationalised through existing Open Market Operation tools that include treasury bills, savings bond, corporate bonds, and statutory reserve requirements and specific liquidity management instruments.

Financial Inclusion

167. Implementation of the National Financial Inclusion Strategy (NFIS 2016 - 2020) through various initiatives targeting previously marginalised segments is now in its final year. Crafting of the NFIS Phase II is currently underway.

168. Financial Sector Regulators co-hosted the Zimbabwe National Financial Inclusion (NFI) Forum in February 2019. The forum was aimed at taking stock of the implementation of the NFI Strategy implementation, drawing lessons from experiences to date and Learning from regional and international best practice.

169. A review of the NFIS so far, reveals that significant progress has been recorded in the areas of financial product diversification, innovation and human centered design of financial services and delivery channels; digital finance, financial literacy, consumer protection, opening of low cost bank accounts, access to financial products and services by various target segments, access to micro-small medium enterprises products as well as increased participation of lower income groups on the capital markets.

170. Banks, MFIs, Non-banking financial institutions & MNOs, continue to explore innovative ways of delivering financial services to the marginalised segments through leveraging on technology.

Commercial Banks

171. The banking sector performed satisfactorily during the year ended 31 December 2019, as reflected by improved capital levels and earnings performance, as well as satisfactory asset quality and liquidity. A combination of foreign currency and investment property revaluation gains buoyed overall sector profitability during the year ended 31 December 2019.

172. In line with economic developments on currency changes and inflation, the minimum capital requirements for the banking sector were reviewed in the first quarter of 2020. The effective date of compliance with the new minimum capital requirements is 31 December 2020.

Insurance and Pensions

173. Gross premium written (GPW) by the insurance industry grew by 225% from US$725.7 million to ZWL$2.4 billion. The increase in the GPW was mainly on account of change of reference currency from US dollar to Zimbabwe dollar. However, funeral and life assurance business registered less growth as compared to short-term insurers during the 2019 financial year.

Gross Premium Written

	GPW (ZWL$)	GPW (US$)	Growth
	Dec. 2019	**Dec. 2018**	**%**
Short term Insurers	1 374 864 520	277 350 340	396
Life Assurers	946 017 000	426 050 000	122
Funeral	34 562 000	22 257 000	55
TOTAL	**2 355 443 520**	**725 657 340**	**225**

Insurance Industry Assets

174. All classes of insurance business increased by 307% with Short-term reinsurers and short term insurers registering the largest growth of 537% and 442% respectively during the period from December 2018 to December 2019.

Insurance Industry Assets

	Assets ($000)		Growth
CLASS OF BUSINESS	**31-Dec-18**	**31-Dec-19**	**%**
Short term Insurers	350 637 000	1 900 000 000	442
Short term Reinsurers	177 396 000	1 130 000 000	537
Life Assurers	3 549 925 000	13 700 000 000	286

	Assets ($000)		Growth
Life Re-assurers	50 000 000	94 900 000	90
Funeral Assurers	77 000 000	288 389 000	275
	4 204 958 000	**17 113 289 000**	**307**

Minimum Capital Requirement Compliance

175. The 2019 minimum capital requirements were reviewed in order to align with currency changes and inflation movements. The industry is, however, not yet compliant to the new minimum capital requirements, hence IPEC has requested submission of the compliance road maps from the entities.

Minimum Capital Requirement Compliance

	Old Minimum required capital ZWL($)	**Compliance**	**New MCR ZWL($)**	**Compliance**
	31.12.19	**%**	**Dec. 2019**	**%**
Short term Insurers	2,500,000	100	37, 000, 500	67
Short term reinsurers	2,500,000	100	75, 000, 000	63
Life Assurers	5,000,000	92	75, 000, 000	8
Life Re-assurers	5,000,000	100	75, 000, 000	80
Funeral	2,500,000	75	62, 500, 000	0%
TOTAL	-		**22 257 000**	**43**

Pension Funds

176. Total membership of occupational funds was 809,176 reflecting a slight increase of 1.7% from the 795,444 reported as at 31 December 2018. The increase in membership was mainly due to new entrants to the labour market totalling 10,592 for the year under review.

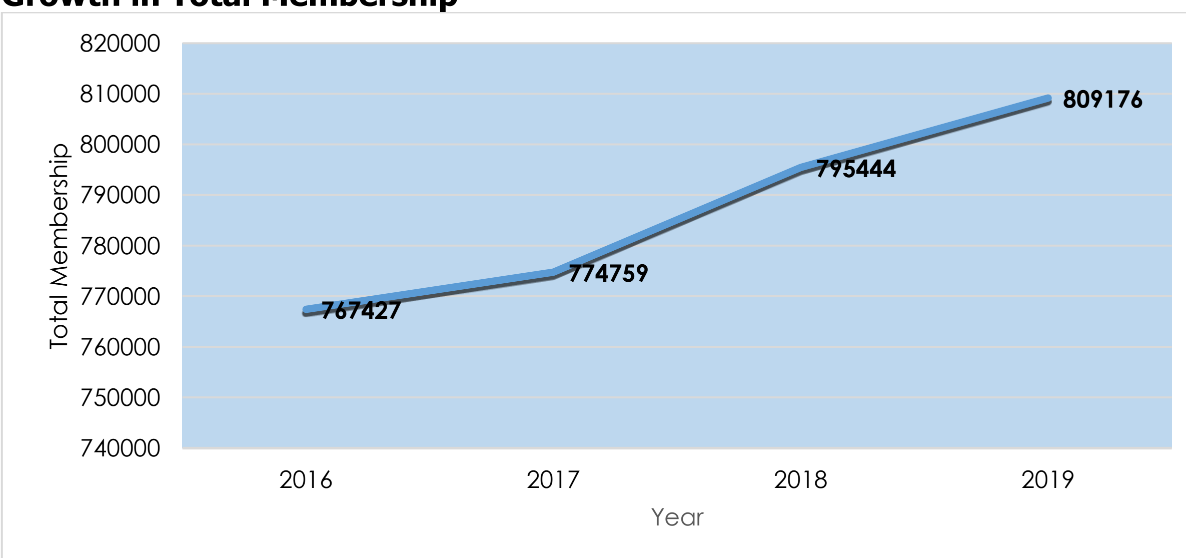
177. The number of members who exited the industry were 5,559 during the year ended 31 December 2019. The spread of pension fund membership for the industry was as depicted below: -

Membership Distribution by Class

Indicator	Total 2019	Total 2018	(%) Change
New Entrants	10,570	13,567	-22.09%
Active Members	325,552	354,295	-8.11%
Pensioners	40,337	40,681	-0.85%
Deferred Pensioners	357,182	324,468	10.08%
Suspended Pensioners	16,186	12,478	29.72%
Unclaimed Benefits	59,349	49,958	18.80%
Total	**809,176**	**795,444**	**1.73%**
Beneficiaries	13,124	15,298	-14.21%

178. The graph below shows the trends in membership from 2016 to 2019:-

Growth in Total Membership



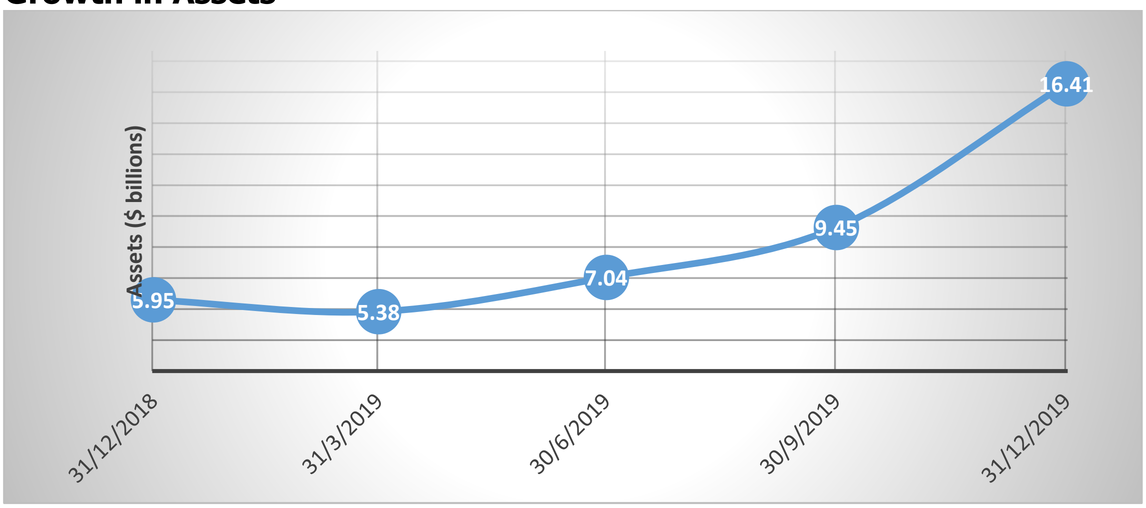
Assets

179. The pensions industry had a total asset base of ZWL$16.4 billion as at 31 December 2019, reflecting a 214.37% increase from the US$5.95 billion reported as at 31 December 2018. The increase was mainly driven by an increase in the values of

investment properties and equities which accounted for 79.19% of the industry's assets.

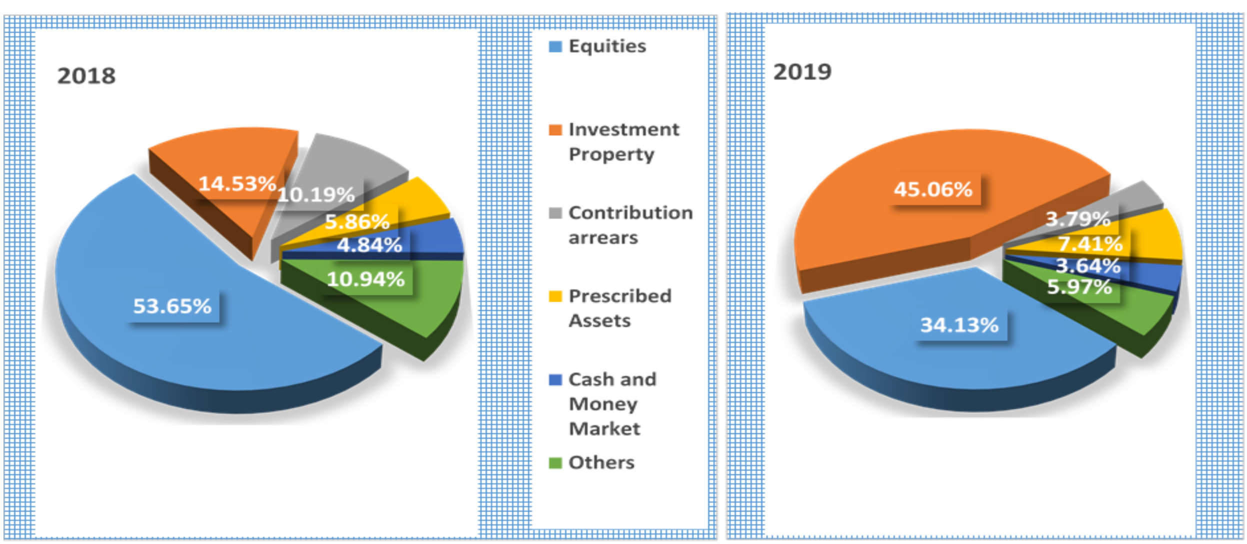
180. The increase in value of investment property was mainly due to revaluations of property values from US$ values to ZWL$.

Growth in Assets



181. The industry's asset portfolio is as shown in below:

Distribution of Total Assets for the Pensions Industry as at 31 December 2018 and 2019



182. As shown above, listed equities and investment properties totalling ZWL$12.99 billion were the major asset components, up from the 2018 figure of US$3.62 billion, which however accounted for a similar share of 79% of total assets for both periods.

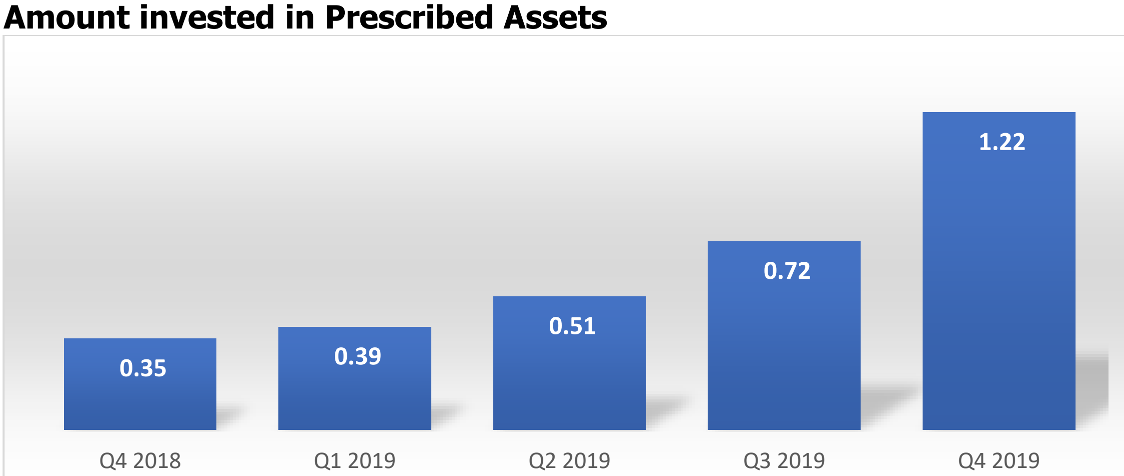
183. Contribution arrears were ZWL$621.68 million, up from US$606.61 million as at 31 December 2018 and were, accounting for 3.8% of total assets owing to the appreciation of investment properties and equities values. The contribution arrears were mainly attributable to the viability challenges faced by the sponsoring employers and were a reflection of the general depressed performance of the economy.

Prescribed Assets Compliance Update

Pensions Industry

184. The prescribed asset ratio in December 2019 increased marginally to 7.4% from 6.2% as at 31 December 2018. The amount invested in prescribed assets by the pension industry increased by 175.8%%, from US$0.35 billion as at 31 December 2018 to ZWL$1.22 billion as at 31 December 2019.

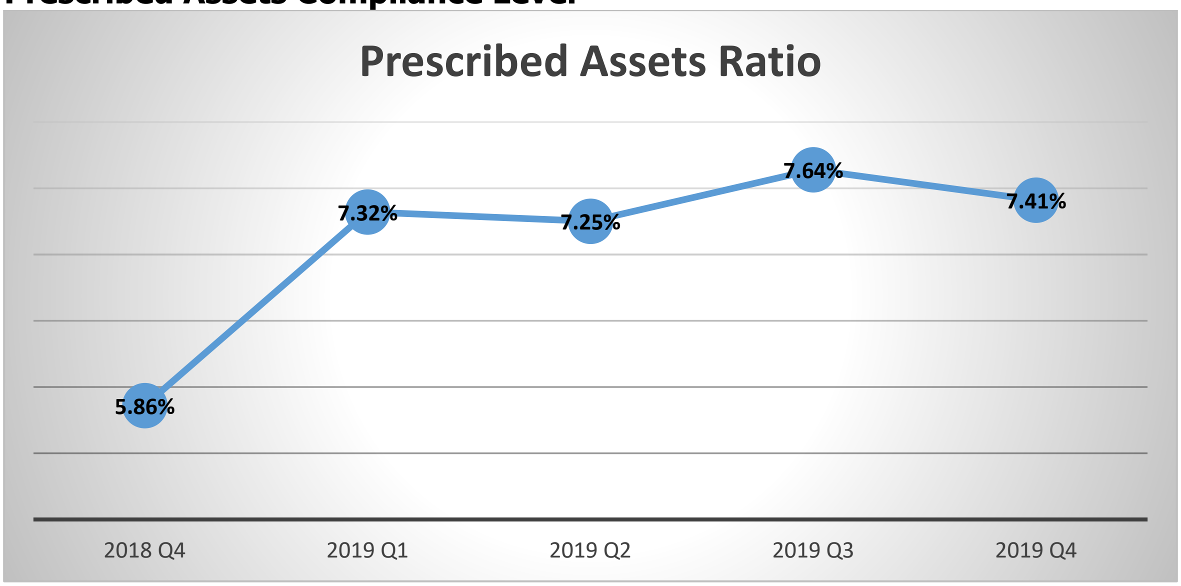
Amount invested in Prescribed Assets



185. The ratio of prescribed assets to total assets has also been improving as shown on the graph below;

186. Whilst the prescribed assets to total assets ratio have been improving, the ratio is still below the revised minimum requirement of 20% which the industry was supposed to have complied by 31 December 2019. Most industry players requested extension of the deadline for compliance to 31 December 2020.

Prescribed Assets Compliance Level



187. Table below shows the prescribed asset compliance ratios per sector as at 30 September and 31 December 2019.

Compliance levels for Prescribed Assets

Sector	31 December 2019		30 September 2019	
	Amount (ZWL$m)	**Ratio (%)**	**Amount (ZWL$m)**	**Ratio (%)**
Stand-Alone Funds	116.40	2.58	94.59	3.01
Self-Administered Funds	496.05	8.75	408.28	9.44
Insured	603.94	9.73	219.25	11.06
Total/Ave ratio	**1,216.39**	**7.41%**	**722.12**	**7.64%**

Insurance Industry Compliance with Prescribed Assets

188. The insurance industry`s compliance with the prescribed asset thresholds as at 31 December 2019 were as follows:-

Short Term

Insurer	Threshold	Prescribed Assets Ratio
Short term	10%	2.09%
Life insurance	15%	10.44%
Funeral Assurer	10%	**0.09**

189. The majority of short term insurance industry players were non-compliant with the prescribed asset requirements. Only ECGC was compliant at 16.89% against a minimum requirement of 10%.

190. As at 31 December 2019 the life assurance industry with an average prescribed asset ratio of 10.4% which was below the required minimum prescribed asset ratio of 15%. Prescribed asset ratios for industry players ranged from 0.02% to 13.78%, indicating that all players were not compliant with the required minimum prescribed asset ratio.

Funeral Assurance

Prescribed Assets for the Funeral Assurance Industry as at 31 Dec 2019

Funeral Assurer	PA Ratio (%)
First Funeral	0.08
Foundation	0.17
Moonlight	0.01
Orchid	0
Passion	2.46
Ruvimbo	0.25
Sunset	0
Vineyard	0.58

191. As at 31 December 2019 the funeral assurance industry had an average prescribed asset ratio of 0.09% showing a slight decrease from an average of 0.13% as at 30 September 2019. All the funeral assurance players were non-compliant with the required minimum prescribed asset ratios of 10% as stipulated by Statutory Instrument 206 of 2019.

Performance of ZSE

192. The ZSE all share index ended positively for the full year ending 31 December 2019 with a 57.33% increase. This was stipulated by overall gains in the ZSE Top 10, ZSE Industrial and ZSE Mining Indices.

193. Turnover for the full year ending 31 December 2019 stood at ZWL$2 billion as compared to US$926 million of the same period ending 31 December 2018. The market capitalisation was ZWL$29 767 billion on 31 December 2019.

194. In terms of listings, there was a marginal decrease in the number of listed securities from 66 as at 31 December 2018 to 62 as at 31 December 2019 as a result of the delisting of of some securities during the year. The listed securities on the ZSE comprise of 61 Equity Instruments and 1 Debt Instrument.

195. The ZSE Revised Listings Requirements ("Rules") were gazetted on the 14th of June 2019, thereby marking a great leap forward from the outdated old listings requirements last reviewed in 2002. The new Rules strengthen corporate governance and disclosure requirements for listed companies which will go a long way in preserving the integrity and professionalism of the market.

New Products and Infrastructure in Securities Market

196. A Statutory Instrument under the Collective Investment Scheme Act was published in 2019 to increase the scope of options available to investors to include Exchange Traded Funds, Real Estate Investment Trust, Commodity Fund, Venture Capital Fund, Property Fund and Private Equity Fund.

197. Other products introduced in the capital market in 2019 are C-Trade, National Venture Capital and SME Exchange (GEMS Portal). National Venture Capital Fund has been funded by budget to tune of Z$500m

198. The ZSE continued to support C-Trade and providing retail investors direct access to the ZSE trading system. In 2019 a total ZWL$2.3 million traded through the mobile and online application.

Financial Sector Legislative Reforms

199. The Microfinance Act [Chapter 24:29] was amended in 2019 in order to address gaps and weaknesses identified in the Act, and to ensure an effective regulatory and supervisory framework that is aligned to international best practices.

200. The amended Act eliminates overlapping and confusion of institutions carrying on microfinance business, namely corporate micro financiers, credit-only micro financiers, deposit-taking micro financiers, and money-lenders which have been consolidated into two institutions, namely;

i) Money-lenders, who provide loans and credit but who are not micro financiers; and

ii) Deposit-taking microfinance institutions, that is, companies that accept deposits from small-scale businesses and members of lower-income groups).

201. Furthermore, licences for credit-only microfinance institutions have been extended from one year to a five-years, and perpetually for deposit-taking microfinance institutions.

202. The Amendment Act also provides for establishment of a Microfinance Advisory Council, among others.

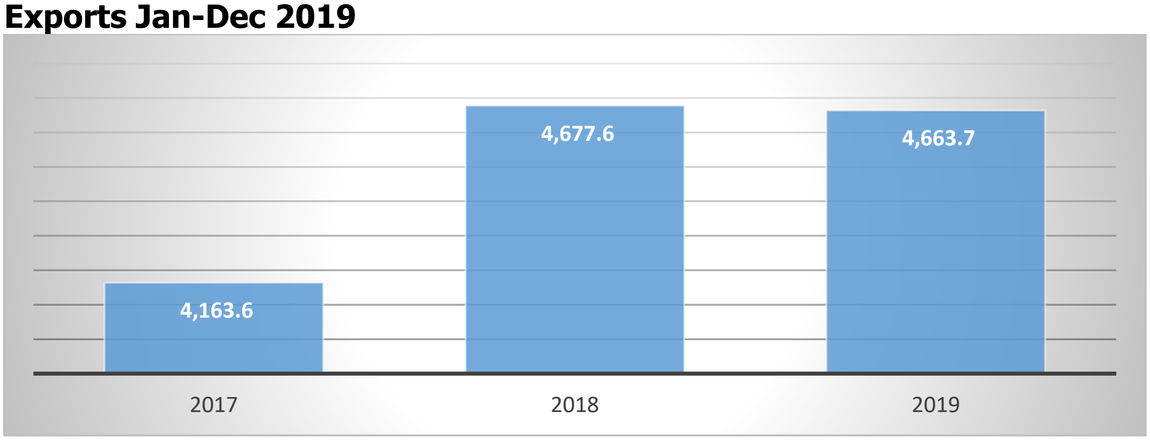
EXTERNAL SECTOR

203. Attainment of sustainable balance of payments position is key under the TSP anchored on import substitution and value addition. Government has already set a target of 30% for manufactured exports by 2023 in its National Trade Policy and Export Strategy based on the notion that the key is value addition of raw materials that are readily available in Zimbabwe especially in the agricultural and mineral sectors.

Merchandise Exports

204. The country's merchandise exports during the year 2019 were US$4.663 billion, a 0.3% decline from US$4.77 billion, realised in 2018.

Exports Jan-Dec 2019



Source: ZIMSTAT

205. Gold, nickel ores & concentrates, nickel mattes, ferrochrome, jewellery and industrial diamonds were major mineral exports during the year under review.

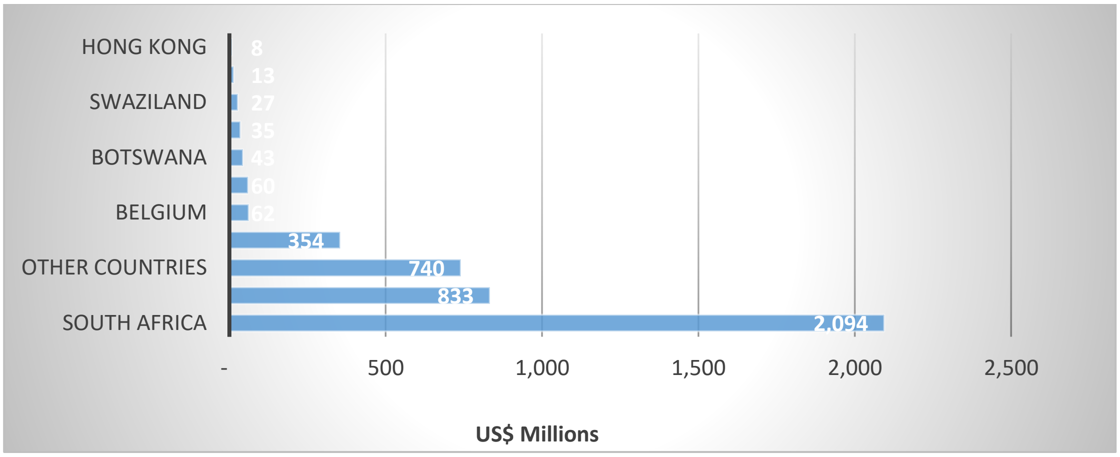
206. Agricultural exports were mainly dominated by tobacco, sugar, cotton, raw hides and skins and tea, among others.

Exports by Product

Product	**Value (US$m)**	**Share (%)**
Gold	1063.9	25%
Unmanufactured tobacco	772.6	18%
Nickel ores and concentrates	737.1	17%
Nickel mattes, oxide sinters and other products	488.5	11%
Ferro-alloys	228.0	5%
Articles of jewellery of precious metal	160.7	4%
Diamonds, not mounted or set	116.5	3%
Cane or beet sugar and chemically pure sucrose	60.8	1%
Platinum, unwrought or in semi-manufactured forms	60.1	1%
Chromium ores and concentrates	45.1	1%
Cotton, not carded or combed	36.9	1%
Other raw hides and skins, fresh or preserved	30.8	1%
Other manufactured tobacco and substitutes	30.1	1%
Coke and semi-coke of coal	26.7	1%
Tea	21.1	0%
Other Products	390.1	9%
Total	4663.0	

Source: ZIMSTAT/RBZ

207. During the year 2019, the country's main exports were destined for South Africa (49%, United Arab Emirates (20%), Mozambique (8%), and Belgium (2%), whilst other countries absorbed 17% of the exports.



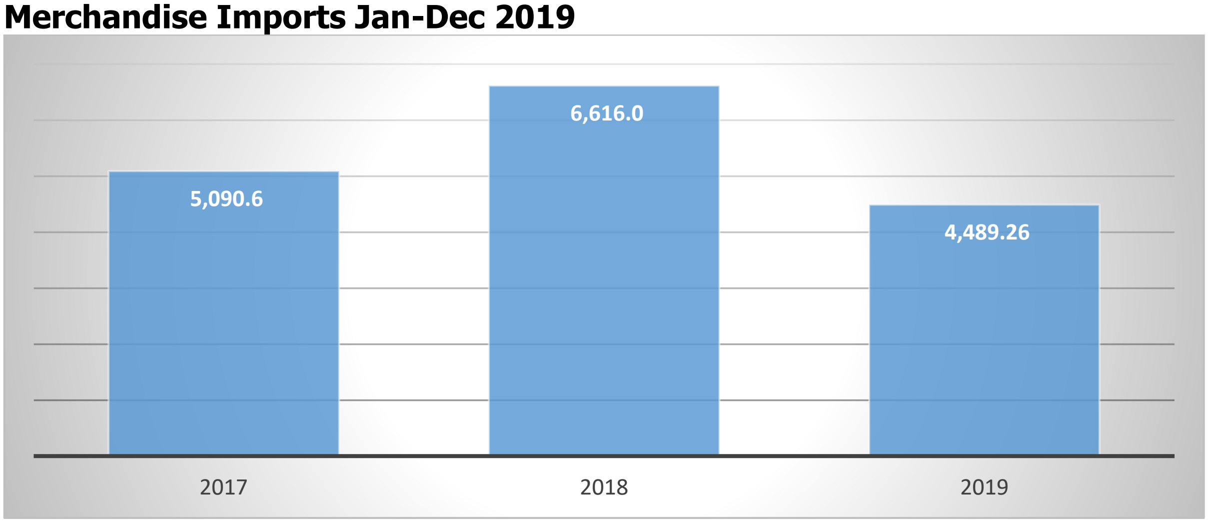
Source: ZIMSTAT

208. Difficulty macroeconomic environment characterised by sustained power outages, persistent fuel shortages, foreign currency challenges and high operational costs negatively affected mining activities and hence, lower mineral exports.

Merchandise Imports

209. In 2019, total merchandise imports declined by 32% to US$4.5 billion from US$6.6 billion recorded during the year 2018.

Merchandise Imports Jan-Dec 2019



Source: ZIMSTAT

Imports (US$ Millions)

Products	Value (US$ Millions)	Contribution (%)
Petroleum oils	1312.5	27%
Medicaments for retail sale	197.4	4%
Motor vehicles for the transport of goods	188.2	4%
Electrical energy	163.2	3%
Mineral or chemical fertilizers, nitrogenous	120.0	2%
Insecticides for retail sale	85.4	2%
Tractors (excl. tractors of 87.09)	84.0	2%
Soya-bean oil and its fractions	72.2	1%
Self-propelled bulldozers, levellers, etc	61.2	1%
Machinery for sorting etc	54.9	1%
Wheat and meslin	51.6	1%
Rice	50.5	1%
Parts suitable for use with the machinery	44.0	1%
New pneumatic tyres, of rubber	40.6	1%
Automatic data processing machines	39.2	1%
Petroleum gases and other gaseous hydrocarbons	36.4	1%
Rolled iron or non-alloy steel	34.8	1%
Other Products	2181.2	45%
Total	**4517.2**	

Source: ZIMSTAT

210. Diesel, petrol, wheat, crude soya bean oil, and fertilizers were the country's major imports during the year under review.

211. The major import sources during the period under review were South Africa (39%), Singapore (25%), China (9%), India and Mauritius (3%), among others.

Imports by Country

Country	Value (US$)	Share (%)
South Africa	1875.9	39%
Singapore	1208.7	25%
Other Countries	477.4	10%
China	411.8	9%
India	141.5	3%
Mauritius	132.7	3%
United Kingdom	99.0	2%
Zambia	96.4	2%
Mozambique	96.1	2%
United Arab Emirates	76.5	2%
Japan	59.7	1%
Hong Kong	52.9	1%

Country	Value (US$)	Share (%)
United States	46.5	1%
Denmark	42.2	1%
Total	**4517.2**	

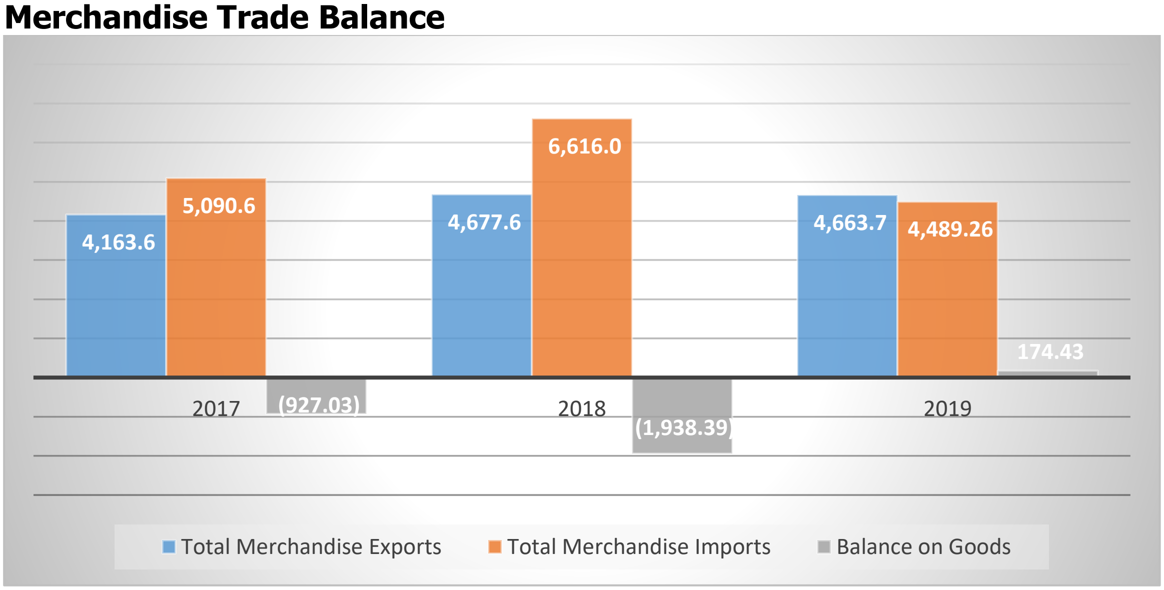
Source: ZIMSTAT

212. The contraction was largely attributable to subdued economic activity and weak aggregate demand, mainly on account of foreign currency shortages. Furthermore, the expenditure switching effects that followed the liberalization of the exchange rate resulted in imports being relatively more expensive and beyond the reach of some potential importers.

Trade Balance

213. In 2019, merchandise trade deficit improved by 109% to a surplus of US$174.4 million from a deficit of US$1.9 billion recorded last year. This was largely due to import compression attributed to foreign currency shortages to import critical raw materials.

Merchandise Trade Balance



Source: ZIMSTAT & RBZ

214. Monthly balance on goods improved in the last quarter of 2019 where surpluses were recorded as indicated below.

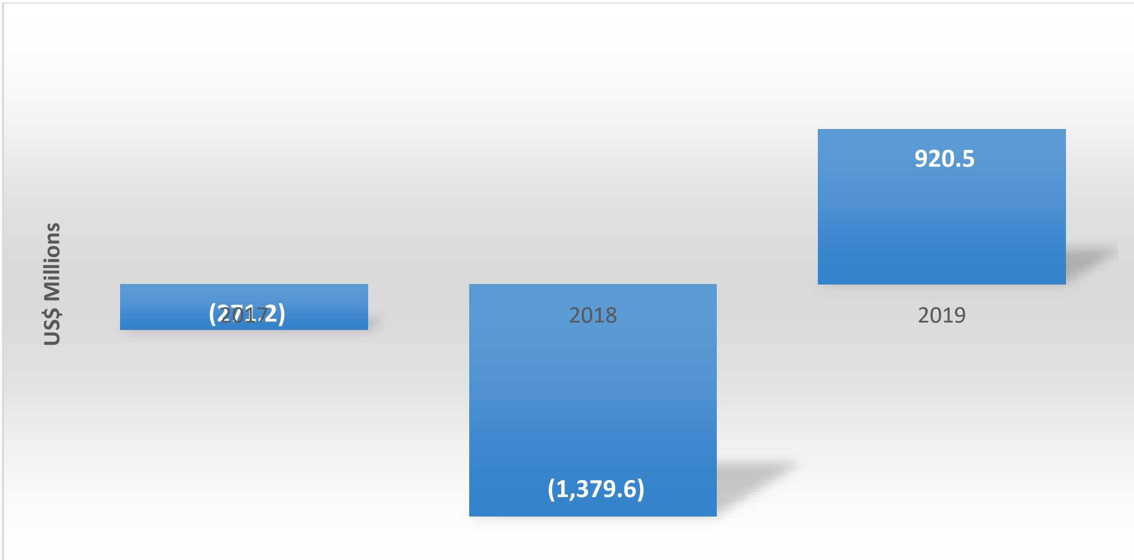
2019 Merchandise Trade Balance (Month on month)

Current Account

215. The country's current account position significantly improved in 2019 from persistent deficits to register a surplus of US$920.4 million from a deficit of US$1.4 billion in 2018. The main driver of the current account surplus was secondary income component which registered US$1.4 billion, of which 66% were remittances.

216. The goods account was mainly affected by a sharp decline in imports as a result of shortage of foreign currency prevailing in the economy. Some of the hardest hit imports include key raw materials into the domestic production process, such as fuel, chemicals and electricity.

Current Account Balance



Source: RBZ

STRUCTURAL ISSUES

State Owned Enterprises and Parastatals Reforms

217. Government has embarked on public enterprise reforms for improving efficiency and governance and hence their contribution to the economy. The successful public enterprise reforms will also remove recourse to the fiscus.

218. The implementation of the reform framework is on a case by case basis and is currently at various stages across the designated entities with the following milestones:

State Owned Enterprises and Parastatals	PROGRESS
GMB **Silo Foods**	✓ The de-merger of the GMB into GMB Strategic Grain Reserve and Silo Foods Industries has been completed.

State Owned Enterprises and Parastatals	PROGRESS
	✓ Silo Foods Industries is now registered as a subsidiary company of GMB with effect from 1st April 2019. ✓ Genesis Global was appointed as the Transaction Advisors to assist Silo Foods in the resource mobilisation initiative and the identification of a potential Strategic Partner. ✓ The Consultants have since completed a due diligence exercise and they are now finalising their Reports.
NRZ	✓ Cabinet, among other issues, directed that the Agreement for the Recapitalisation of the NRZ involving the DIDG-Transnet Consortium be terminated and a fresh tender flighted for the equity participation in the Project as a matter of urgency.
ZISCO	✓ Negotiations R&F Properties of China who had been identified as the potential strategic investment partner have collapsed. ✓ The Ministry of Industry and Commerce has commenced the process for inviting new potential investors.
CSC	✓ The new investment partner has already begun to cover some ground towards the implementation of the Agreement, including setting up of processes to underpin enhanced operations, and honouring some of the outstanding obligations to former CSC employees.
CAAZ	✓ The Civil Aviation Amendment Act has now been enacted. ✓ The Board for Airports Management Company has been constituted. ✓ Asset Valuation has been completed.
ZESA	✓ Cabinet approved the re-bundling of all the ZESA subsidiaries into a vertically integrated single entity on 5 February 2019. ✓ A single Board has been appointed for ZESA. ✓ Expressions of Interest for the engagement of a Human Resources Consultant have since been received and evaluated.
Tel-One & Net-One	✓ Joint negotiations with Price Waterhouse Coopers (PWC), the appointed Transaction Advisors for the privatisation of NetOne and TelOne are being carried out in light of the new monetary regime and the need to comply with the provisions of Statutory Instrument (S I) 142 in as far as the payment of services in foreign currency is concerned.
Allied Timbers	✓ Partial privatisation roadmap through engagement of a strategic partner has been approved by Cabinet on 19 February 2019. ✓ Allied Timbers performance review and turnaround recommendations report which was funded by the African Development Bank (ADB).

State Owned Enterprises and Parastatals	PROGRESS
	✓ The ADB also availed resources to cover the costs for Transaction Advisory Services to assist in the privatisation of Allied Timbers and procurement processes to engage the Transaction Advisor are underway.
IDC subsidiaries	✓ Cabinet approved the resumption of the development financing role of the Industrial Development Corporation of Zimbabwe (IDCZ) on 14 March 2019. ✓ The IDCZ resourcing by the Government of Zimbabwe under the 2020 National Budget benefited through an allocation of $240 million to the corporation. ✓ Ernst & Young was appointed the Consultant for the partial privatisation of Chemplex, and work is already under way. Expressions of Interest for investors have since been made, evaluated and shortlisted. ✓ The IDCZ invited competitive bids and received 6 bids for Willowvale Mazda Industries (WMI) and 3 bids for Deven Engineering.
ZMDC Subsidiaries	✓ Partial privatisation is underway, with the initial tender for 6 subsidiaries that had been undertaken in 2018 cancelled in February 2019. ✓ By second quarter of 2019, Cabinet has granted mining concession for the following: 1. Amari Platinum Concession – Bravura. 2. Kamativi Lithium Concession – Beijing PingChang, Lintmar, Zimbabwe Defense Forces. 3. Mbungu Coal Bed Methane (CBM) Concession – Sakunda Holdings. 4. Gwayi CBM Concession – Tumagole. 5. Lutope Lithium project - Cession. 6. Mberengwa Lithium Concession - Tsingchan. 7. Gold Assets and SandawanaMine- Landela Mining.
Zimbabwe Consolidated Diamond Company	✓ Cabinet approved the Joint Venture between ZCDC and Alrosa Overseas S.A. which is a subsidiary of PJSC Alrosa of Russia for the exploration, development, mining and, marketing of Diamonds on 16 July 2019.
IDBZ	✓ The procurement process of engaging a Transactional Advisor for the partial privatisation of the Infrastructure Development Bank of Zimbabwe (IDBZ) using the Public Procurement & Disposal of Public Assets Act has been completed. The Transaction Advisor has commenced work, with the expected time to complete the engagement of a Strategic Partner being 8 months.
ZIMPOST	✓ EY was appointed as the Transaction Advisor and Contract negotiations are underway.

State Owned Enterprises and Parastatals	PROGRESS
Petrotrade	✓ Cabinet approved the merger of Petrotrade and Genesis, a subsidiary of the National Oil Company (NOIC) into fuel retailing business, as well as CMED Fuels. ✓ Thereafter, the consolidated entity is to be privatised through strategic partnership with an established offshore petroleum major. ✓ Already, a proposal towards the identification of a potential strategic player in the petroleum oil industry has been approved by Cabinet. ✓ CBZ & Manokore was appointed as Transactional Advisors and Contract negotiations are underway.
POSB	✓ KPMG Advisors Zimbabwe were recently appointed as the Transactional Advisors for the partial privatisation of the People's Own Savings Bank (POSB), with the consultancy contract having been finalised and awaiting signing.
Agribank	✓ EY was appointed the Transaction Advisors and Contract was signed. Ernst & Young have since completed the following Reports: • Financial Due Diligence. • Tax Due Diligence. • Legal Due Diligence.
ZUPCO	✓ The procurement for the Transaction Advisors has commenced.
Powertel, Zarnet & Africom	✓ The merging of Powertel, Zarnet and Africom into a single entity has been painstakingly slow. Counter proposals to the merger have been put across, and these are being considered.
Air Zimbabwe	✓ The appointed judiciary manager of Air Zimbabwe, Mr R Saruchera of Grant Thornton instituted the process of inviting potential strategic partners to submit expression of Interest (EOI) for investment in Air Zimbabwe in 1st quarter of 2019. ✓ Adjudication of shortlisted bidders was contacted in 3rd quarter of 2019. Following the adjudication, all bids were unsuccessful due to failure to meet the evaluation criteria spelt out in the tender.
Zimbabwe Investment and Development Agency	✓ In the spirit of improving the ease of doing business and creating seamless investment approval processes, the Special Economic Zones Authority (ZIMSEZA), the Zimbabwe Investment Authority (ZIA), and the Joint Venture Unit have been integrated into the One Stop Investment Services Centre.

State Owned Enterprises and Parastatals	PROGRESS
	✓ The ZIDA Bill was passed into law in November 2019 and awaits Presidential assent.
Kingstons	✓ Following the Government decision that non-performing entities under Kingstons should be dissolved and has a debt overhang of about $6.7 million against an asset netbook value of $738 801. ✓ Of the seven entities under Kingstons, two entities were recommended for retention and these are Kingstons Holdings and Kingstons Private Limited. Kingstons Holdings will continue to manage the radio licences that are being operated by Zimpapers. Kingstons Private Limited will continue with the original Kingstons business model. The two entities will be sister companies to avoid legacy issues associated with the former. ✓ The following Kingstons entities are being recommended for liquidation: • Lenben Properties • Kingstons Entertainment • Kingstons Properties • Textbook Sales • Art Stationers
Departmentalisation of the Identified Parastatals	✓ National Indigenization and Economic Empowerment Board, Board of Censors, National Library and Documentation services and National Liquor licensing Authority were absorbed within their respective line ministries. ✓ Lotteries and Gaming Board and National Competitive Commission retained their status quo.
Broadcasting Authority of Zimbabwe & POTRAZ	✓ There is no progress with regards to the merger of the two regulators.

Ease of Doing Business Reforms

219. Ease of Doing Business Reforms continued to receive priority the following milestones were achieved during 2019.

Doing Business Ranking

220. The country's ease of doing business climate improved by 16 points from 155 to 140 out of 189 countries on World Bank Doing Business Index Ranking in recognition of the ease of doing business reform efforts underway. The Report identified the country as one of the top 20 in the world and top five in Africa on doing business reformers in the following areas:

Starting a Business

221. By improving online name search (Overall number of days reduced from 32 to 11 days). Harare Municipality reduced business licensing fee from about *US$300 to US$200*.

Construction Permits:

222. Faster approval of permits following more frequent sessions by the Municipal Building Commission in Harare. (*Number of days to get permit reduced from 208 to 150 days*).

Registering Property

223. Deeds Registry now implementing an internal tracking system, **a**llowing applicants to track their applications throughout the property transfer process. *(Number of days reduced from 36 to 14 days).*

Access to Credit information

224. Introducing a new reorganization procedure, allowing creditors to vote on the reorganization plan and operationalisation of the Credit Registry to coordinate data on clients/creditors.

Enforcement of Contracts

225. Improved through increasing the number of small claims courts from 2 to 10 and establishment of commercial courts from 0 to 4. It was easier by making judgments rendered at the appellate and Supreme Court level in commercial cases available to the general public online.

Trading Across Borders

226. Improved through reviewing of checkpoints for both imports and exports clearance processes at Beitbridge Border Post resulting in 41% reduction in compliance checkpoints.

Zimbabwe Investment Development Agency Bill

227. The Bill seeks to amalgamate three investment agencies, i.e, ZIA, Joint Ventures Unit and Special Economic Zones Authority to make sure that all investments are processed under one roof. An interim Zimbabwe Investment Development Agency (ZIDA) was established to spearhead the process. The ZIDA Bill was passed by Parliament in December 2019.

Companies and Other Business Entities Bill

228. In order to modernise business practices and consolidate different types of corporations so as to reduce cost and time for starting a business in country and to

create an investor friendly business environment, the Companies and other Business Entities Act was gazetted on the 15th of November 2019.

Regional Town and Country Planning Amendment Bill

229. The legislation is meant to improve the time taken and procedures for issuing construction permits to facilitate business. Principles of the Bill have been re-submitted to Cabinet after factoring in more inputs from stakeholders. The Cabinet Committee on Legislation is seized with the matter.

Review of Statutory Instruments

230. In addition to amending pieces of legislation cited above, more than 22 Statutory Instruments administered by various Ministries, Departments and Agencies were reviewed to make them more friendly to investment by removing some of the inherent operational bottlenecks.

Alignment of laws to the Constitution

231. At the time that the new Constitution come into force in 2013, the Statute Book comprised 396 statutes. Of the 396, 183 statutes required alignment to the Constitution. By the end of first quarter of 2019, of the 183 statues that require alignment, 159 were aligned.

232. However, of the amended statutes, 42 require further alignment. Subsequently, 14 statutes were aligned by year end leaving a balance of 52 statutes to be aligned to the Constitution.

233. Government will continue to expedite the alignment of remaining statutes to the Constitution.

Public Finance Management

234. In the 2018 National Budget Statement, Government announced the decision to migrate to the Accruals Basis International Public Sector Accounting Standards (IPSAS) with effect from 1st January 2018. The IPSAS framework is an international reporting framework that focuses on the accounting and reporting needs of the Public Sector.

235. The adoption of and migration to the IPSAS reporting framework is part of the ongoing Public Finance Management reforms being instituted by Government to enhance transparency, accountability; and efficiency and effectiveness in the mobilisation and utilisation of public resources. This objective is consistent with the provisions of Chapter 17 of the Constitution of Zimbabwe, which requires transparency and accountability in financial matters as well as clear fiscal reporting in Public Finance Management.

236. Pursuant to the above, the under listed activities have been planned or are already under implementation:

- In order to avoid multiple accounting bases by Ministries, Departments and Agencies (MDAs), Treasury is currently facilitating the development of Accounting Policies and the revision of the Accounting Procedures Manual to give guidance on treatment of transactions and events by MDAs.
- To ensure uniformity, completeness and accuracy in recording of transactions and events, a harmonised Chart of Accounts for the classification of transactions and events complying with the GFSM 2014 has been developed (Central Government, Local Government & SEPs)

- The Public Accountants and Auditors (Prescriptions of International Standards) Regulations 2019 (Statutory Instrument (SI) 41 of 2019) was gazetted giving the legal basis for Government to adopt and/or adapt the IPSAS framework.
- From May 2019, Treasury, the Ministry of Justice, Legal and Parliamentary Affairs (Deeds Office); and Ministry of Local Government and Public Works started the process of identifying all Government properties for purposes of bringing them onto the books of account under the new accounting framework. This exercise will also provide the basis for asset recognition, measurement, disclosure and management.
- In line with the requirements of the IPSAS Implementation Strategy and Plan (ISP), a data gathering exercise on outstanding payment arrears from Ministries, Departments and Agencies (MDAs) was carried out, with support from the World Bank. The exercise is a critical activity in the migration to International Public Sector Accounting Standards (IPSAS), where the identified SEPs are required to prepare the provisional 2020 Statement of Financial Position (Balance Sheet).
- The following IPSAS documents were finalised during the second half of 2019, to guide Ministries, Commissions, Boards, Parastatals and local authorities in the 7-year migration process:

    - ✓ Individual sectoral ISP specifying the timelines for each specific sector was done and agreed upon by the relevant sectors.
    - ✓ A legacy issues strategic document was developed and now awaits operationalisation and implementation.
    - ✓ The scoping of parastatals who meet the conditions for reporting under the IPSAS framework was done.
    - ✓ The first revision of the ISP to take account of developments on the ground was done.
- As part of the IPSAS awareness programmes, the following training activities were undertaken during the year under review:

- A pilot 3 months online IPSAS certification programme, offered by the Institute of Chartered Accountants Zimbabwe (ICAZ) was conducted for senior accounting and auditing personnel in the public sector, with 77% of the participants successfully completing the course. The second group comprising of 151 officers across Government commenced the training in February 2020.
- A two weeks practical IPSAS training programme was conducted for the 22 member IPSAS national Project Implementation Team (PIT) members, who are instrumental in the IPSAS migration process.
- A one-week awareness training workshop was held for Directors of Finance, Chief Accountants and Chief Auditors from the 15 identified pilots.
- A one day IPSAS change management workshop for State Entities and Parastatals was held for 102 Chief Executive Officers. The main objective was mind-set transformation for key decision makers to manage resistance and the desired change as well as preparing them for their roles of giving direction and providing financial and non-financial support as heads of IPSAS implementing units.

Professionalisation of the Public Sector Accounting Profession

237. The adoption of a new reporting framework, represents a fundamental change in the approach to handling of public finances which necessitates strengthening of the capacity of the Public Sector Accountancy profession through acquisition of professional skills and structured training.

238. In that respect, Government has partnered with the Institute of Chartered Accountants in Zimbabwe (ICAZ) and the Institute of Chartered Secretaries and Administrators in Zimbabwe (ICSAZ) to provide training and strengthen the capacity

of public sector accountancy personnel through the development of a professional public sector qualification.

239. A Public Sector Qualification Advisory Group (PSQAG) was also established to ensure Public Sector educational materials customisation by Professional Accountancy Organisations (PAOs) address public sector contextual matters, including applicable legislative frameworks and heritage assets among others.

240. 4 pilot training offices have been identified and accredited as training offices for Public Sector Chartered Accountants for taxation, financial management, local authorities and auditors' practical skills training and assessment. These 4 are ZIMRA for tax accountants, Accountant General's Office for public financial management accountants, Bulawayo City Council for local authorities and Office of the Auditor General for the public sector auditors. The needs assessment and needs analysis was conducted by a hired consultant.

CONCLUSION

241. The year 2019 was a difficult year due to recurrent drought season worsened by the devastation of Cyclone Idai, all working against full implementation of the Transitional Stabilisation Programme (TSP).

242. Notwithstanding the challenges, tremendous progress was recorded on a number of areas including balancing the budget, management of money supply and introduction of the mono-currency. Further, Government managed to enhance competitiveness through ease of doing business reforms and other governance and structural reforms. Milestones were also recorded in infrastructure rehabilitation, social protection.

ANNEXURES

Annex. 1: Progress on Policy Reforms

Policy Reforms Area	2019 Milestones
Fiscal Policy Fiscal consolidation to achieve fiscal surplus over the medium term	Significant fiscal consolidation in 2019 with a budget surplus of ZWL$395.6 million
Contain wage bill	Significant progress despite high inflation that has made containing the wage bill very challenging. Wage bill contained at ZWL$7.1 billion vs budget of ZWL$5.6 billion
Eliminate the agricultural command program	Financing of inputs under the program has been transferred to the banking system. Risks to the budget remain high as the government provided full guarantee against credit default.
Implement PFM Reforms	Authorities adopted regulations to implement the Public Financial Management Act, gazetted on the 14th of June 2019.
Monetary and Financial Polices **Refrain from monetary financing**	Although direct financing of the central government deficit has stopped, large quasi-fiscal activities by the RBZ have continued.
Lift the interest rate cap	All caps on interest rate have been removed following the June 2019 increase in overnight interest rate from 15 to 50 percent.
Structural Polices **Improve governance**	A comprehensive governance assessment was undertaken by Fund staff, and the authorities will adopt shortly an anti-corruption strategy.
Improve the management of SOEs	The government has approved a reform framework for 43 SOEs and parastatals, aimed at making them fully accountable, transparent, and economically viable. In addition, the government is targeting 5 key SOEs for privatization/divestiture and is preparing turnaround strategies for at least 20 SOEs with technical assistance from various development partners.
Provide clarity to land rights	The first phase of the National Agricultural Land Audit was undertaken in 2018. The second phase is planned for 2020.
Improve business climate	The indigenization policy has been relaxed, investment-promoting institutions merged into a single Zimbabwe Investment and Development Agency, and a policy has been established to collapse multiple licensing requirements into single omnibus licenses in the tourism and transportation

Annex. 2: Consolidated Financial Statements For Fiscal Year 2019

	Notes	ACTUAL ZWL $	BUDGET ZWL $	VARIANCE ZWL $	%
TAXES ON INCOME	7	**7,354,096,796**	**5,786,388,012**	**1,567,708,784**	**27**
TAX ON GOODS AND SERVICES	8	**12,027,704,944**	**9,957,241,582**	**2,070,463,362**	**21**
Customs duties	8.1	1,961,712,325	1,507,142,206	454,570,119	30
Excise duties	8.2	4,117,326,864	3,758,790,340	358,536,524	10
Value added tax	8.3	5,948,665,755	4,691,309,036	1,257,356,719	27
OTHER TAXES	9	**3,188,623,887**	**2,858,859,243**	**329,764,644**	**12**
Intermediate money transfer Tax	9.1	2,662,711,203	2,450,627,332	212,083,871	9
Other tax	9.2	525,912,684	408,231,911	117,680,773	29
TOTAL TAX REVENUE		**22,570,425,627**	**18,602,488,837**	**3,967,936,790**	**21**
NON TAX REVENUE	10	**400,229,375**	**623,566,558**	**(223,337,183)**	**(36)**
Revenue from property	10.1	48,726,567	16,458,884	32,267,683	196
Fees,fines,licences and contributions	10.2	351,502,808	607,107,674	(255,604,866)	(42)
TOTAL INCOME		**22,970,655,002**	**19,226,055,395**	**3,744,599,607**	**19**
EXPENDITURE					
RECURRENT EXPENDITURE	11	**13,165,991,867**	**10,600,087,570**	**(2,565,904,297)**	**(24)**
Employment cost	11.1	6,082,846,874	4,740,826,000	(1,342,020,874)	(28)
Civil Service		4,984,750,915	3,964,963,000	(1,019,787,915)	(26)
Grant Aided Institutions		1,098,095,959	775,863,000	(322,232,959)	(42)
Goods and services	11.2	3,939,912,641	2,906,027,567	(1,033,885,074)	(36)
Current transfers	11.3	2,764,696,193	2,465,575,533	(299,120,660)	(12)
Interest on debt	11.4	378,536,159	487,658,470	109,122,311	22
PRIMARY SURPLUS BEFORE CAPITAL EXPENDITURES		9,804,663,135	8,625,967,825	6,310,503,905	44
CAPITAL EXPENDITURE	12	**9,367,658,009**	**7,042,250,000**	**(2,325,408,009)**	**(33)**
Capital expenditure	12.1	1,831,843,568	2,035,942,000	204,098,432	10
Capital transfers	12.2	7,024,958,019	3,969,534,000	(3,055,424,019)	(77)
Equity participation/net lending	12.3	510,856,422	1,036,774,000	525,917,578	51
TOTAL EXPENDITURE		**22,533,649,876**	**17,642,337,570**	**(4,891,312,306)**	**(28)**
SURPLUS FOR THE PERIOD		**437,005,126**	**1,583,717,825**	**8,635,911,913**	**545**

Annex 3: Notes On Consolidated Financial Statements Fiscal Year 2019

		ACTUAL	**BUDGET**
Notes		**ZWL $**	**ZWL $**
7	**TAXES ON INCOME & PROFITS**		
	Individuals	3,235,278,418	2,298,438,445
	Companies	3,154,875,214	2,553,397,079
	Domestic Dividend and interest	255,699,032	228,591,676
	Other incomes taxes	65,069,592	69,634,699
	Total	**6,710,922,257**	**5,150,061,899**
8	**TAX ON GOODS & SERVICES**	**12,027,704,946**	**9,957,248,702**
8.1	**Customs duties**		
	Prime & Surtax	1,961,712,325	1,507,142,206
	Total	**1,961,712,325**	**1,507,142,206**
8.2	**Excise Duties**		
	Beer	235,258,938	167,884,920
	Wines & Spirits	52,508,074	33,344,172
	Tobacco	54,056,742	58,411,439
	Second Hand Motor vehicles	8,807,031	3,714,617
	Fuels	3,484,215,103	3,260,352,985
	Electric Lamp	7,545	7,545
	Air-time	282,473,432	235,081,783
	Total	**4,117,326,866**	**3,758,797,461**
8.3	**Value Added Tax**		
	VAT on domestic goods	3,627,077,906	3,087,701,588
	Imported Goods & Services	2,993,041,979	2,060,789,783
	Refunds	(671,454,130)	(457,182,336)
	Total	**5,948,665,755**	**4,691,309,035**
		ACTUAL	**BUDGET**
9	**OTHER TAXES**	**ZWL $**	**ZWL $**
	Mining Royalties	524,842,045	522,260,547
	Vehicle Carbon Taxes	56,264,493	65,115,144
	Stamp Duties	36,615,357	38,459,836
	Presumptive Tax	29,487,245	25,964,388
	Withholding tax on tenders	437,725,789	330,709,489
	sealing fee and ECTS Fines	10,541,691	4,201,346
	ATM Levy	11,542,603	9,032,446
	Tobacco Levy	62,068,001	48,950,422
	Intermediate money transfer	2,662,711,203	2,450,627,332
	Total	**3,831,798,426**	**3,495,320,950**
	TOTAL TAX REVENUE	**22,570,425,629**	**18,602,631,551**
10	**NON TAX REVENUE**		
10.1	**Revenue from Investments & Property**		
	Govt Property rent	48,726,567	16,458,884
	Total	**48,726,567**	**16,458,884**
10.2	**Fees, fines, licences and contributions**		
	Fees: Govt Dept facilities & services	266,340,393	546,859,722
	Pension Contribution	-	-
	Govt Sales, licences	80,400,286	56,696,084
	Rummage Sale Refunds	(315,297)	(142,714)
	Refunds of Miscellaneous Payments from Votes	608,369	480,666
	Miscellaneous	4,469,057	3,071,202
	Total	**351,502,808**	**606,964,960**
	Total Non Tax Revenue	**400,229,375**	**623,423,844**

	TOTAL REVENUE	**22,970,655,004**	**19,226,055,395**
		ACTUAL ZWL$	**BUDGET ZWL$**
11	**EXPENDITURE**		
11.1	**Recurrent Expenditure**	**13,165,991,867**	**10,600,087,570**
	Employment cost		
	Civil Services Wage Bill	4,529,866,287	3,772,735,800
	PSMAS	387,715,488	166,297,200
	NSSA	66,469,140	25,677,200
	Funeral Expenses	700,000	252,800
	Grant Aided Institutions Wage Bill	1,098,095,959	775,863,000
	Total	**6,082,846,874**	**4,740,826,000**
11.2	**Goods and Services**		
	Domestic travel expenses	135,987,354	73,418,105
	Foreign travel expenses	578,592,512	183,076,234
	Communication Supplies and Services	179,323,576	118,098,896
	Education supplies and services	26,845,354	34,401,198
	Medical supplies and services	233,906,471	199,004,944
	Office supplies and services	139,941,193	52,340,582
	Training expenses	58,455,960	78,967,186
	Rentals and other services charges	961,465,358	367,277,861
	Institutional Provisions	316,000,292	195,064,740
	Other goods and services	508,837,339	891,595,926
	Maintenance	430,582,063	355,066,475
	Programmes and Institutions	369,975,169	357,715,420
	Total	**3,939,912,641**	**2,906,027,567**
11.3	**Current Transfers to grant aided institutions,**		
	Universities and ZIMRA		
	Pension	1,035,871,554	817,586,000
	Operations	1,608,027,834	1,573,356,145
	Foreign	120,796,806	74,633,388
	Total	**2,764,696,194**	**2,465,575,533**
		ACTUAL ZWL$	**BUDGET ZWL$**
11.4	**Interest and Debt**		
	Foreign:	88,627,840	121,969,200
	Domestic :Interest	289,908,319	365,689,270
	Total	**378,536,159**	**487,658,470**
12	**Capital Expenditure**	**9,367,658,009**	**7,042,250,000**
12.1	**Capital Expenditure**		
	Furniture and equipment	220,103,578	147,600,000
	Vehicles,plant and mobile equipment	420,722,276	288,905,000
	Acquisition & Construction of buildings	1,164,235,397	1,573,977,000
	Intangible assets	26,479,316	13,200,000
	Feasibility studies & breeding	303,000	12,260,000
	Total	**1,831,843,568**	**2,035,942,000**
12.2	**Capital transfers**		
	Ministry of Transport, Ministry of Agriculture & Local Authorities	7,024,958,019	3,969,534,000
	Total	**7,024,958,019**	**3,969,534,000**
12.3	**Equity participation/Lending**		
	Lending	446,055,742	902,474,000

	Equity participation/Lending	64,800,680	134,300,000
	Total	**510,856,422**	**1,036,774,000**
	TOTAL EXPENDITURE	**22,533,649,876**	**17,642,337,570**

Annex. 4: 2019 Fiscal Outturn (ZWL$ millions)

Item	Budget	Actual Jan-19	Actual Feb-19	Actual Mar-19	Actual Apr-19	Actual May-19	Actual Jun-19	Actual Jul-19	Actual Aug-19	Actual Sep-19	Actual Oct-19	Actual Nov-19	Actual Dec-19	Actual Cummulative Total
Total Revenue Including Retained	6199.4	534.9	575.7	885.9	848.1	983.9	1363.1	1534.1	1923.7	3053.4	3016.0	3540.9	5298.7	23558.3
Total Government Revenue (Net)	6199.4	476.4	593.6	820.2	822.0	932.2	1310.8	1478.2	1847.3	2999.6	2948.4	3522.0	5183.5	22934.3
Total Revenue	6199.4	487.6	606.7	832.3	822.0	932.2	1310.8	1478.2	1847.3	2999.6	2948.4	3522.0	5183.5	22970.7
Tax Revenue	6037.4	468.2	597.1	812.2	810.2	912.8	1279.5	1435.4	1801.4	2972.9	2885.0	3452.6	5143.1	22570.4
Tax on Income and Profits	2048.9	116.9	151.6	266.2	154.2	235.6	468.9	392.9	458.1	1217.7	706.5	823.0	2362.6	7354.1
Tax on Goods & Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Value Added Tax (VAT)	1719.1	120.1	87.7	149.4	187.8	239.8	330.4	489.9	548.7	671.4	923.3	1096.9	1103.3	5948.7
Other Indirect Taxes	840.5	111.4	109.1	108.4	119.8	141.1	185.4	241.6	264.2	327.0	442.0	542.9	595.9	3188.6
Other	240.5	12.8	14.4	20.7	15.7	19.9	21.7	63.4	38.8	60.0	74.0	91.8	92.6	525.9
Non-tax Revenue	162.0	19.4	9.6	20.1	11.8	19.4	31.3	42.8	45.9	26.7	63.4	69.4	40.4	400.2
Total Expenditure and Net Lending	7765.4	385.0	521.3	577.0	695.7	857.9	1151.1	1340.0	1387.5	3538.2	3474.0	4406.6	4240.7	22575.1
Current Expenditure	5437.2	384.9	444.8	480.4	557.3	572.3	806.9	1032.2	761.0	1727.9	1699.7	2275.3	2423.3	13166.0
Goods and services	3604.4	245.9	275.8	302.8	385.4	369.4	482.4	779.0	501.4	1143.8	1173.6	1524.0	1741.2	8924.7
Employment Costs	2865.5	230.6	233.4	232.4	266.6	267.1	265.6	426.4	277.7	767.0	614.0	871.6	532.6	4984.8
Domestic Travel Expenses	30.9	0.7	1.6	2.9	5.3	5.5	8.3	8.6	8.6	7.0	14.5	26.2	46.8	136.0
Foreign Travel Expenses	30.7	3.1	4.1	9.6	8.5	15.4	30.0	51.9	57.0	94.4	75.7	81.9	147.0	578.6
Communication, Supplies and Services	45.9	0.1	2.5	4.6	3.5	3.5	26.5	5.5	6.1	12.8	45.0	23.4	45.9	179.3
Education supplies and Services	12.5	0.0	0.0	0.1	0.2	0.0	6.3	0.1	0.2	0.2	1.1	0.7	18.0	26.8
Medical Supplies and services	53.7	0.1	11.0	1.5	4.8	1.5	20.3	2.5	0.8	37.5	5.0	14.9	134.0	233.9
Office supplies and services	16.1	0.2	0.7	1.3	1.1	2.3	2.1	3.3	13.8	24.8	30.3	17.7	42.2	139.9
Training expenses	43.1	0.0	0.6	1.1	0.8	1.3	6.7	1.7	1.0	3.9	9.8	15.1	16.6	58.5
Rental and other service charges	97.1	4.6	7.1	24.7	0.6	24.5	27.9	77.7	42.9	73.4	146.3	175.4	356.4	961.5

Item	Budget	Actual Jan-19	Actual Feb-19	Actual Mar-19	Actual Apr-19	Actual May-19	Actual Jun-19	Actual Jul-19	Actual Aug-19	Actual Sep-19	Actual Oct-19	Actual Nov-19	Actual Dec-19	Actual Cummulative Total
Institutional provisions	55.2	1.0	3.5	3.3	3.3	11.8	21.4	13.5	7.7	29.2	50.5	85.3	85.4	316.0
Other Good and Services	130.3	3.3	2.8	5.7	21.3	9.3	18.5	88.1	41.0	20.2	75.5	73.8	149.3	508.8
Maintenance	91.7	0.7	4.3	6.2	8.0	17.3	22.3	77.3	19.6	33.5	60.2	70.3	111.0	430.6
Programmes and institutions	131.6	1.5	4.3	9.3	61.6	10.0	26.4	22.2	25.2	40.0	45.8	67.8	55.9	370.0
Interest on debt	351.1	29.8	16.7	46.8	31.1	36.4	28.5	30.0	12.5	27.9	85.3	14.9	18.5	378.5
Foreign	28.9	0.0	0.0	0.0	0.0	0.0	0.0	4.9	0.0	10.7	73.1	0.0	0.0	117.2
Domestic	322.3	29.8	16.7	46.8	31.1	36.4	28.5	25.2	12.5	17.2	12.2	14.9	18.5	289.9
Current transfers	1481.7	109.2	152.2	130.9	140.8	166.5	296.0	223.2	247.0	556.2	440.8	736.4	663.6	3862.8
Pensions	594.1	45.5	71.2	48.8	50.3	67.8	57.7	59.0	62.2	165.7	132.4	116.1	159.3	1035.9
Foreign transfers (subscriptions)	13.0	2.6	0.0	1.1	0.1	0.4	1.1	25.8	28.3	12.6	9.8	0.8	38.2	120.8
Grant Aided Institutions including ZIMRA														
Salaries	590.5	51.3	52.1	49.7	54.5	58.9	54.1	75.9	62.2	125.2	141.4	232.9	139.9	1098.1
Operations	284.1	9.8	28.9	31.3	35.9	39.5	183.1	62.5	94.4	252.8	157.2	386.5	326.3	1608.0
Transfers to Provincial Councils & Local Authorities	310.0	0.0	0.0	0.0	0.0	39.7	1.5	78.8	0.0	37.4	120.7	1.7	377.3	657.0
Provincial Councils	74.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Local Authorities	235.6	0.0	0.0	0.0	0.0	39.7	1.5	78.8	0.0	37.4	120.7	1.7	377.3	657.0
Capital expenditure & Net Lending	2018.2	0.1	76.5	96.6	138.3	245.9	342.6	229.1	626.5	1772.9	1653.6	2129.7	1440.1	8752.1
Capital Expenditure	1850.2	0.1	75.8	101.8	131.7	235.8	302.6	190.8	411.7	1254.3	1481.2	1987.8	2016.1	8189.8
Breeding stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.3
Furniture and Equipment	74.2	0.0	0.2	1.0	1.2	1.8	23.7	4.0	10.0	5.4	15.0	17.4	140.4	220.1
Vehicles, Plant and Mobile equipment	52.8	0.0	0.6	1.2	13.2	5.1	8.9	10.6	38.6	6.1	64.3	78.7	193.5	420.7
Acquisition of buildings	705.1	0.0	4.3	33.7	24.6	107.8	23.1	27.1	39.5	166.6	225.4	407.8	104.4	1164.2
Intangible assets	4.7	0.0	2.3	2.0	0.1	0.0	0.0	0.0	0.5	0.1	4.6	11.1	5.6	26.5
Feasibility studies	6.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital transfers	1007.4	0.1	68.4	63.9	92.7	121.1	246.9	149.1	323.2	1076.0	1171.6	1472.8	1572.2	6358.0
Net Lending & Investments	168.0	0.0	0.7	-5.3	6.6	10.1	40.0	38.4	214.8	518.7	172.5	141.8	-576.0	562.3
Equity participation	47.3	0.0	0.0	0.0	5.0	3.0	10.0	20.8	0.0	5.0	1.0	20.0	0.0	69.2
Repayments														

Item	Budget	Actual Jan-19	Actual Feb-19	Actual Mar-19	Actual Apr-19	Actual May-19	Actual Jun-19	Actual Jul-19	Actual Aug-19	Actual Sep-19	Actual Oct-19	Actual Nov-19	Actual Dec-19	Actual Cummulative Total
Long-term loans (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	97.8	0.0	166.1	120.9	-576.0	-191.2
Loan and debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	97.8	0.0	166.1	120.9	-576.0	-191.2
Recoveries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term loans (net)	120.7	0.0	0.7	-5.3	1.6	7.1	30.0	17.6	117.0	513.7	5.4	0.9	0.0	688.7
Lending	120.7	0.0	0.7	0.0	1.6	7.1	30.0	17.6	117.0	513.7	5.4	0.9	0.0	693.9
Recoveries	0.0	0.0	0.0	-5.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-5.3
Surplus/Deficit	-1566.0	102.5	85.4	255.3	126.3	74.3	159.8	138.1	459.8	-538.6	-525.6	-884.6	942.8	395.6
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing	1566.0	34.2	-86.5	-286.2	107.6	-2736.3	2709.4	-39.7	373.2	1083.5	-231.7	1030.6	-2353.6	-395.6

Annex. 5: External Debt -end Dec 2019 (US$ millions)-Preliminary

	Non-Guaranteed			Guaranteed			Grand Total
	DOD	Arrears	Total	DOD	Arrears	Total	
External Debt	**2,096**	**4,672**	**6,767**	**28**	**1,299**	**1,326**	**8,094**
a. Bilateral Creditors	***1,815***	***2,884***	***4,698***	***28***	***755***	***783***	***5,482***
Paris Club	157	2,467	2,624	24	740	763	*3,387*
Non Paris Club	1,223	339	1,562	4	16	20	*1,582*
RBZ Assumed Debt	435	77	513	0	0	-	*513*
b. Multilateral Creditors	**281**	**1,788**	**2,069**	**0**	**543**	**543**	***2,612***
World Bank	193	1017	1,210	0	301	301	*1,511*
African Development Bank	33	592	625	0	80	80	*705*
European Investment Bank	16	151	168	0	162	162	*330*
Others	38	28	66	0	0	0	*66*

Source: Ministry of Finance and Economic Development

Annex. 6: Domestic Debt end Dec 2019 (ZW$ millions)

Use	Amount
Budget Financing	1,211
Government Debt	2,201
RBZ Debt	178
Capitalisation of SOEs	128
ZAMCO	1,070
RBZ Capitalisation	100
RBZ Restructuring (Overdraft and loans)	3,995
Domestic Arrears	94
Total	**8,978**

Source: Ministry of Finance and Economic Development