



**TREASURY QUARTERLY BULLETIN**

January – March, 2019

**Ministry of Finance and Economic Development**

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## **INTRODUCTION**

1. Beginning 2019, Government started implementing, in earnest, the Transitional Stabilisation Programme (Oct 2018 - Dec 2020) through the 2019 National Budget, with sharper focus on fiscal, monetary and structural policy reforms for macroeconomic stabilisation and stimulation of growth.
2. The initial interventions were, however, confronted by an environment with economic shocks, which emerged in the last quarter of 2018. The situation was further heightened by drought conditions and the impact of Cyclone Idai, which all imposed serious threats to growth, initially projected at 3.1% for 2019.
3. The external sector was not spared by the challenges related to drought and foreign currency shortages. During the first quarter of 2019, the country's merchandise exports stood at US\$1.02 billion, a 20% decrease from US\$1.28 billion realised in the fourth quarter of 2018.
4. However, the deep reforms introduced under the Transitional Stabilisation Programme are cushioning the economy from much higher deterioration and in some instances have started giving dividends.
5. On a positive note, there is marked improved performance on Central Government finances, with revenues at RTGS\$1.9 billion outperforming target (RTGS\$1.8 billion) throughout the first quarter of 2019, to give overall positive variance of RTGS\$146 million. On the other hand, expenditures were contained at RTGS\$1.5 billion against a target of RTGS\$1.7 billion to give savings of RTGS\$218.9 million. This, as a result, gave a budget surplus of RTGS\$443.1 million.

6. With regards to prices, fiscal consolidation measures, reinforced with a tight monetary policy stance together with the liberalisation of the exchange rate, are containing inflationary pressures, which although still relatively high, are slowing down compared to the previous quarter.
7. Widespread indiscipline in the foreign exchange market is also a major source for parallel exchange market premiums feeding into inflation.

## **FISCAL PERFORMANCE**

8. Fiscal consolidation and stabilisation measures in the TSP and the 2019 National Budget are paying dividends with revenue collections for the first quarter of 2019 performing above target by RTGS \$146 million, while expenditures were contained below the target by RTGS \$218.9 million.
9. As a result, a budget surplus of RTGS\$443.1 million was realised during the quarter, creating additional space for financing capital and social development programmes and unforeseen exigencies related to drought and the impact of cyclone Idai.

### ***Revenue***

10. Cumulative tax and non-tax revenue collections for the first quarter of the year outperformed targets by 8.2% to record RTGS\$1.9 billion, against a target of RTGS\$1.8 billion, resulting in a positive performance of RTGS\$146.0 million or 8.2%.

## Revenue (RTGS\$ Million)

	Actual	Target	Variance (%)
<b>Total Revenue</b>	<b>1926.6</b>	<b>1780.6</b>	<b>8.2</b>
Tax Revenue	1877.4	1747.2	7.5
Non tax Revenue	49.2	33.4	47.3

Source: Ministry of Finance and Economic Development

11. This performance represents a 64.1% increase from the collections of RTGS\$1.2 billion recorded during the same period in 2018 and a 13.9% increase compared with the RTGS\$1.7 billion collected in the fourth quarter of 2018.
12. Improved tax revenues during the first quarter of 2019 were attributable to, among other measures, the strengthening of ZIMRA collection systems, plugging of tax loopholes as well as the review of excise duty from RTGS\$0.45 to RTGS\$2.31 per litre of petrol and from RTGS\$0.40 to RTGS\$2.05 per litre of diesel, which generated additional revenue of RTGS\$146 million during the month of February.
13. The performance also benefitted from the Intermediated Money Transfer Tax (IMTT) which generated monthly average revenue of RTGS\$95 million against a target of RTGS\$50 million.
14. Compared to the previous year, the first quarter performance represent a 64.1% increase from the 2018 collections of \$1.2 billion.

## Revenue Performance: January to March 2019

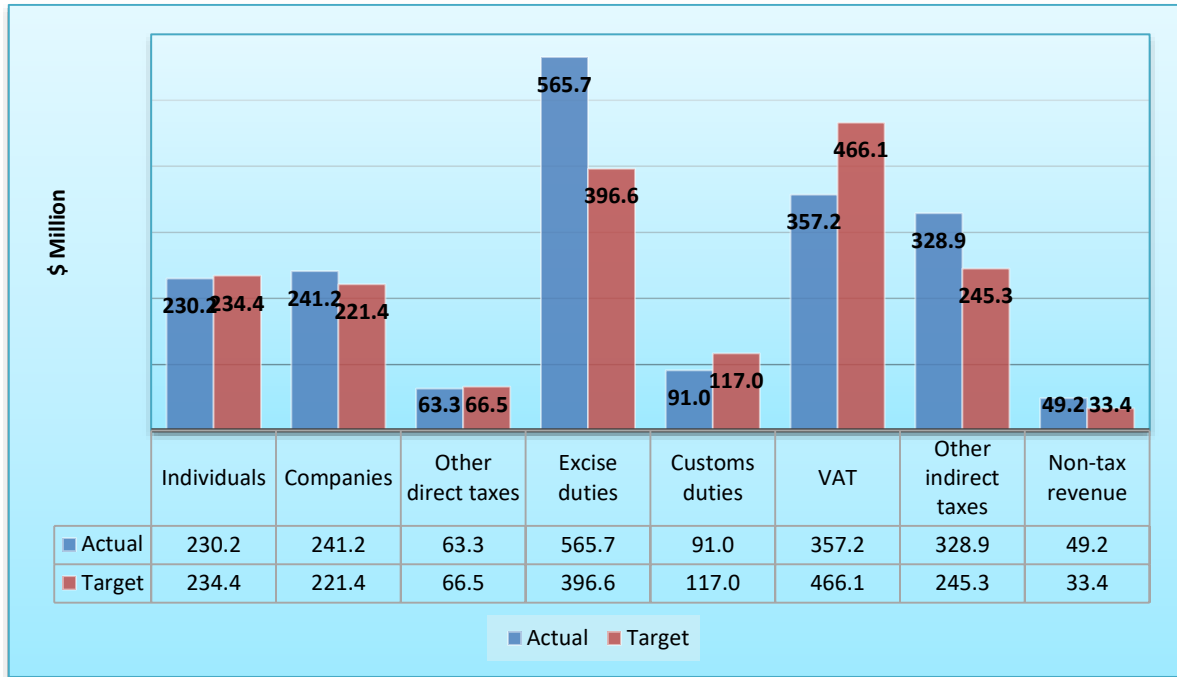
	Actual (Millions)	Target (Millions)	Variance (Millions)	% Variance
PAYE	230.20	234.37	(4.17)	-1.8%
Corporate Tax	241.23	221.38	19.85	9.0%
Other Direct Taxes	63.26	66.49	(3.23)	-4.9%
Customs Duty	90.97	116.97	(26.00)	-22.2%
Excise Duty	565.66	396.59	169.07	42.6%
Value Added Tax	357.23	466.13	(108.89)	-23.4%
Other Indirect Tax	328.89	245.26	83.63	34.1%
Non- Tax revenue	49.17	33.38	15.78	47.3%
<b>Total Revenue</b>	<b>1,926.60</b>	<b>1,780.56</b>	<b>146.04</b>	<b>8.2%</b>

15. Proportionally, tax revenue continues to account for the greater percentage of total revenues at 97.4% of total revenues, while non-tax revenue at RTGS\$49.2 million contributed 2.6%.

### *Revenue Heads' Contribution*

16. Corporate income tax, Excise duty, other indirect taxes and non-tax revenue performed above the targets while Individuals' tax, other direct taxes, Customs duty and VAT, missed the targets as indicated on the graph below.
17. The major contributors to revenue collections continued to be Excise duty, at 29.4%, followed by VAT, 18.5% and Other Indirect Taxes, 17.1%. Companies' tax at 12.5% maintained its fourth position in terms of its contribution to total revenues when compared to its contribution in the first quarter of 2018. However, 2019 Companies tax's contribution to total revenue increased from 10.9% in the first quarter of 2018 to 12.5% in the same period in 2019.

## Performance of Revenue Heads

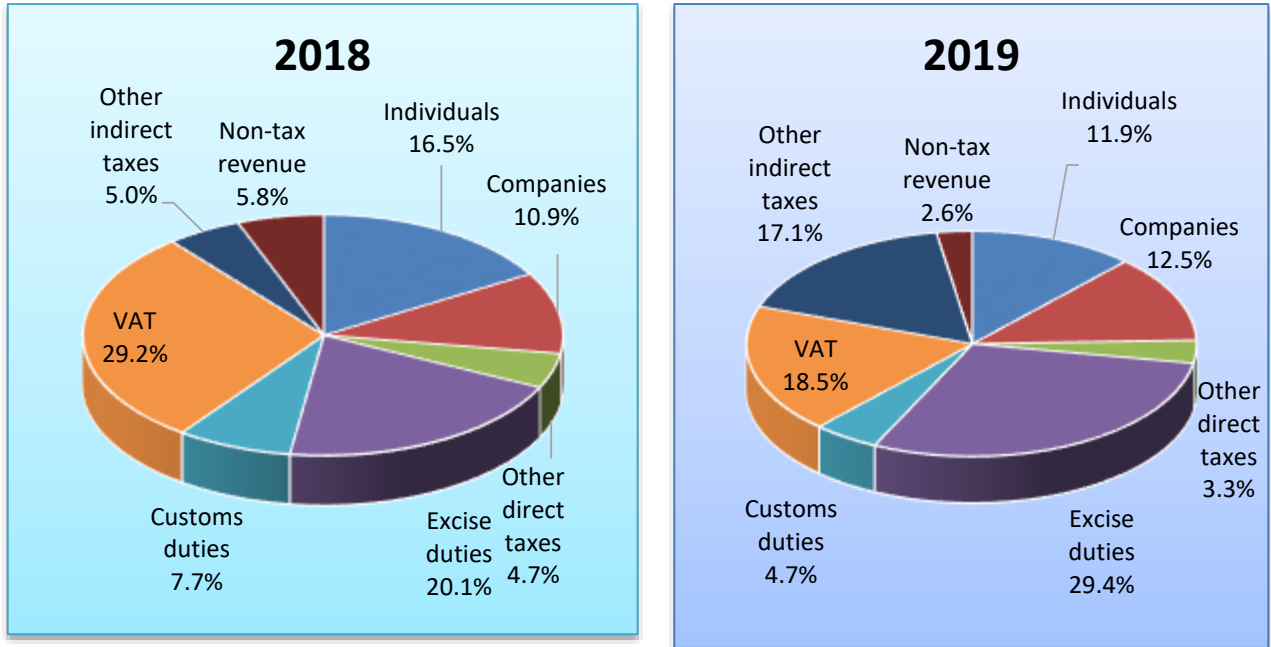


Source: Ministry of Finance & Economic Development

18. The improvement in the Companies tax's contribution is attributable to the increase in revenue collections from the top 20 companies compared to first quarter of 2018. Furthermore, profitability registered by some companies, supported by the intensification of risk-based audits and payment of QPDs by some companies with special arrangements as well as the ongoing compliance and enforcement measures through debt follow-ups, audits and investigations, supported the better performance.
19. The Chart below summarises the contribution of individual revenue heads to total revenue during the first quarter of 2018 and 2019.



## Revenue Heads Contribution to Total Revenue



Source: Ministry of Finance & Economic Development

20. The positive performance in revenues continued into April 2019, with revenues of RTGS\$846.8 million being realised against a target of RTGS\$731.9 million. In the outlook, revenues are projected at RTGS\$ 9.3 billion by end of the year.

### **Expenditure**

21. Between January and March, expenditures were managed and reined to RTGS\$1.5 billion, against planned spending of RTGS\$1.7 billion, to give savings of RTGS\$218.9 million, from reduced outlays towards operations and maintenance as well as delayed expenditures on capital programmes.
22. Major expenditures were on employment costs at RTGS\$1.015 billion, Operations & Maintenance (RTGS\$185.6 million), interest RTGS\$93.3 million and capital projects RTGS\$174.8 million.

## Expenditure (\$ Million)

	Actual	Target	Variance (%)
<b>Total Expenditure &amp; Net Lending</b>	1 483.5	1 702.4	-12.9
Employment Costs	1 015.0	986.2	2.9
Operations & Maintenance	185.6	346.2	-46.4
Interest	93.3	64.9	43.7
Capital & Net Lending	174.8	305.0	-43.2

Source: Ministry of Finance & Economic Development

### *Employment Costs*

23. Employment costs at 68.4% of total first quarter expenditures continue to constitute the largest share. Over-expenditure on employment costs by \$28.8 million during the review period is largely on account of cushioning allowance and pension reviews, filling of critical posts in the education and health sectors as well as the increase on salaries for staff at foreign missions from February 2019, following the introduction RTGS dollar.

### *Recurrent Expenditures*

24. Operations & Maintenance outlays during the first quarter constituted 13.2% of total expenditures with health getting RTGS\$21.5 million, education RTGS\$6.2 million, social protection RTGS\$16.1 million, with the balance funding areas of agriculture, infrastructure maintenance, empowerment, foreign transfers and other operations.

25. Interest payments also increased from 3.1% of total expenditures to 6.3% to give RTGS\$93.3 million, primarily for domestic debt.

### *Social Service Delivery*

26. In support of social service delivery, a total RTGS\$62.5 million was disbursed towards education, health and social protection during the 1<sup>st</sup> Quarter of 2019.

#### **Social Spending Disbursements: Jan-Mar 2019 (RTGS\$)**

	<b>Jan</b>	<b>Feb</b>	<b>March</b>	<b>Q1 Total</b>
<b>Education</b>	-	12,050,000.00	-	<b>12,050,000.00</b>
<b>Health</b>	-	33,890,000.00	-	<b>33,890,000.00</b>
<b>Social Protection</b>	120,000.00	11,040,000.00	5,360,000.00	<b>16,520,000.00</b>
<b>Total Social Spending</b>	120,000.00	56,980,000.00	5,360,000.00	<b>62,460,000.00</b>

*Source: Ministry of Finance & Economic Development*

27. During the same period, RTGS\$12 million was disbursed towards education in support of teaching and learning materials and programmes such as student stipend support, school feeding and special needs education.

28. Health support amounted to RTGS\$33.9 million towards public health (preventative health and medical supplies), primary health care (child and maternal health) and hospital care (hospitals and health care centres).

29. Further, RTGS\$16.5 million was disbursed towards social protection programmes such as BEAM, Harmonised Social Cash Transfer, drought mitigation and sustainable livelihoods, among others.

### *Capital Expenditures*

30. Capital Expenditures constituted 11.7% of total expenditures during the first quarter of 2019. The Budget resources were complemented by off budget financing,

towards infrastructure projects covering mainly energy, transport, water and sanitation, housing and social sectors.

31. From the 2% IMTT ring fenced tax, specific projects that have benefitted include the dualisation of Norton road along the Harare-Bulawayo Highway and the development of a road in Bindura, among others.

#### *Devolution*

32. The 2019 National Budget allocated some RTGS\$310 million for the devolution programme under which resources are to be distributed to Provincial and Local tiers, in line with the Constitutional provision under Chapter 14 on devolution.
33. The devolution objective is to achieve growth and development that is equitable, shared and sustainable to the benefit of citizens at all levels.
34. Consequently, from the 2% ring fenced IMTT resources, Treasury has so far disbursed RTGS\$42 million to Ministry of Local Government, Public Works and National Housing for the devolution programmes under various provinces and districts.

#### *Mitigating Cyclone Idai Disaster*

35. In March 2019, the country experienced the worst weather induced disaster in the form of Cyclone Idai, which caused loss of lives, infrastructure, food reserves and other assets, particularly, in Manicaland and Masvingo provinces.

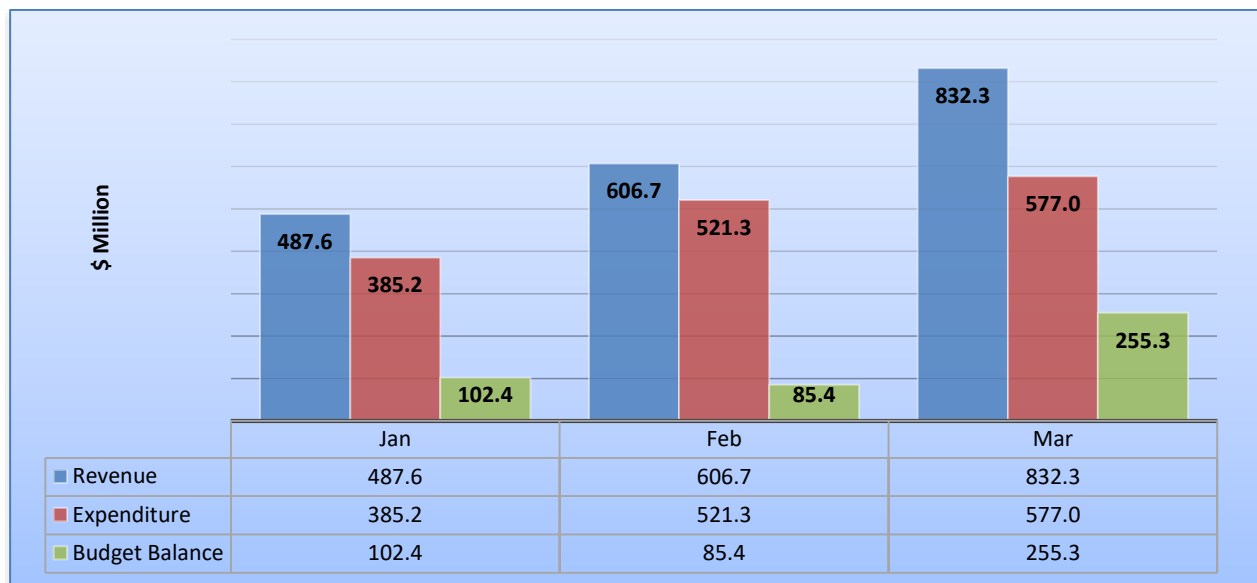
36. Government initially earmarked RTGS\$50 million towards mitigating the impact of Cyclone Idai and these resources targeted welfare of survivors, infrastructure rehabilitation in the areas of roads, bridges, water and sanitation, schools and health facilities, among others. The above allocation has since been increased to RTGS\$100 million to cover the emergency requirements.
37. Government is also grateful for complementary support received from various development partners, local institutions and the public and the international community at large.
38. Furthermore, given the severity of the disaster, the President has since launched a costed International Appeal amounting to US\$612.6 million in order to complement Government efforts towards restoration of livelihoods.

#### *Budget Balance*

39. The budget balance for the period January to March was a surplus of RTGS\$443.1 million, against a target of RTGS\$78.2 million, indicating a major shift in the management of central government finances from deficits to surpluses.
40. As a result, since January 2019, neither Treasury Bills nor the overdraft facility were utilised to finance the budget. The Treasury Bill issuances amounting to RTGS\$180 million were for purposes of restructuring previous years' maturing debt.
41. Treasury Bill issuances related to ZAMCO operations have also been frozen, as presented in the 2019 National Budget Statement.

42. With respect to implementation to the Treasury Bill Auction System, it is envisaged that this will now commence by the fourth quarter, due to the recent measures announced in the Monetary Policy Statement. This will allow the markets to settle.

### Budget Deficit: Jan – Mar 2019



Source: Ministry of Finance & Economic Development-Budgets

### Domestic Debt

43. At the end of first three months of 2019, domestic debt stood at RTGS\$9.2 billion, down from RTGS\$9.6 billion as at 31 December 2018. This represents a RTGS\$326 million decrease in domestic debt.
44. The decrease in the stock of debt was on account of debt repayments with minimal TB issuances of RTGS\$28 million for cash flow management purposes.

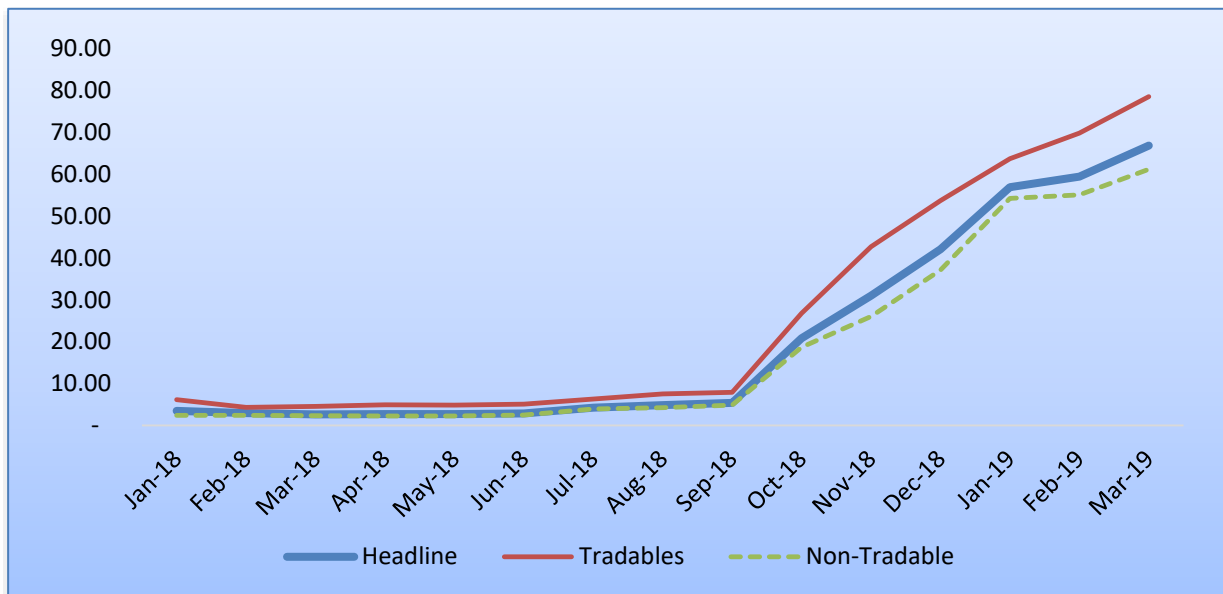
45. There were no new TBs issued during the period under review in line with the 2019 National Budget pronouncement. Government set itself to stop issuing Treasury Bills and stay within the Budget.

## INFLATION DEVELOPMENTS

46. Inflationary pressures, despite remaining relatively high, slowed down compared to the previous quarter. This was in response to the fiscal consolidation, liberalisation of the exchange rate, and the tight monetary policy measures.

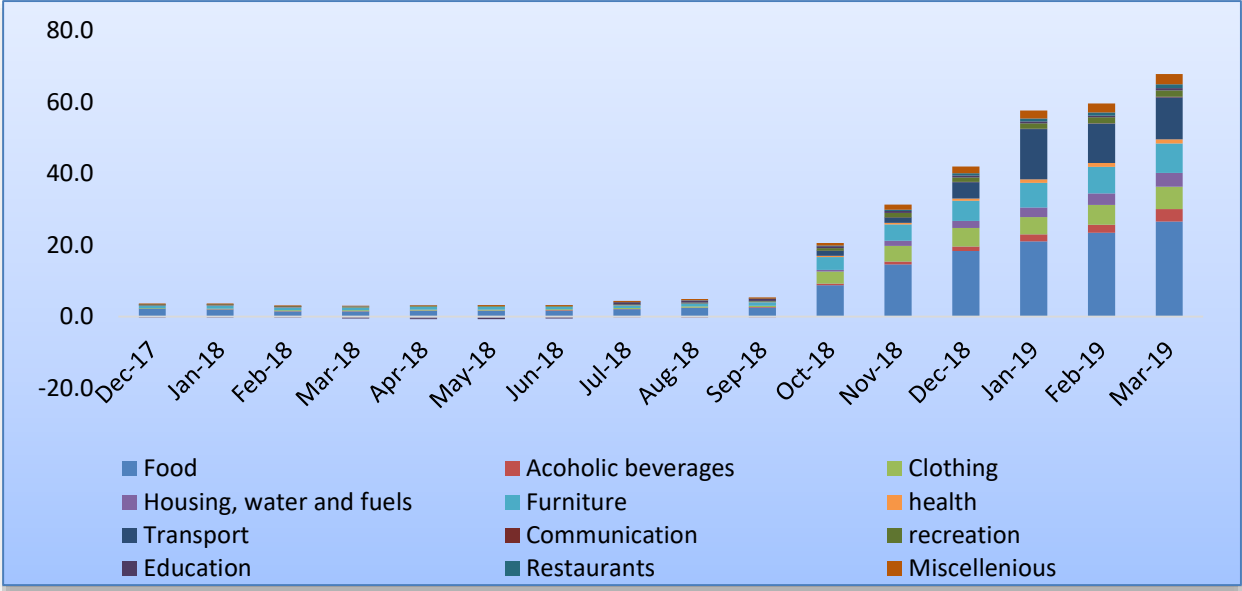
47. Month on month inflation, during the quarter averaged 5.6% against 11.5% of the last quarter of 2018. Due to the elevated base, annual inflation recorded 57.6%, 59.6% and 67.8%, in January, February and March, respectively.

### Inflation Profile



- 48. The parallel exchange market premiums remain the major source of inflation driving up prices, particularly of tradable goods.
- 49. During the quarter, food and non-alcoholic beverages, restaurants, furniture and clothing, experienced major price hikes, reflecting unethical behaviour by most businesses of indexing prices to the parallel market exchange rates.

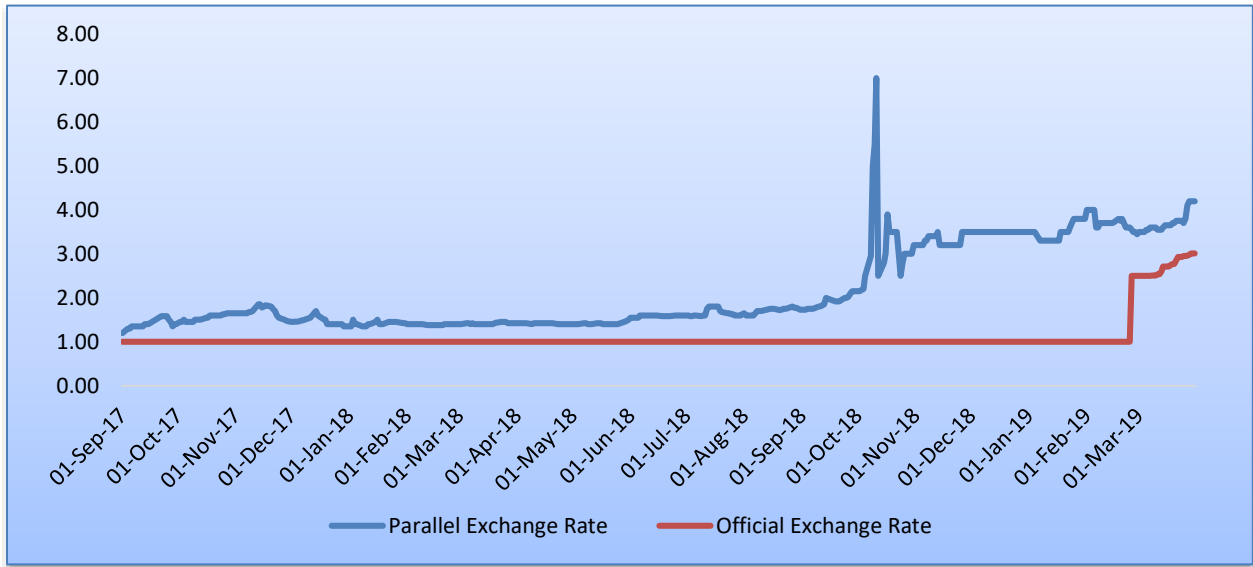
**Absolute Contributions to Inflation**



- 50. In the outlook, inflation is anticipated to gradually subside as the impact of fiscal consolidation and the tight monetary policy measures manage demand. Similarly, the gap between the interbank and the parallel exchange rates is anticipated to narrow down.



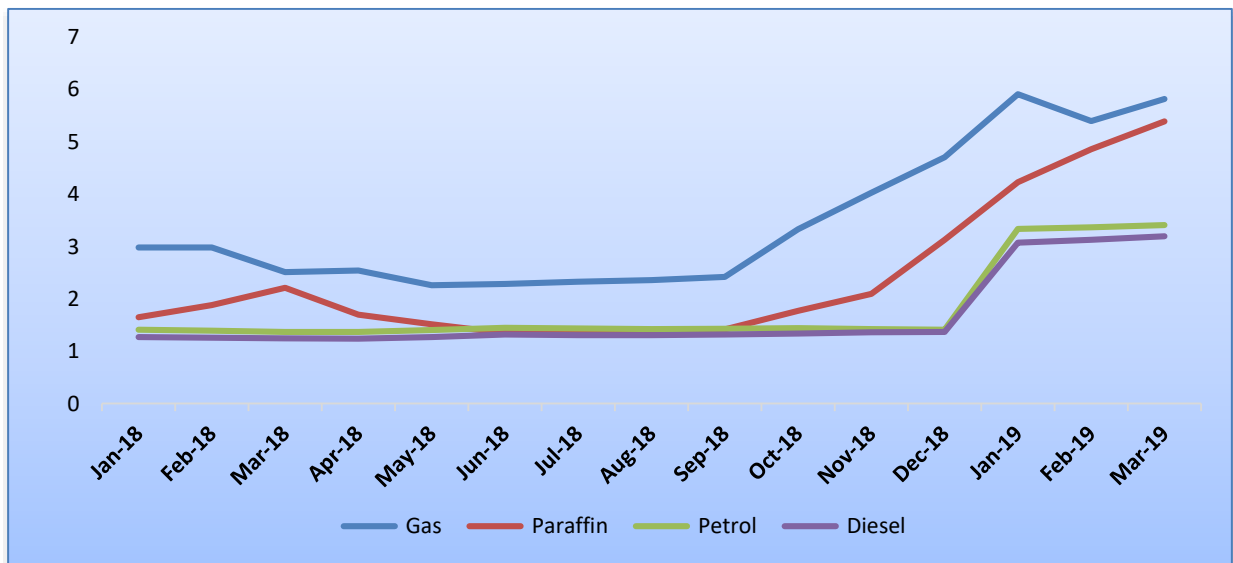
## Official Exchange rate Vs Parallel Exchange Rate



### Fuel Prices

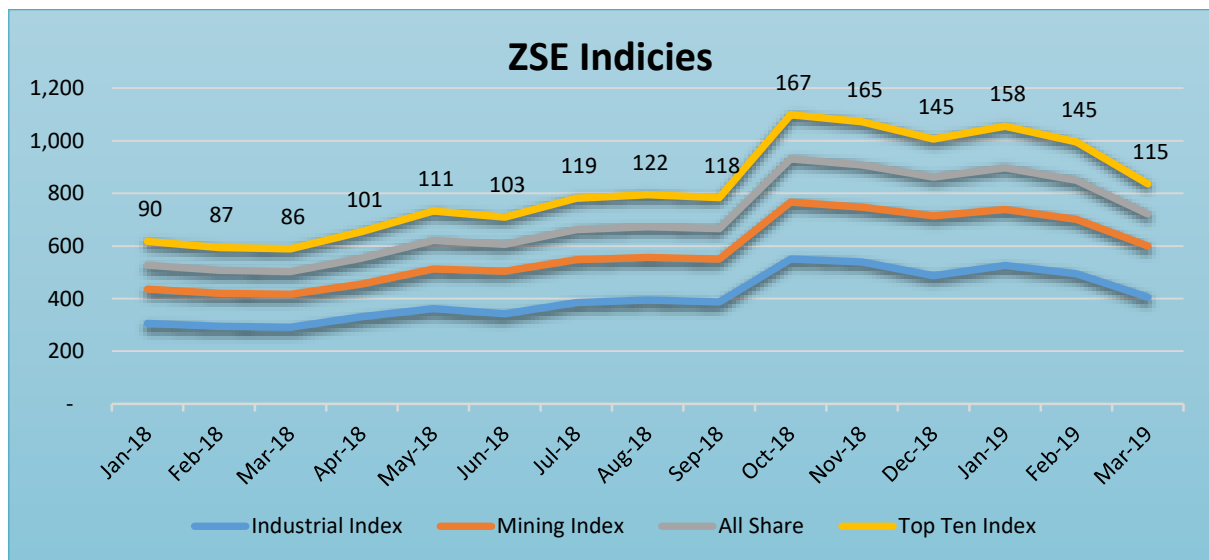
51. In order to curb arbitrage and leakages in the fuel sector, Government in January hiked the prices of diesel and petrol by 150%. Since then, fuel prices except for gas and paraffin have generally remained stable.

### Prices of Petroleum Products



## ZIMBABWE STOCK EXCHANGE

52. Mixed trading characterised the equities market in the first quarter of 2019 as the market started the year with positive gains in January and reversed the gains by suffering heavy losses during the month of February and March 2019.
53. The industrial index opened the year 2019 at 487.13 points and gained 38.77 points (8.0%) in the month of January 2019 before incurring losses in February and March 2019. Consequently, the industrials lost 81.77 points and (16.7%) in the first quarter and closed March 2019 weaker at 405.57 points.
54. The mining index started the year at a low note of 227.71 by end of January, the index lost 15.58 points (-6.4%), before further losing more ground in February and March 2019. Resultantly, the resources index had cumulative losses of 33.73 points (-14.8%) during the first quarter and closed the month on March 2019 softer at 193.98 points.



Source: ZSE

55. The Top Ten Index declined by 30.41 points (21.0%) during the period under review, closing first quarter of 2019 at 114.61 points. The ZSE Top Ten index measures the performance of the listed top ten heavyweight counters and represents 65%-80% of the full market value.
56. The All share index, which tracks the changing average value of share prices of all companies on the market, lost 24.58 points (-16.8%).
57. Overall, the market capitalisation of the ZSE decreased by -17.2% from US\$19.3 billion at the beginning of the year to US\$16.8 billion at the end of the first quarter of 2019.

## **SECTOR PERFORMANCE**

### ***Agriculture***

58. The first quarter marks the end of the 2018/19 agriculture season. This year's second half of the 2018/19 season was characterised by a dry spell, especially on the southern parts the country.
59. Generally, in most parts of the country, crops were showing signs of moisture stress with conditions ranging from poor to good depending on the amount of rainfall received in respective areas.
60. In addition, cyclone Idai brought some floods in Manicaland and Masvingo Provinces which destroyed crops and livestock worsening the already severe situation.

*The First Round Crop and Livestock Report*

61. The First Round Crop and Livestock Report indicated a general increase in area planted for major crops except for some grains and few other small crops which recorded a decline.
62. However, most crops succumbed to dry spell with significant area planted expected to be written off especially on the southern parts of the country. Early planted crop stood a chance to be harvested while the late planted crop is most likely to be written off.

**Area Planted (Hectares)**

Crop	2018/2019	2017/2018	Change (%)
<b>Maize</b>	1 604 850	1 722 718	-7
<b>Sorghum</b>	193 248	180 625	7
<b>Pearl millet</b>	150 570	157 366	-4
<b>Finger millet</b>	25 770	25 850	0
<b>Rice</b>	845	1 005	-16
<b>Tobacco</b>	125 670	104 395	20
<b>Soyabean</b>	55 141	40 479	36
<b>Cotton</b>	206 992	200 591	3
<b>Groundnut</b>	205 409	294 601	-30
<b>Sesame</b>	16 181	8 208	97
<b>Sunflower</b>	21 258	8 928	138
<b>Round nut</b>	100 668	47 594	112
<b>Cowpeas</b>	525 172	705 801	-26
<b>Sugar bean</b>	27 025	36 999	-27
<b>Sweet potatoes</b>	16106	37 871	-57
<b>Cassava</b>	584	3 151	-81

*Source: Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement*

63. While the full impact of the drought and the recent cyclone Idai on crop and livestock production is not yet clear, agriculture production for 2018/19 agriculture season is expected to substantially decline.

64. The final outturn for agriculture production is expected to be indicated in the ongoing Second Round Crop and Livestock survey.

### *Grain Stocks*

65. Grain stocks at GMB stood at 876 000 tons as at the end of March 2018, comprised of 776 000 tons of maize and 100 000 tons of small grains.

	January 2019	February 2019	March 2019
Maize	1,035,474	861,854	776,040
Small Grains	105,881	101,978	100,456
<b>Total Grains</b>	<b>1,141,354</b>	<b>963,832</b>	<b>876,496</b>

Source: GMB

66. The stocks are adequate for human consumption for the next 7 month. However, in view of the current drought, importation is inevitable before the next harvest.

### *Tobacco*

67. Tobacco auction floors opened on 20 March 2019, with only 3 888 kgs being delivered to floors on the day compared to 165 105 delivered on the same day last year.
68. Average buying price on the opening day was 17% lower at US\$1.83 compared to US\$2.22 paid the same day last year.
69. As at the end of the 2019 first quarter, 538 147 kgs had been sold through the auction floors at an average price on US\$1.67. This falls short of 6.8 million kgs delivered at the same period last year at an average price of US\$2.78.

70. However, by 5 May 2019, more deliveries were received to reach 59.8 million kgs valued at US\$106.3 million, although average prices remained depressed below US\$2 per kg.

### Tobacco Deliveries as at 5 May 2019

SEASONAL	Tobacco from Private Farmers	Tobacco from Contracted Tobacco	TOTAL 2019	TOTAL 2018	% CHANGE
Mass sold(kg)	10,979,346	48,897,856	<b>59,877,202</b>	87,280,749	(31.40)
Value(US\$)	17,909,859	88,412,364	<b>106,322,223</b>	250,315,868	(58)
Avg Price US\$/kg	<b>1.63</b>	<b>1.81</b>	<b>1.78</b>	<b>2.87</b>	<b>(38.09)</b>

Source: TIMB

### Livestock

71. As at first quarter of 2019, the national herd of cattle was estimated at 5.7 million of which the national dairy herd was at 38 201. However, the stock is under threat from drought, outbreak of diseases compounded by high cost of feed stocks and vaccines. Already, over 5 000 cattle was lost to drought related deaths.
72. This, worsened by decline in aggregate demand resulted in slight decline of cattle slaughters during the 2019 first quarter to 57 677 from 58 170 recorded in the fourth quarter of 2018. This is also significantly below 66 753 recorded in the same period last year.

	2018Q1	2018Q2	2018Q3	2018Q4	2019Q1
Beef Slaughters	66 573	70 192	71 290	58 170	57 677
Milk (m litres)	17	17.8	19.6	21	19.4

Source: Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement

73. Similarly, milk production for the 2019 first quarter stood at 19.4 million litres, 8% lower than 21 million litres recorded in the fourth quarter of last year, though above 17 million litres recorded the same period in 2018.

### ***Mining***

74. Government is seized with addressing challenges facing the mining sector and this mainly relate to foreign currency shortages. The objective is to reverse output losses experienced during the first quarter where all minerals except for chrome were subdued compared to the similar quarter of 2018.

#### **Quarterly Minerals Output**

	<b>2016 Q1</b>	<b>2017 Q1</b>	<b>2018 Q1</b>	<b>2019 Q1</b>
Gold/kg	5 105	5 044	7 740	6 965
Nickel/t	4 874	4 010	4 747	3 816
Coal/t	754 319	362 964	655 477	305 782
Chrome/t	12 624	329 232	409 826	419 486
Platinum/kg	4 321	3 552	3 744	3 417
Palladium/kg	3 463	2 948	3 087	2 825
Diamonds	656 561	567 285	897 369	461 348

*Source: Ministry of Mines and Mining Development*

75. Looking ahead, 2019 overall projected output targets are achievable with most key minerals such as gold, nickel, chrome and platinum first quarter contributions constituting more than 20% of total expected output of the year.

## 2019 Q1 Mineral Performance vs Target

	2019 Target	Q1 of 2019 Outturn	Q1 Outturn as % of Total Target
Gold/kg	35 000	6 965	20
Nickel/t	18 000	3 816	21
Coal/t	3 400 000	305 782	9
Chrome/t	1 800 000	419 486	23
Platinum/kg	14 257	3 417	24
Palladium/kg	12 200	2 825	23
Diamonds	3 500 000	461 348	13

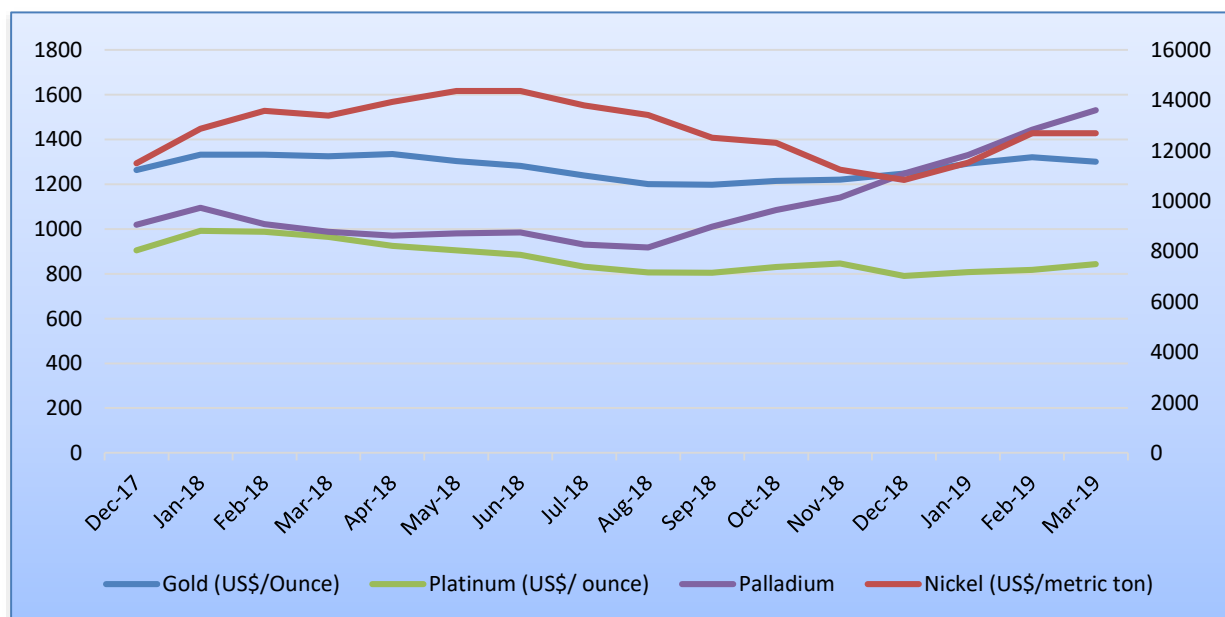
Source: Ministry of Mines and Mining Development

### International Mineral Prices

76. Average gold prices for the first quarter of 2019 improved by 6%, to an average of US\$1 304/ounce from US\$1 228/ounce in the last quarter of 2018.

77. At the same time, platinum prices were relatively flat with an average of US\$822/ounce.

### International Prices for Selected Minerals



Source: World Bank



78. Palladium prices increased to US\$1 435 in the first quarter of 2019 from US\$1 157/once recorded in the last quarter of 2018.

### ***Manufacturing***

79. Performance of the manufacturing sector continued to be restrained by challenges related to financing, utilities, inputs supply and foreign currency availability. The sector is therefore expected to record marginal growth of 0.1% in 2019.

80. Output drivers for this marginal growth include food stuffs and non-metallic mineral products with the rest of other sub-sectors constrained.

81. In the outlook, the performance of the sector is expected to benefit from improved investment following the latest round of Ease of Doing Business Reforms and the enactment of the ZIDA Bill which is now before Parliament.

<b>Manufacturing</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Growth Rate</b>	<b>0.9</b>	<b>1.0</b>	<b>1.3</b>	<b>0.1</b>	<b>9.2</b>
Foodstuffs	100.0	101.0	101.8	101.4	105
Drinks, Tobacco and Beverages	97.8	98.5	99	98.5	102.9
Textiles and Ginning	78.0	80.0	80.1	80	82.5
Clothing and Footwear	95.0	95.0	95.6	96.0	98.0
Wood and Furniture	96.2	98.2	98.3	98.5	110
Paper, printing and Publishing	90.4	91.0	96	93	96
Chemical and Petroleum Products	87.4	88.0	89	90	110
Non metallic mineral products	144.0	143.2	143.5	146	160
Metals and Metal products	66.5	70.0	73	73	90
Transport, Equipment	66.0	66.0	66.5	67	90
Other manufactured goods	66.7	66.7	67	68	69
<b>Manufacturing Index</b>	<b>90.7</b>	<b>91.6</b>	<b>92.8</b>	<b>92.9</b>	<b>101.4</b>

82. In addition, the Local Content Policy being finalised will support domestic firms increase production through utilisation of local factors of production.

### ***Construction Industry***

83. During the first quarter of 2019, prices of construction materials changed by an average rate of 29.34%, shedding 20.91 percentage points on the December 2018 rate of 50.25%. In other words, prices of construction materials as measured by the Building Material Price Index (BMPI) increased at an average rate of 29.34% from December 2018 to March 2019.
84. The quarterly rate of change is given by the percentage change in the index of the relevant quarter of the current year compared with the index of the previous quarter.
85. Major changes were recorded in electrical goods and materials (79.98%), roofing (63.27%), cement, aggregates & allied materials (53.13%), timber and wood products (35.55%), and bricks (35.14%), respectively.
86. The year on year rate of change (annual percentage change from March 2018 to March 2019) for the first quarter of 2019 stood at 110.46%. In basic terms, between the first quarter of 2018 and the first quarter of 2019, prices of construction materials as measured by the total materials BMPI increased by an average of 110.46 percentage points.
87. Main drivers came from metal windows & door frames (213.75%), roofing (141.71%), electrical goods and materials (125.35%), and bricks (121.06%), respectively.

88. The table below summaries the average rates of change in prices of construction materials as measured by the total materials building material price index.

### Building Material Price Index: Q1 2019

	Weights	Mar 18	Jun 18	Sept 18	Dec 18	Mar 19	%Δ: Dec-18 to Mar-19	%Δ: Mar 18 to Mar-19
<b>Bricks</b>	12.28	97.67	92.53	105.32	159.77	215.90	35.14	121.06
<b>Cement, aggregates and allied materials</b>	16.22	95.12	76.79	76.20	100.54	153.96	53.13	61.86
<b>Timber and wood products</b>	29.95	119.84	121.58	137.00	177.84	241.05	35.55	101.14
<b>Metal windows and door frames</b>	5.24	128.92	140.03	162.89	323.95	404.47	24.85	213.75
<b>Roofing</b>	3.72	93.51	93.64	97.09	138.43	226.02	63.27	141.71
<b>Sanitary ware and plumbing</b>	12.68	132.46	142.66	152.10	248.82	268.25	7.81	102.52
<b>Flooring</b>	1.44	118.67	125.94	123.98	150.54	184.37	22.48	55.37
<b>Paint and glass</b>	9.15	115.16	118.18	137.91	276.76	252.38	-8.81	119.15
<b>Electrical goods and materials</b>	6.97	118.45	111.10	116.27	148.32	266.94	79.98	125.35
<b>Others</b>	2.33	123.96	120.90	125.13	187.94	331.14	76.19	167.13
<b>All Item Index</b>	<b>100.00</b>	<b>113.76</b>	<b>112.35</b>	<b>123.21</b>	<b>185.11</b>	<b>239.42</b>	<b>29.34</b>	<b>110.46</b>

Source: Zimstat

89. As shown in the graph above, quarterly changes in the prices of construction material have been on an upward trend since the first quarter of 2018 before

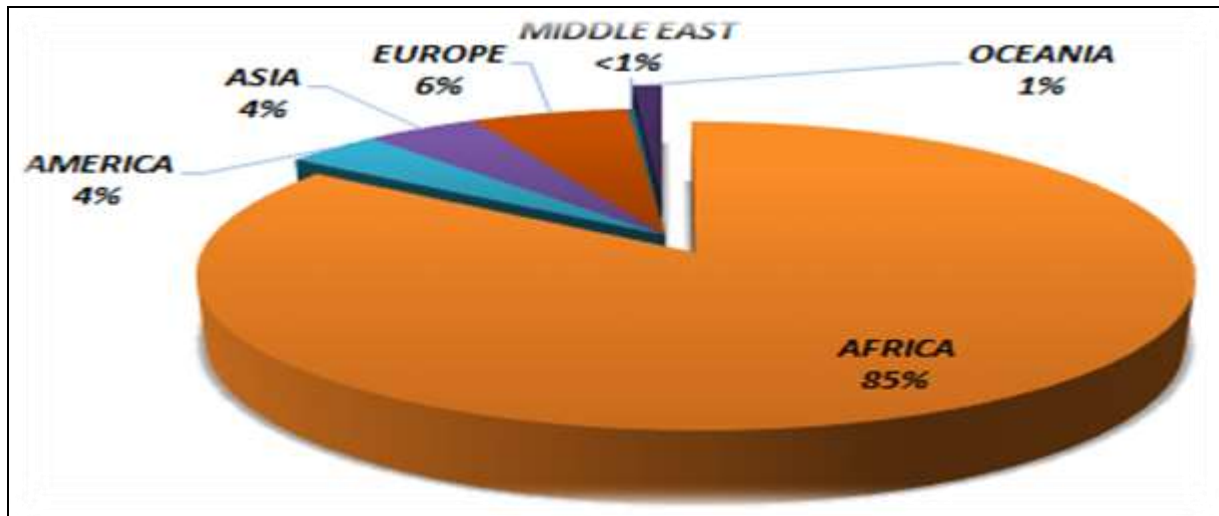
slowing down in the first quarter of 2019. The slowdown in price build up during the first quarter of 2019 is attributed partly to the usual low peak rain season, and general reduced purchasing power as inflation continues to ravage on household savings.

## ***Tourism***

### *Tourist Arrivals and Receipts*

90. Zimbabwe recorded a 1% increase in tourist arrivals during the first quarter of 2019 at 558,061 from 554,417 recorded during the same period in 2018. The marginal growth was driven by a 6% increase in arrivals from the African Markets.

### **Regional Market Shares First Quarter, 2019**



*Source: Zimbabwe Tourism Authority*

### **Tourist Arrivals by Region - First Quarter, 2019**

	<b>2019</b>	<b>2018</b>	<b>% Change</b>
AFRICA	471,741	444,907	6%
AMERICA	20,769	24,859	-16%
ASIA	24,208	27,929	-13%
EUROPE	33,463	45,863	-27%
MIDDLE EAST	1,477	2,155	-31%
OCEANIA	6,403	8,704	-26%
<b>TOTAL</b>	<b>558,061</b>	<b>554,417</b>	<b>1%</b>

*Source: Zimbabwe Tourism Authority*

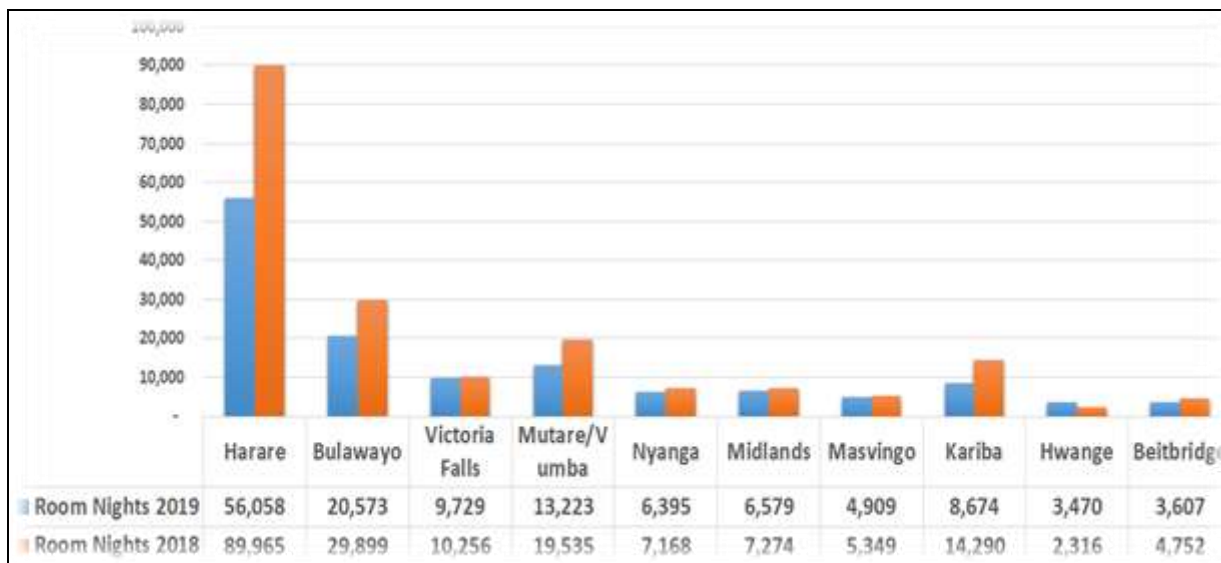
91. With regards to arrivals from sources outside the African region, the USA & UK remain the top overseas source markets in-terms of volume while South Korea fell by one place paving way for Japan to become the third largest overseas market for Zimbabwe. Singapore becomes the new entry into the top ten overseas markets after rising in arrivals by 134% to 2,404 from 1,026 in 2018.

92. The decline in overseas tourist arrivals saw international tourism receipts receding to an estimated RTGS\$205.8 million from RTGS\$224.1 million of 2018.

#### *Hotel Occupancy*

93. The first quarter is usually associated with the low activity for the tourism industry, with improvements being recorded in the second quarter. Hence, during the first quarter of 2019, average hotel occupancy ranged between 32-40% against 44-62% of 2018, also reflecting challenges with the economic environment.

### **2019/18 Domestic Room Night Utilization**



Source: Zimbabwe Tourism Authority

94. Foreign tourism trends also cascaded to domestic tourism with first quarter of 2019, domestic room nights being 133,216 against 193,804 in 2018 representing a 31% decrease.

#### Foreign Investment

95. During the first quarter of 2019 the sector registered 3 new Foreign Direct Investments (FDI) worth US\$6.4 million against US\$78 million received during the same period in 2018.

#### Tourism FDI Projects Registered 2019/2018

Year	Number of Projects	Total Investment Projection (US\$)
2018	5	78,150,000.00
2019	3	6,426,000.00

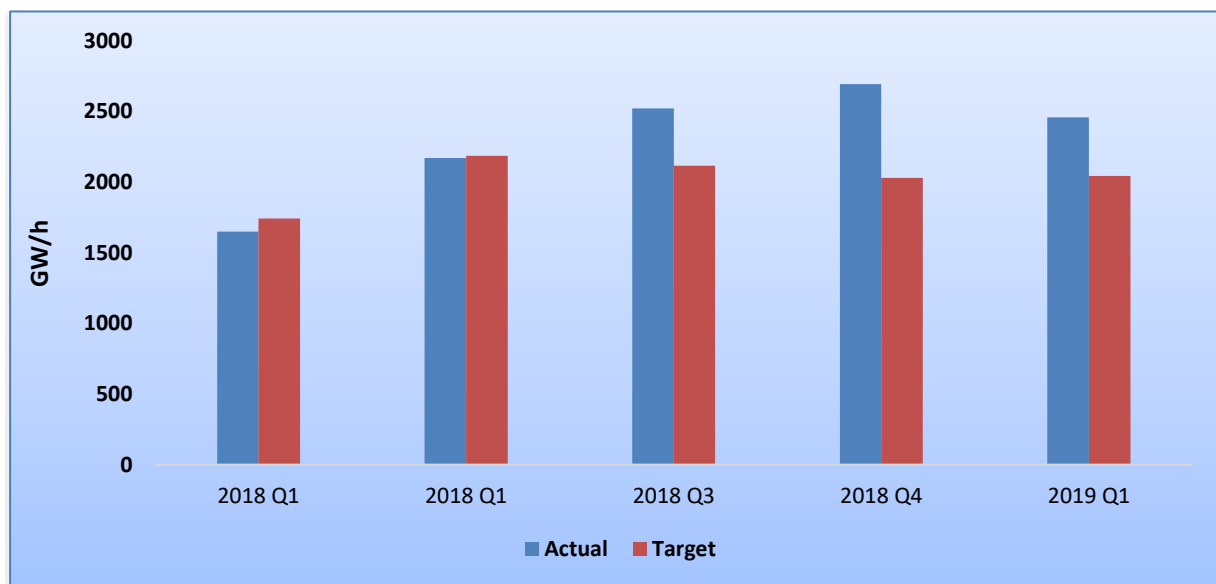
Source: Zimbabwe Tourism Authority

96. Meanwhile, Government is addressing challenges associated with foreign and fuel shortages and infrastructure in support of the sector.

## ***Electricity***

97. Electricity generation during the first quarter of 2019, although higher than target, was relatively lower compared to the same period in 2018. Reduced production was attributable to lower water allocation at Kariba hydro power station. As result, higher demand particularly during winter against reduced supply has given rise to load shedding.
98. In the outlook, electricity generation is expected to remain constrained during larger parts of the year before the rain season.

### **Quarterly Electricity Generated and Sent Out (GW/h)**



*Source: Zimbabwe Power Company*

## **EXTERNAL SECTOR**

99. The TSP seeks to attain a sustainable balance of payments position underpinned by increasing exports particularly through focussing on value added exports. The

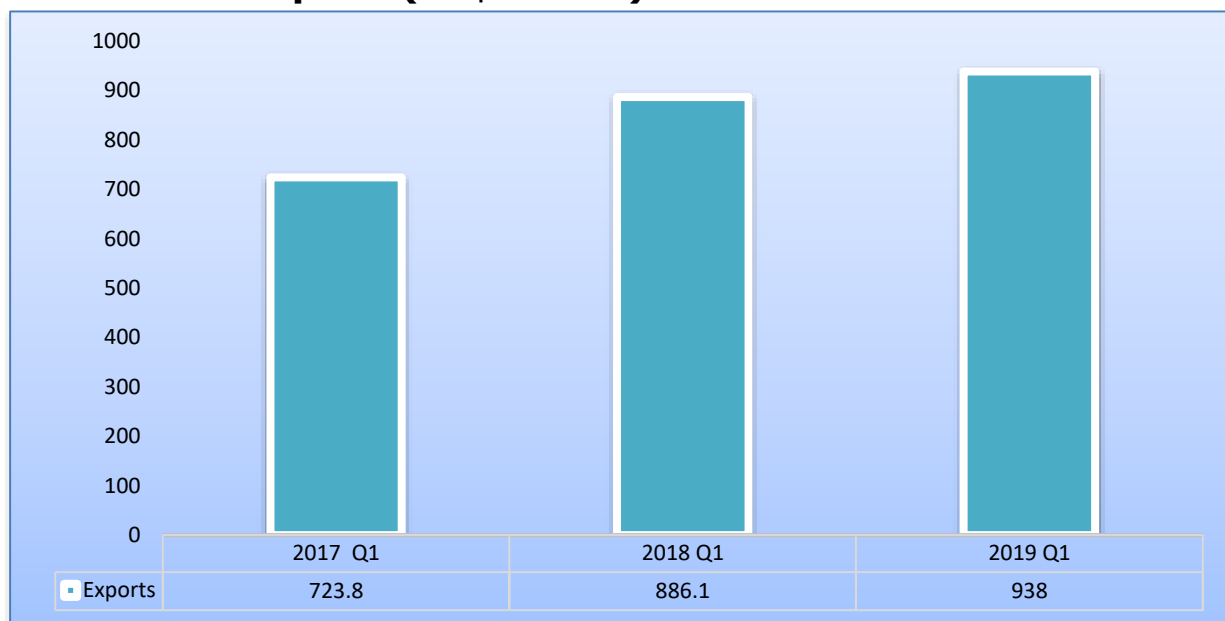
strategy also seeks to take advantage of opportunities arising from regional and international trade.

100. Concurrently, the TSP targeted higher import substitution for goods and services which can be produced domestically taking advantage of the country’s resources. In addition, Government envisaged curtailment of non- essential imports in view of foreign currency limitations.

*Exports*

101. During the first quarter of 2019, the country’s merchandise exports grew by 5.9% from \$886.1 million realised in first quarter of 2018, to reach \$938.1 million.

**Merchandise Exports (US\$ Million)**



*Source: ZIMSTAT & MOFED calculations; \*Estimate*

102. Exports for the period were mainly dominated by gold (25%), flue-cured tobacco (18%), nickel mattes (16%) and nickel ores & concentrates (12%), ferrochrome, industrial diamonds, among others.



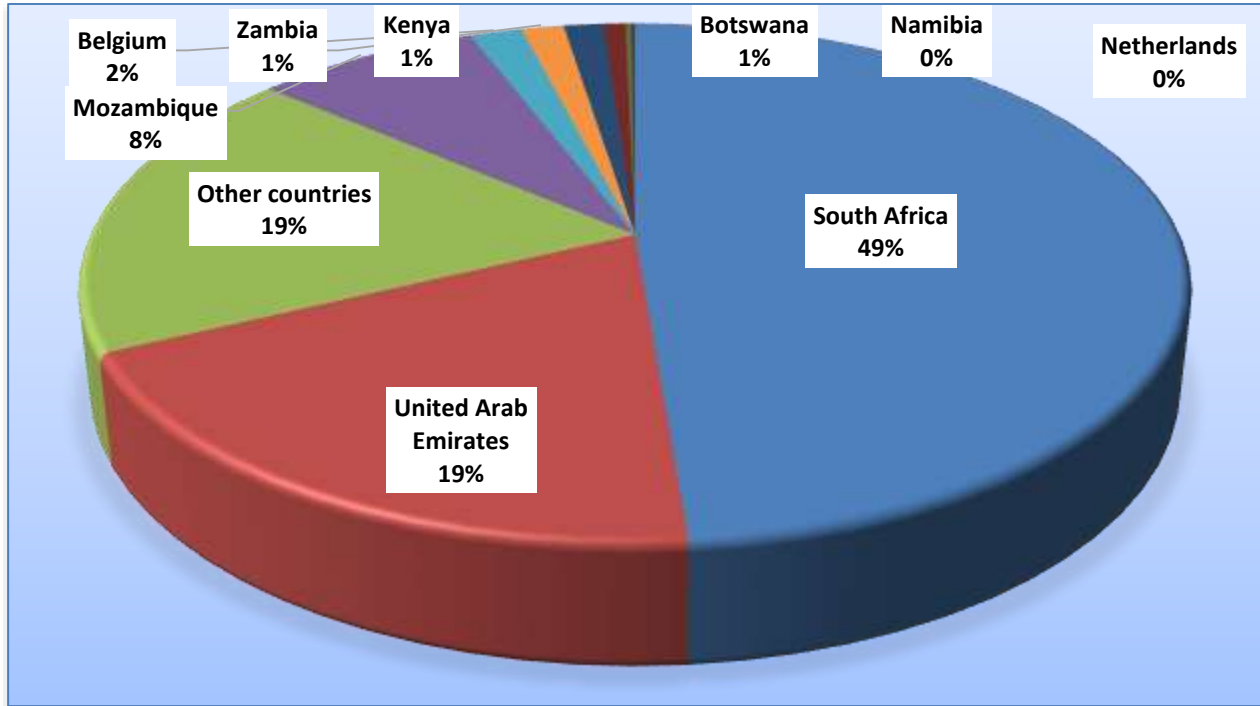
## Exports by Product

Product	Value(US\$)	Share (%)
Semi-manufactured gold (incl. gold plated with platinum), non-monetary	231,598,014	24.7
Flue-cured tobacco of the virginia type, partly or wholly stemmed/stripped	168,650,504	18.0
Nickel mattes	153,613,527	16.4
Nickel ores and concentrates	112,992,500	12.0
Ferro-chromium, containing by weight >4% carbon	53,053,610	5.7
Industrial diamonds unworked or simply sawn, cleaved or bruted	25,709,433	2.7
Other articles & parts of precious metal(EXCL. SILVER)	22,430,886	2.4
Other cane sugar not containing added flavouring or colouring matter	22,055,608	2.4
Chromium ores and concentrates	12,412,721	1.3
Platinum unwrought or in powder form	12,105,685	1.3
Tobacco refuse in immediate packings of a content =>2kgs	9,988,231	1.1
Other ginned cotton in staple lengths >25.5mm	8,913,093	1.0
Other cigarette tobacco, nes	6,632,933	0.7
Black tea fermented/ partly fermented, flavoured or not,in packings of >3KG	6,622,826	0.7
Coke and semi-coke of coal, of lignite or of peat; retort carbon	5,450,311	0.6
Other mineral substances, nes	4,835,857	0.5
<b>Other products</b>	<b>81,007,084</b>	<b>8.6</b>

Source: ZIMSTAT & MOFED Calculations

103. South Africa, United Arab Emirates, and Mozambique remained the country's export destinations, absorbing 33%, 29% and 10%, respectively, whilst other countries absorbed 13% of our exports as shown in the chart below:

## Exports by Country Destinations

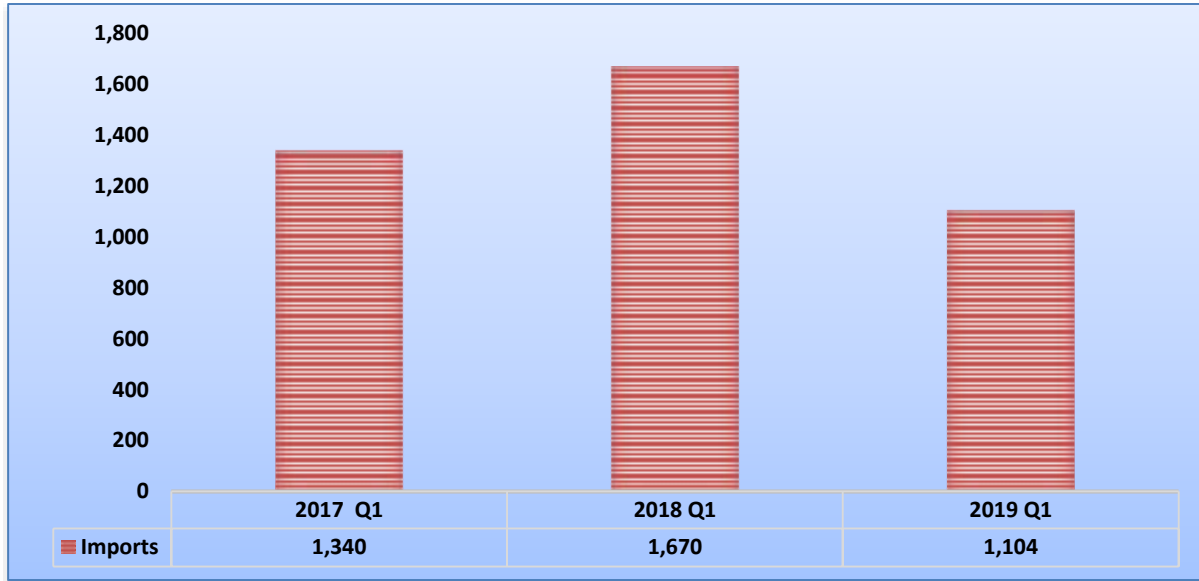


Source: ZIMSTAT & MOFED Calculations

### Imports

104. Total merchandise imports stood at US\$1.1 billion during the first quarter of 2019, a 33% decrease from US\$1.7 billion accumulated during the fourth quarter of 2018. This is also against \$1.8 billion recorded in same period in 2018. The reduction of the import bill reflects the impact of imports demand management measures under implementation, including fuel prices adjustment.

### Merchandise Imports (US\$ Million)



Source: ZIMSTAT & MOFED calculations

105. Diesel, petrol, tractors, vehicles for transportation, crude soya bean oil, and wheat were the country's major imports during the first quarter of 2019.

### Imports by Product (US Million)

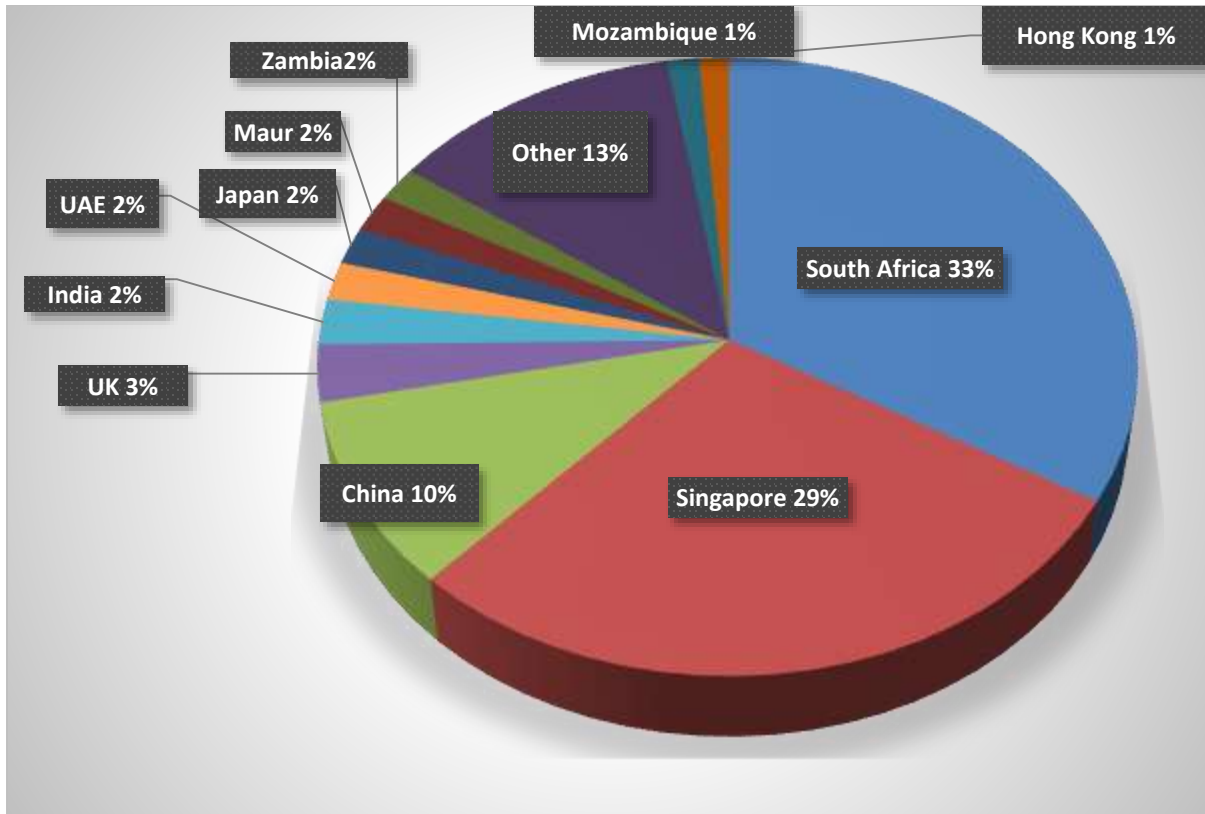
Product	Jan	Feb	Mar	Sub Total	Share (%)
Diesel	61.13	75.30	69.63	206.07	18.67
Unleaded petrol	36.48	35.79	32.99	105.27	9.54
Road tractors for semi-trailers	2.34	8.86	4.21	15.41	1.40

Motor vehicles for the transport of goods of payload >800KG not exceeding 1400KG (1.4t)	5.39	5.35	3.51	14.25	1.29
Crude soya bean oil, whether or not degummed	4.63	5.85	3.47	13.95	1.26
Other durum wheat	7.59	3.18	2.23	13.00	1.18
Other insecticides nes	4.95	1.84	3.59	10.38	0.94
Aviation Spirit	9.61	0.03	0.02	9.66	0.88
Electrical energy	2.89	3.21	3.48	9.58	0.87
Machinery for the extraction/preparation of animal/vegetable fats or oil	7.92	0.02	0.01	7.95	0.72
Ammonium nitrate	5.77	1.48	0.63	7.89	0.71
Goods vehicles, with diesel/semi-diesel engines, gvw 5-20t, nes	2.86	2.79	2.14	7.79	0.71
Self-propelled front-end shovel loaders	3.25	3.67	0.85	7.78	0.70
Lubricating oils & blending stocks for lubricating oil in packings < 210 litres	1.88	2.72	3.14	7.74	0.70
Vaccines for human medicine	0.84	1.14	5.35	7.33	0.66
Medicaments used in the management of cronic illnesses app by Sec of Health	3.83	2.43	0.97	7.23	0.65
Other Products	205.29	254.40	192.80	652.49	59.12
<b>Grand Total</b>	<b>366.7</b>	<b>408.0</b>	<b>329.0</b>	<b>1,103.8</b>	

Source: ZIMSTAT & MOFED Calculations

106. The major import sources during the period under review were South Africa, Singapore, and China, contributing 33%, 28%, 10%, respectively.

### Imports by Country



Source: ZIMSTAT & MOFED Calculations

### Trade Balance

107. Resultantly, the trade deficit for the first quarter of 2019 stood at US\$165.9 million, constituting a 57% improvement from the 2018 fourth quarter deficit of US\$384.5 million. Against first quarter of 2018, the trade deficit improved by 79%.

### Trade Balance



Source: ZIMSTAT & MOFED Calculations

108. However, there is much more scope for managing the import bill targeting other non-essential imports imbedded in the \$652.5 million as indicated under the table above.

## STRUCTURAL ISSUES

### ***Reform of Public Enterprises***

109. Implementation of the Public Enterprises reforms is being guided by the Cabinet Decision of 10 April 2018.

110. To this end, the following progress is worth noting.

Entity	Reform Progress
--------	-----------------

<b>GMB</b>	The de-merger of the GMB into GMB Strategic Grain Reserve and Silo Foods Industries has been completed. Silo now operational.
<b>NRZ and ZISCO</b>	Negotiations with the strategic partners for NRZ and ZISCO are at an advanced stage.
<b>CSC</b>	A Consessioning Agreement was signed between CSC and Bousted Beef Limited of United Kingdom.
<b>CAAZ</b>	The Civil Aviation Amendment Act has now been enacted.
<b>IDC Subsidiaries</b>	Resumption of the IDCZ Developmental financing Role, and immediate release of the \$30m seed capital allocated in the 2019 budget. Privatisation of the identified subsidiaries underway and two IDC subsidiaries have been liquidated.
<b>ZESA</b>	Cabinet has approved the Re-bundling of all the ZESA subsidiaries into a vertically integrated single Board. Technical Committee is working on the implementation.
<b>ZIDA</b>	The One Stop Investment Services Center is operational as an interim arrangement. The ZIDA Bill is being considered by Parliament.
<b>Tel-One &amp; Net-One</b>	To be privatised as a single package. The Technical Committees for Tel One and Net One have therefore been combined to ensure the privatisation of the two entities is undertaken as a single package as approved.
<b>Allied Timbers</b>	Partial privatisation roadmap approved by Cabinet on 19 February 2019.
<b>ZMDC Subsidiaries</b>	Partial privatisation is underway, with the initial tender for 6 subsidiaries that had been undertaken in 2018 cancelled.
<b>Agribank</b>	Process to appoint advisors for the following SEPs is under way.
<b>Petrotrade</b>	Process to appoint advisors for the following SEPs is under way.
<b>ZIMPOST</b>	Process to appoint advisors for the following SEPs is under way.
<b>National Indigenization and Economic Empowerment Board</b>	Has been integrated into a department in the Ministry of Industry, Commerce and Enterprise Development.
<b>Board of Censors</b>	Has been departmentalized in the Ministry of Home Affairs and Cultural Heritage.
<b>National Library and Documentation services</b>	Has been departmentalized under the Ministry of Primary and Secondary Education.
<b>National liquor licensing Authority</b>	Has been departmentalized under the Ministry of Local Government, Public Works and National Housing.

### ***Ease of Doing Business Reforms***

111. Government, under the TSP continue to pursue ease of doing business reforms as part of broad measures on enhancing the country's investment environment. The reforms target administrative and other legislative bottlenecks under various statutes.

112. Milestones have been recorded in the following areas:

Reform	Objective	Progress to Date
<b>Ease of Doing Business</b>	Removal of regulatory, transactional and administrative hurdles in doing business	<p>A lot of administrative procedures, timelines and costs have been reviewed and streamlined to facilitate the Ease of Doing Business between 12 February and 29 April 2019.</p> <p>These reforms are as follows:</p> <ul style="list-style-type: none"> <li>• Improving the overall quality and efficiency of the property registration system in Zimbabwe through improved quality of registering property, reducing number of procedures from 5 to 4 and improved land dispute resolution;</li> <li>• The establishment of a credit registry to facilitate the obtaining of credit has been completed.</li> <li>• Improving the enforcement of contracts through increasing the number of small claims courts from 2 to 10 and the establishment of commercial courts from 0 to 4. The operationalisation of the magistrates' courts to be done after the validation and gazetting of the requisite Court rules.</li> <li>• Improving Trading across Borders through reviewing of checkpoints for both imports and exports clearance processes at Beitbridge Border Post resulting in a 41% reduction in compliance checkpoints.</li> </ul>

113. Over and above administrative issues, there is also progress on the legislative agenda is as follows:

Reform	Objective	Progress to Date	Targeted Date of Completion
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<b>Insolvency Bill Estate Administrators Act</b>	To ensure accountability and efficiency insolvency proceedings that permit unsalvageable companies to be quickly liquidated and viable firms to be revived, thus preserving jobs.	<ul style="list-style-type: none"> <li>Passed last year by the 8<sup>th</sup> Parliament</li> </ul>	<ul style="list-style-type: none"> <li>December 2018</li> </ul>
<b>Shop Licensing Amendment Bill</b>	To streamline and simplify licensing procedures and timelines.	<ul style="list-style-type: none"> <li>Passed in 2018</li> </ul>	<ul style="list-style-type: none"> <li>December 2018</li> </ul>
<b>Public Finance Management (Amendment) Act</b>	To enhance transparency and accountability in the management of public resources.	<ul style="list-style-type: none"> <li>Passed in 2018</li> </ul>	<ul style="list-style-type: none"> <li>December 2018</li> </ul>
<b>ZIDA Bill</b>	Amalgamate 3 investment agencies, ie ZIA, Joint Ventures Unit and Special Economic Zones Authority) to make sure that all investments are processed under one roof.	<ul style="list-style-type: none"> <li>ZIDA Bill tabled and gazetted before Parliament on 5 April</li> </ul>	<ul style="list-style-type: none"> <li>June 2019</li> </ul>
<b>Census and Statistics Amendment Act</b>	To allow dissemination of micro data to data users.	<ul style="list-style-type: none"> <li>Promulgated into law</li> </ul>	<ul style="list-style-type: none"> <li>December 2018</li> </ul>
<b>General Laws Amendment Act</b>	Amendment of outstanding laws.	<ul style="list-style-type: none"> <li>Gender equality provisions in state institutions yet to go before Parliament</li> </ul>	<ul style="list-style-type: none"> <li>December 2019</li> </ul>
<b>Companies and other Business Entities Bill</b>	Overhaul of Act to be in line with modern business practices and consolidation of different types of corporations so as to reduce cost and time for starting a business in Zimbabwe.	<ul style="list-style-type: none"> <li>Bill is still before Parliament and currently on second reading</li> </ul>	<ul style="list-style-type: none"> <li>December 2019</li> </ul>
<b>Regional Town and Country Planning Amendment Bill</b>	Improve the time taken and procedures for issuing construction permits.	<ul style="list-style-type: none"> <li>Bill not yet before Parliament and was sent to the Ministry of Local Government for further action.</li> </ul>	<ul style="list-style-type: none"> <li>December 2019</li> </ul>
<b>NSSA Act</b>	Will streamline the number of tax payments made by employers by enabling ZIMRA to collect NSSA contributions on behalf of NSSA combined with ZIMDEF Payments thus reducing employee related payments from 36 to 12.	<ul style="list-style-type: none"> <li>The Bill hasn't been drafted yet because the relevant Ministry was not aggregable to certain amendments, i.e. issue of tax collections</li> </ul>	<ul style="list-style-type: none"> <li>December 2019</li> </ul>
<b>Manpower Act</b>	Will streamline the number of tax payments made by employers by enabling ZIMRA to collect ZIMDEF contributions on behalf of ZIMDEF combined with NSSA Payments thus reducing employee related payments from 36 to 12.	<ul style="list-style-type: none"> <li>Draft Principles crafted and presented to the relevant Ministry.</li> <li>Continuous professional development training to enhance staff performance being drafted.</li> </ul>	<ul style="list-style-type: none"> <li>December 2019</li> </ul>

<b>Repealing of POSA</b>	To maintain peace and order in the country.	<ul style="list-style-type: none"> <li>The proposed Maintenance of Peace and Order Bill, which will repeal the Public Order and Security Act (POSA) is currently before Parliament</li> </ul>	<ul style="list-style-type: none"> <li>Second quarter of 2019</li> </ul>
<b>Repealing of AIPPA</b>	To enhance freedom of expression.	<ul style="list-style-type: none"> <li>Cabinet approved principles of 3 Bills, which will repeal the Access to Information and Protection of Privacy Act (AIPPA) (Chapter 10:27). These are the Protection of Personal Information Bill and the Freedom of Information Bill approved on 19 February and the Zimbabwe Media Commission Bill approved on 13 February 2019.</li> </ul>	<ul style="list-style-type: none"> <li>Fourth quarter of 2019</li> </ul>

**CONCLUSION**

114. Generally, the First quarter 2019 economic performance reflects the impact of significant headwinds experienced, exacerbated by the cyclone that hit the country in March 2019. Inflationary pressures lingered on.

115. Further measures consistent with the TSP agenda were implemented during the period under review demonstrating Government’s thrust to fix the economic challenges in the quest for triple S growth, strong, shared and sustainable and job rich.

**Ministry of Finance and Economic Development**

May 2019

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## ANNEXURES

### Annex 1: PROGRESS ON POLICY REFORMS

POLICY ISSUE	POLICY OBJECTIVE	PROGRESS & WAY FORWARD												
Fiscal Consolidation														
1. Expenditure Management	<ul style="list-style-type: none"> <li>To contain expenditures in line with the appropriate budget deficit of below 5% of GDP and ultimately attain a budget surplus in the medium term.</li> <li>This also frees resources to developmental programmes such as infrastructure and social services delivery.</li> </ul>	<p><b>Treasury Bills</b></p> <ul style="list-style-type: none"> <li>Government rolled over Treasury bills to the tune of \$28.7 million in the first quarter of 2019 and no new issues were done.</li> </ul>												
		<p><b>Public Wage Bill</b></p> <ul style="list-style-type: none"> <li>Monthly wage bill was contained within the budget as indicated in the table below.</li> </ul> <table border="1"> <thead> <tr> <th></th> <th>Actual (\$ Million)</th> <th>Target (\$ Million)</th> </tr> </thead> <tbody> <tr> <td>Jan</td> <td>327.4</td> <td>328.7</td> </tr> <tr> <td>Feb</td> <td>356.8</td> <td>328.7</td> </tr> <tr> <td>Mar</td> <td>330.8</td> <td>328.7</td> </tr> </tbody> </table>		Actual (\$ Million)	Target (\$ Million)	Jan	327.4	328.7	Feb	356.8	328.7	Mar	330.8	328.7
	Actual (\$ Million)	Target (\$ Million)												
Jan	327.4	328.7												
Feb	356.8	328.7												
Mar	330.8	328.7												
		<p><b>Freeze on Hiring</b></p> <ul style="list-style-type: none"> <li>Government hired additional staff in health and education resulting in an additional bill of \$43.4 million</li> </ul>												
2. Revenue Mobilisation	<ul style="list-style-type: none"> <li>To broaden the tax base and enhance resource mobilisation which would be ring-fenced specifically for developmental programmes and projects, social sector spending and provincial devolution.</li> </ul>	<p><b>2% IMTT Collections</b></p> <table border="1"> <thead> <tr> <th></th> <th>Actual (\$ Million)</th> <th>Target (\$ Million)</th> </tr> </thead> <tbody> <tr> <td>Jan</td> <td>98.5</td> <td>50.0</td> </tr> <tr> <td>Feb</td> <td>94.7</td> <td>50.0</td> </tr> <tr> <td>Mar</td> <td>87.7</td> <td>87.6</td> </tr> </tbody> </table>		Actual (\$ Million)	Target (\$ Million)	Jan	98.5	50.0	Feb	94.7	50.0	Mar	87.7	87.6
	Actual (\$ Million)	Target (\$ Million)												
Jan	98.5	50.0												
Feb	94.7	50.0												
Mar	87.7	87.6												
3. Budget Deficit Containment	<ul style="list-style-type: none"> <li>Containing the budget deficit to sustainable levels which also provide scope for managing the debt and inflation outcomes.</li> </ul>	<p><b>Monthly budget deficits</b></p> <ul style="list-style-type: none"> <li>Since January 2019, the Government has been running budget surpluses at \$102.4 million in January, \$85.4 million in February and \$255.3 million in March.</li> </ul>												

		<table border="1"> <thead> <tr> <th></th> <th>Actual (\$ Million)</th> <th>Target (\$ Million)</th> </tr> </thead> <tbody> <tr> <td>Jan</td> <td>102.4</td> <td>-16.4</td> </tr> <tr> <td>Feb</td> <td>85.4</td> <td>-43.0</td> </tr> <tr> <td>Mar</td> <td>255.3</td> <td>137.5</td> </tr> </tbody> </table>			Actual (\$ Million)	Target (\$ Million)	Jan	102.4	-16.4	Feb	85.4	-43.0	Mar	255.3	137.5
	Actual (\$ Million)	Target (\$ Million)													
Jan	102.4	-16.4													
Feb	85.4	-43.0													
Mar	255.3	137.5													
4. Inflation	<ul style="list-style-type: none"> <li>Reign in emerging inflationary pressures (number one enemy). Year on year inflation recorded 56.7% by January 2019 from 20.9% in October and 5.4% in September 2018, which has eroded incomes.</li> </ul>	<ul style="list-style-type: none"> <li>Month-on-month inflation, averaged 5.6% in the first quarter of 2019 against 11.5% recorded in the last quarter of 2018.</li> <li>Annual inflation recorded 57.6%, 59.6% and 67.8%, in January, February and March, respectively.</li> <li>Inflation is expected to slow down to single digit benefitting from the fiscal consolidation measures and containment of money supply growth projected at below 10% by year end.</li> </ul>													
5. Public Debt	<ul style="list-style-type: none"> <li>Pursuing a two-pronged approach entailing: <ul style="list-style-type: none"> <li>Re-engagement with external creditors for purposes of resolving the external debt overhang (US\$7.7 billion as at 31 Sept 2018) including arrears clearance, US\$5.6 billion;</li> <li>Containing the domestic debt (US\$9.6 billion as at 31 Sept 2018) to sustainable levels through budget deficits containment.</li> </ul> </li> </ul>	<p><b>External Debt</b></p> <ul style="list-style-type: none"> <li>Re-engagement with multilateral financial institutions and other creditors continues.</li> <li>US\$108 million owed to the IMF was cleared in 2018;</li> <li>US\$680 million and US\$1.4 billion is still owed to the AfDB and World Bank, respectively;</li> <li>A further US\$308 million is owed to the European Investment Bank.</li> </ul> <p><b>Domestic Debt</b></p> <ul style="list-style-type: none"> <li>In the first quarter of 2019, payments amounting to \$319.0 million was expended towards relinquishing maturing domestic debt.</li> </ul>													
<b>Monetary Sector and Currency Reforms</b>															
6. New Monetary Policy Measures	<ul style="list-style-type: none"> <li>Removal of various distortions which prevented efficient functioning of the foreign exchange market, with implications on the rest of the economy.</li> <li>The distortions also fed into multiple pricing of goods and services (denominated in RTGS transfers, mobile wallet</li> </ul>	<p><b>Liberalised the Foreign Currency Market</b></p> <ul style="list-style-type: none"> <li>Government liberalised the foreign currency market and discarded the fixed 1:1 exchange rate peg between the US\$ and the Bond note, which was at the centre of various foreign exchange price distortions.</li> <li>A new currency called the RTGS dollar, which includes electronic balances in banks</li> </ul>													

	<p>transfers, bond notes and US dollar cash pricing).</p> <ul style="list-style-type: none"> <li>In addition, the distortions promoted the parallel market to thrive leading to run away exchange rate premiums of as high as US\$1:4 bond note and even higher in some cases, which in turn pushed up prices beyond the reach of the majority.</li> </ul>	<p>and mobile platforms, bond notes and coins, was introduced.</p> <ul style="list-style-type: none"> <li>The RTGS dollar is now new reference currency for the purposes of pricing of goods &amp; services and accounting.</li> <li>An Inter-Bank Foreign Currency Market, which comprises banks and bureaux de change was established, that way providing a broad based formal platform for efficient foreign currency trading within the economy.</li> <li>A new reference exchange rate of US\$1:2.5 RTGS dollar was set.</li> <li>RBZ now focusing on measures to contain money supply growth.</li> <li>Central Bank has put in place sufficient monitoring mechanisms which will ensure that the interbank foreign exchange market is not manipulated.</li> </ul> <table border="1" data-bbox="1008 800 1490 961"> <thead> <tr> <th></th> <th>Feb</th> <th>March</th> </tr> </thead> <tbody> <tr> <td>Interbank rate</td> <td>1.8</td> <td>2.7</td> </tr> <tr> <td>Parallel rate</td> <td>3.6</td> <td>3.7</td> </tr> </tbody> </table>		Feb	March	Interbank rate	1.8	2.7	Parallel rate	3.6	3.7
	Feb	March									
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<p>Fuel Subsidy</p>	<ul style="list-style-type: none"> <li>Removal of fuel subsidy which had created an arbitrage in there fuel market.</li> <li>These distortions were promoting illicit fuel exports to neighboring countries and wasteful tendencies on the part of our motorists.</li> </ul>	<ul style="list-style-type: none"> <li>Government effectively removed the subsidy on fuel on the 12th of January 2019 and fuel prices have generally been stable around US\$3. 53 per litre and US\$3.15/litre for petrol and diesel, respectively.</li> </ul>									
<b>Structural Reforms</b>											
<p>7. State Owned Enterprises and Parastatals Reforms</p>	<ul style="list-style-type: none"> <li>SOE reforms to improve their efficiency and governance, that way, improving their contribution to the economy.</li> </ul>	<ul style="list-style-type: none"> <li>Government has targeted 5 public enterprises, namely Tel-One/Net-One/Telecel, ZIMPOST and POSB for immediate reforms and work is already underway to identify transaction advisors.</li> <li>Projections are that Government will realise at least US\$350 million from this initial process.</li> <li>In addition, turnaround strategies for at least 20 Public Enterprises are being supported by various development partners.</li> </ul>									
		<b>Grain Marketing Board</b>									

		<ul style="list-style-type: none"> <li>• Grain Marketing Board was successfully unbundled into Strategic Grain Reserve Unit and Commercial Entity (Silo Food Industry) effective 1 April 2019.</li> <li>• SGR Unit focuses on purchase of the strategic grain requirement amounting to 500 000 tons of which it currently stands at 876 000 tons at the end of March 2019, while the Commercial Entity and other private players will manage the rest of the grain purchase at market based.</li> </ul>
		<p><b><i>National Competitiveness Commission</i></b></p> <ul style="list-style-type: none"> <li>• Government has also reconsidered its decision of April 2018 to convert the National Competitiveness Commission into a Department under the Ministry of Industry and Commerce.</li> <li>• In this regard, the National Competitiveness Commission will continue to operate as an autonomous entity that is premised on private sector involvement.</li> <li>• The government is in the process of capacitating the institution in terms of the budget and skills development and the bulk will come from Standard Development Fund (SDF).</li> <li>• To date only RTGS\$30 thousand dollars was received from the ministry falling short to have such dialogue 2019.</li> </ul>
		<p><b><i>Allied Timbers</i></b></p> <ul style="list-style-type: none"> <li>• Government has approved the identification and engagement of a strategic partner as part of the partial privatisation process for Allied Timbers, including identification of a suitable transaction advisor to assist in the engagement of the strategic partner.</li> </ul>
		<p><b><i>ZESA</i></b></p> <ul style="list-style-type: none"> <li>• Government approved the re-bundling of ZESA and to merge all the 5 separate units into a single integrated company with one board. The restructuring will make ZESA more viable, boost its power generation</li> </ul>

		<p>capacity and enhance the expansion of the local power supply network.</p> <ul style="list-style-type: none"> <li>• This process will include the amendment of the Electricity Act in order to cater for the proposed changes in the structure of ZESA.</li> <li>• Technical Committee is working on the implementation.</li> </ul>
8. Ease of Doing Business Reforms	<ul style="list-style-type: none"> <li>• Accelerating and deepening the ease and cost of doing business reforms to improve competitiveness and establish a One-Stop Shop Investment Centre.</li> </ul>	<p><b><i>Zimbabwe Investment and Development Agency (ZIDA)</i></b></p> <ul style="list-style-type: none"> <li>• An Interim Inter-Ministerial Committee to provide One-Stop Shop investment services is now fully operational,</li> <li>• Legislation Bill (ZIDA Bill) to underpin the establishment and operations of a specific and dedicated institution -Zimbabwe Investment and Development Agency (ZIDA) and the Bill was gazetted on 5 April 2019. The respective Bill also seeks to provide assurance to investors about the country's commitment to property rights.</li> </ul>
<b>Institutional and Political Reforms</b>		
		<p><b><i>Repealing of POSA and AIPPA</i></b></p> <ul style="list-style-type: none"> <li>• Cabinet approved the principles of the proposed Maintenance of Peace and Order Bill on 19 February 2019, which will repeal the Public Order and Security Act (POSA).</li> <li>• Tabled before Parliament on 19 April 2019.</li> <li>• In addition, Cabinet approved principles of 3 Bills, which will repeal the Access to Information and Protection of Privacy Act (AIPPA) (Chapter 10:27). These are the Protection of Personal Information Bill and the Freedom of Information Bill approved on 19 February and the Zimbabwe Media Commission Bill approved on 13 February 2019.</li> </ul>
		<p><b><i>Cyber Protection, Data Protection, and Electronic Transactions Bill</i></b></p> <ul style="list-style-type: none"> <li>• Principles of the Cyber Protection, Data Protection, and Electronic Transactions Bill were approved by Cabinet on 19 December 2018. The Bill is meant to provide comprehensive guidelines on cybercrimes, use of electronic data and transactions, among others.</li> </ul>

		<p><b>Citizens Law</b></p> <ul style="list-style-type: none"> <li>On 26 February 2019, Cabinet approved proposed changes to the citizenship laws to pave way for the granting of dual citizenship to people born in Zimbabwe.</li> <li>Bill is being drafted by the Attorney General.</li> </ul>																																				
		<p><b>Police Act</b></p> <ul style="list-style-type: none"> <li>In February 2019, the Police Act amendments became effective and finally being in line with the Constitution.</li> <li>This will see the country's Police Force - the Zimbabwe Republic Police (ZRP) being rebranded to the Zimbabwe Police Service (ZPS) as a professional Police responsible to the needs of the society.</li> <li>Bill is being drafted by the Attorney General.</li> </ul>																																				
		<p><b>Governance Commissions</b></p> <ul style="list-style-type: none"> <li>The 2019 Budget has allocated US\$49.8 million to institutions mandated to promoting good governance targeting capacitation of those Constitutional institutions mandated to promote democratic principles.</li> <li>Already the following amounts have been disbursed to March as follows:</li> </ul> <table border="1"> <thead> <tr> <th></th> <th>Budg</th> <th>Jan</th> <th>Feb</th> <th>Mar</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>ZEC</td> <td>14.2</td> <td>0.6</td> <td>0.9</td> <td>1.0</td> <td>16.7</td> </tr> <tr> <td>ZGC</td> <td>2</td> <td>0.06</td> <td>0.2</td> <td>0.3</td> <td>2.56</td> </tr> <tr> <td>ZHRC</td> <td>3.3</td> <td>0.1</td> <td>0.2</td> <td>0.2</td> <td>3.8</td> </tr> <tr> <td>ZJSC</td> <td>27.6</td> <td>1.3</td> <td>3.3</td> <td>3.4</td> <td>35.6</td> </tr> <tr> <td>NPRC</td> <td>2.5</td> <td>0.06</td> <td>0.1</td> <td>0.07</td> <td>2.73</td> </tr> </tbody> </table> <p>✓</p>		Budg	Jan	Feb	Mar	Total	ZEC	14.2	0.6	0.9	1.0	16.7	ZGC	2	0.06	0.2	0.3	2.56	ZHRC	3.3	0.1	0.2	0.2	3.8	ZJSC	27.6	1.3	3.3	3.4	35.6	NPRC	2.5	0.06	0.1	0.07	2.73
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	<ul style="list-style-type: none"> <li>Reaffirming commitment to peace and dialogue, and maintaining an open-door policy to resolve challenges facing the</li> </ul>	<p><b>Political Dialogue</b></p> <ul style="list-style-type: none"> <li>A National Political Dialogue was launched on February, 6 2019, bringing together at least 21 leaders of different political parties</li> </ul>																																				



	<p>country. The objective is to remove deficit of trust, restore public confidence, forge a renewed sense of shared national vision and social cohesion and advance an economy that works for everyone.</p>	<p>to confront the national socio-political and economic challenges.</p> <ul style="list-style-type: none"><li>• Going forward, the parties have established Thematic Committees to look into different issues of interest for deliberations during the planned Dialogue meetings.</li></ul>
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## 2019 National Budget Outturn

	Original Estimates	Monthly Expenditures				CRF Total	RBZ Outturn	Consolidated
		January	February	March				
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
<b>Total Expenditure &amp; Net Lending Including Loan Repayments</b>	10,315,661,000	474,409,492	606,486,259	812,856,661	1,893,752,412	7,410,581	1,474,031,087	
<b>Total Expenditure &amp; Net Lending</b>	7,765,361,000	382,838,483	518,911,259	564,870,764	1,466,620,506	7,410,581	1,474,031,087	
<b>Recurrent Expenditure</b>	5,727,505,000	382,714,021	442,389,179	463,473,016	1,288,576,216	5,399,847	1,293,976,063	
<b>Employment costs</b>	2,795,104,000	230,607,797	233,430,069	232,372,600	696,410,466	-	696,410,466	
<b>Civil Service Wage Bill</b>	2,614,624,000	216,733,528	219,620,836	218,461,715	654,816,079	-	654,816,079	
<b>PSMAS</b>	145,200,000	10,944,269	10,869,233	10,930,885	32,744,387	-	32,744,387	
<b>NSSA</b>	34,800,000	2,900,000	2,900,000	2,900,000	8,700,000	-	8,700,000	
<b>Funeral expenses</b>	480,000	30,000	40,000	80,000	150,000	-	150,000	
<b>Operations &amp; Maintenance</b>	719,517,500	15,377,416	52,416,991	59,368,654	127,163,061	-	127,163,061	
<b>Interest on debt</b>	351,114,000	29,817,551	16,722,536	46,782,900	93,322,987	-	93,322,987	
<b>Domestic</b>	322,254,000	29,817,551	16,722,536	46,782,900	93,322,987		93,322,987	
<b>Foreign</b>	28,860,000	-	-	-	-		-	
<b>Current Transfers</b>	1,861,769,500	106,911,257	139,819,583	124,948,862	371,679,702	5,399,847	377,079,549	
<i>OW/ Pensions</i>	594,100,000	45,500,000	71,206,438	48,774,164	165,480,602	-	165,480,602	
<b>Capital Expenditure &amp; Net Lending</b>	2,037,856,000	124,462	76,522,080	101,397,748	178,044,290	2,010,734	180,055,024	
<i>O/W Energy and Power Supply</i>	12,000,000	-	-	-	-		-	
<i>Transport</i>	387,800,000	-	-	2,500,000	2,500,000		2,500,000	
<i>Water Supply and Sanitation</i>	214,550,000	-	29,156,000	-	29,156,000		29,156,000	
<i>ICT</i>	97,265,000	100,000	950,000	12,660,435	13,710,435		13,710,435	
<i>Public Amenities</i>	180,010,000	-	4,404,052	5,606,040	10,010,092		10,010,092	
<i>Social Services</i>	173,800,000	-	635,860	5,764,028	6,399,888		6,399,888	

	Original Estimates	Monthly Expenditures				CRF Total	RBZ Outturn	Consolidated
		January	February	March				
<i>Irrigation Development</i>	36,500,000	-	-	-	-		-	
<i>Other Infrastructure Related Outlays</i>	25,700,000	24,462	322,925	-	347,387	2,010,734	2,358,121	
<i>Cyclone Idai Expenditures</i>					-		-	
<i>Roads Rehabilitation</i>				32,200,000	32,200,000		32,200,000	
<i>Health</i>				3,000,000	3,000,000		3,000,000	
<i>Education</i>				4,000,000	4,000,000		4,000,000	
<i>Water Supply and Sanitation</i>				6,800,000	6,800,000		6,800,000	
<i>Electricity Installation</i>				1,000,000	1,000,000		1,000,000	
<i>Logistics</i>				1,000,000	1,000,000		1,000,000	
<i>Agriculture Expenditures</i>	615,000,000	-	30,360,657	21,329,645	51,690,302		51,690,302	
<i>Capitalisation of SOEs</i>	32,000,000	-	743,464	1,593,535	2,336,999		2,336,999	
<i>Other Capital Items</i>	262,906,000	-	7,938,388	5,954,799	13,893,187		13,893,187	
<b>Repayment of Loans</b>	2,550,300,000	91,571,009	87,575,000	247,985,897	427,131,906	0	-	