



ZIMBABWE

ANNUAL PUBLIC DEBT BULLETIN
2020 FINANCIAL YEAR

Ministry of Finance and Economic Development
Zimbabwe Public Debt Management Office



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MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

Zimbabwe Public Debt Management Office

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FOREWORD

The year 2020 brought challenges on the debt management front, due to the devastating effects of the COVID-19 pandemic. The COVID-19 pandemic related recession and economic policy response triggered a surge in debt levels in emerging markets and developing economies (EMDEs), including Zimbabwe. In the case of Zimbabwe, the advent of the pandemic calls for prudent debt management in raising financial resources to mitigate its effects, while avoiding worsening the country's already unsustainable debt levels.

The COVID-19 pandemic compounded the country's limited access to external development financing due to the accumulation of external debt payment arrears, resulting in continued resort to domestic sources for budget financing to mitigate the effects of the pandemic. The Government of Zimbabwe also received financial support from Development Partners to close its financing gap. I would like to express my profound gratitude for the support rendered.

Zimbabwe continues to implement its Medium-Term Debt Strategy which focuses on the following:

- Foreign financing limited to concessional external financing;
- Limit non-concessional borrowing to finance economically viable projects;
- Prioritise token payments to Multilateral Development Banks (MDBs) and payments to creditors with active portfolios; and
- Continue re-engaging MDBs and other creditors for a programme, given progress made so far in the stabilisation and other supply-side, governance and structural reforms under the Transitional Stabilisation Programme (TSP) and the National Development Strategy 1 (NDS1: 2021-2025.)

This Annual Public Debt Bulletin is prepared in line with the provisions of the Constitution of Zimbabwe Amendment (No 20) of 2013 Section 300 and the Public Debt Management Act (Cap: 22:21.)

This Edition covers the period January to December 2020. It reports key data on public and publicly guaranteed (PPG) external and domestic debt for the following:

- Central Government external debt;
- Domestic debt- treasury bills and bonds; and
- Loans guaranteed by Government.

The publication of this Bulletin is a continuation of Government's commitment to strengthen Public Finance accountability and transparency, which aims to disseminate public debt information to policy makers, the general public, Development Partners and other stakeholders.

A handwritten signature in black ink, consisting of a stylized 'G' followed by 'T. G' and a flourish.

G. T. Guvamatanga
Secretary for Finance and Economic Development
Chairperson: External and Domestic Debt Management Committee (EDDC)

ACKNOWLEDGEMENTS

I would like to thank the Zimbabwe Public Debt Management Office (ZPDMO) staff, in the production of the 2020 Annual Public Debt Bulletin which was prepared by the Debt Strategy and Analysis Unit (Middle Office) of the ZPDMO. I would also like to extend my sincere appreciation to the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), for their continued support through Technical Assistance and training of our staff.

In order to enrich the content of our Public Debt Bulletins, this Bulletin includes, a Feature Article titled “*Zimbabwe Public Debt Database - Debt Management and Financial Analysis System (DMFAS)*” which was prepared by the Debt Recording and Settlements Unit (Back Office) of the ZPDMO. DMFAS is a financial software which is used for debt data recording, monitoring and reporting. It enables the timely production and publication of accurate and comprehensive debt information in a transparent manner.

The production of reliable debt information helps the country to develop prudent debt management strategies and to meet its reporting obligations. In this regard, I wish to extend my appreciation to the Back Office of the ZPDMO for the preparation of the Feature Article.

I would like to thank the United Nations Conference on Trade and Development (UNCTAD) for providing the DMFAS Programme, as it assists us in attaining long-term debt sustainability through coordinated policies, aimed at fostering sustainable debt financing, debt relief and debt restructuring. Training workshops, capacity-development and software tools provided by the Programme ensures better debt management and reporting that helps Zimbabwe and other users to improve their financial management policies.



A.N. Bvumbe

Head, Zimbabwe Public Debt Management Office

Chairperson: External and Domestic Debt Management Committee (EDDC) Working Party

The Annual Public Debt Bulletin is an annual publication of the Zimbabwe Public Debt Management Office, in line with the provisions of Sections 29, 30 and 36 of the Public Debt Management Act (Chapter 22:21.)

This Bulletin is available on the Ministry of Finance and Economic Development (Zimtreasury) website - www.zimtreasury.gov.zw.

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LIST OF ACRONYMS

AfDB	African Development Bank
ADF	African Development Fund
BADEA	Arab Bank for Economic Development in Africa
DMFAS	Debt Management and Financial Analysis System
DOD	Disbursed Outstanding Debt
EIB	European Investment Bank
FDI	Foreign Direct Investment
GoZ	Government of Zimbabwe
IDBZ	Infrastructure Development Bank of Zimbabwe
IFIs	International Financial Institutions
IMF	International Monetary Fund
INA	Interest Arrears
MDBs	Multilateral Development Banks
MEFMI	Macroeconomic and Financial Management Institute of Eastern & Southern Africa
MoFED	Ministry of Finance and Economic Development
MTDS	Medium Term Debt Strategy
NDF	Nordic Development Fund
OFID	OPEC Fund for International Development
PC	Paris Club
PPG	Public and Publicly Guaranteed
PRA	Principal Arrears
RBZ	Reserve Bank of Zimbabwe
ZPDMO	Zimbabwe Public Debt Management Office

CURRENCY ACRONYMS

CHF	Swiss Franc
CNY	Chinese Renminbi
EUR	Euro
GBP	Great British Pound
NOK	Norwegian Kroner
SEK	Swedish Kroner
INR	Indian Rupee
JPY	Japanese Yen
KWD	Kuwait Dinar
SDR	Special Drawing Rights
US\$/USD	United States Dollar
ZWL\$	Zimbabwe Dollar

CHAPTER 1: FEATURE ARTICLE: ZIMBABWE PUBLIC DEBT DATABASE - DEBT MANAGEMENT FINANCIAL ANALYSIS SYSTEM (DMFAS)

Overview of the Use of the Debt Management and Financial Analysis System (DMFAS) for Debt Recording Management in Zimbabwe

1. The Debt Management and Financial Analysis System (DMFAS) programme, is one of the world's leading providers of technical cooperation and advisory services in the area of debt management. The United Nations Conference on Trade and Development (UNCTAD) provides this system, which was designed to assist countries to effectively manage public debt from loan contraction, up to final date of settlement, following the normal loan cycle. The debt recording system includes recording general information of the loan, loan mobilization (disbursements), as well as debt service. In Zimbabwe, the DMFAS system is used to record Central Government loans, publicly guaranteed loans and debt securities (Treasury Bills and Bonds).
2. The UNCTAD DMFAS programme provides Zimbabwe with a wide range of products, including the following:
 - Installation of the latest version of the DMFAS software and training in its use;
 - Assistance in database creation, data validation, statistical reporting, and support for debt analysis; and
 - Technical Information and Communications Technology (ICT) support to users.

Functionalities/Modules

3. The system facilitates the provision of accurate and timely information for debt management. The system enables the ZPDMO to:
 - Record all information covering loans and debt securities, including their link to projects and to different national budget accounts;
 - Create and update estimated disbursements;
 - Calculation of amortization tables;

- Record actual drawings, subscriptions and debt service operations; and
- Produce various debt related reports for use by both internal and external stakeholders.

Coverage of Public Debt Stock

4. The system can accommodate up to 10 000 loans and securities, of which currently for Zimbabwe, 476 public and publicly guaranteed loans are recorded, as well as over 500 debt securities which are active and currently running.
5. DMFAS is assisting the ZPDMO in ensuring that a computerized debt database is fully and effectively functional, in line with the Public Debt Management Act. In addition, it has assisted the Office in managing debt with accurate, consistent, comprehensive and timely debt statistics, which is critical for effective debt management and policy decision making. Key among such outputs of the Office which has been enabled by the DMFAS is the publication of this Annual Public Debt Bulletin.

CHAPTER 2: MACROECONOMIC AND TOTAL PUBLIC & PUBLICLY GUARANTEED DEBT OVERVIEW

Macroeconomic Overview

6. In 2020, Zimbabwe's economy is estimated to have contracted by 4.1 per cent mainly due to the Covid-19 pandemic. The pandemic came at a time when the country was already grappling with the effects of climate change induced shocks, characterised by droughts and Cyclone Idai. These shocks had significant negative effects on the country's already existing infrastructure gap, health systems and livelihoods.
7. The economy is projected to register an economic growth rate of 7.8 per cent in 2021 mainly on account of a very successful 2020/2021 agricultural season. Table 1 shows selected macroeconomic indicators from 2019 to 2020.

Table 1: Selected Macroeconomic Framework Indicators (2019-2020)

	2019	2020
Nominal GDP at market prices (Million ZWL\$)	182,866.82	1,207,835.30
Real GDP Growth (%)	-6.0	-4.1
Inflation (End Period-month on month) %	16.6	4.2
Revenues (excluding Retained Revenue) (Million ZWL\$)	22,970.66	183,039.06
% of GDP	12.6	15.2
Expenditures & Net Lending (Million ZWL\$)	22,533.66	162,925.25
% of GDP	12.3	13.5
Overall Balance	437.00	20,113.81
% of GDP	0.2	1.7
Balance of Payments Accounts		
Exports (Million ZWL\$)	58,568.34	430,467.02
% of GDP	32.03	35.64
Imports (Million ZWL\$)	60,029.84	448,969.98
% of GDP	32.83	37.17
Current Account Balance (Million ZWL\$)	10,235.6	89,640.7
% of GDP	5.6	7.4
International Reserves (Months of Import Cover)	0.7	0.4
Total PPG External and Domestic Debt Stock/GDP (%)	88	72.6
Total PPG External Debt Stock/GDP (%)	47	71.2
Total PPG Domestic Debt Stock/GDP (%)	41	1.4

Source: Ministry of Finance and Economic Development & Reserve Bank of Zimbabwe

Public & Publicly Guaranteed External and Domestic Debt Overview

8. Zimbabwe's Total Public and Publicly Guaranteed (PPG) (external and domestic) debt is estimated at US\$10.7 billion as at end December 2020, representing 72.6 per cent of GDP. This is comprised of US\$8.4 billion external debt (78.5 per cent of total PPG debt), US\$2.1 billion (19.6 per cent of total PPG debt) RBZ external debt and US\$204 million (1.9 per cent of total PPG debt) domestic debt. Table 2 shows Zimbabwe's total PPG debt as at end December 2020.

Table 2: Zimbabwe's Total Public and Publicly Guaranteed Debt End December 2020 (in US\$ Millions)

	Non-Guaranteed			Guaranteed			Grand Total
	DOD	Arrears	Total	DOD	Arrears	Total	
Total PPG Debt (1+2)	2,049	5,168	7,217	2,128	1,382	3,510	10,728
1. External Debt (Inc. RBZ) (a+b+c)	1,845	5,168	7,013	2,128	1,382	3,510	10,523
External Debt (Excl. RBZ) (a+b)	1,845	5,168	7,013	28	1,382	1,410	8,423
a. Bilateral Creditors	1,577	3,313	4,890	28	828	856	5,746
Paris Club	128	2,820	2,948	24	810	834	3,782
Non-Paris Club	1,228	415	1,643	3	18	22	1,665
RBZ Assumed Debt	222	77	299	0	0	-	299
b. Multilateral Creditors	268	1,855	2,123	0	554	554	2,677
World Bank	182	1052	1,234	-	291	291	1,525
African Development Bank	30	608	638	-	91	91	729
European Investment Bank	16	167	183	-	173	173	356
Others	39	29	68	-	-	-	68
c. RBZ Guaranteed External Debt	-	-	-	2,100		2,100	2,100
2 Domestic Debt	204	-	204	-	-	-	204
Treasury Bills and Bonds	174	-	174	-	-	-	174
Domestic Arrears	30	-	30	-	-	-	30

Source: Zimbabwe Public Debt Management Office

Notes

RBZ External Debt excludes non-guaranteed facilities and blocked funds

Exchange rate as at 31 December 2020 of 1 US\$ to ZWL\$81.79 was used to convert domestic debt to US\$

9. Government signed a US\$3.5 billion Global Compensation Deed for the compensation of former farm owners. This amount will be part of the total debt when the former farm owners sign a cession agreement.

CHAPTER 3: PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT

External Debt

10. As at end December 2020, total PPG external debt, including RBZ external guaranteed debt amounted to US\$10.5 billion, representing 71.2 per cent of GDP. Excluding RBZ external debt of US\$2.1 billion, total external public debt stood at US\$8.4 billion, which is an increase of 4.1 per cent from the total public external debt stock of US\$8.094 billion in 2019.
11. The increase in the total PPG external debt is as a result of the continued accumulation of arrears, as well as the disbursements from the active portfolios recorded in the year under review. Table 3 shows PPG external debt as at end December 2020.

Table 3: Public and Publicly Guaranteed External Debt End December 2020 (US\$ millions)

	Non-Guaranteed			Guaranteed			Grand Total
	DOD	Arrears	Total	DOD	Arrears	Total	
External Debt (Inc. RBZ) (a+b+c)	1,845	5,168	7,013	2,128	1,382	3,510	10,523
1. External Debt (Excl. RBZ) (a+b)	1,845	5,168	7,013	28	1,382	1,410	8,423
a. Bilateral Creditors	1,577	3,313	4,890	28	828	856	5,746
Paris Club	128	2,820	2,948	24	810	834	3,782
Non-Paris Club	1,228	415	1,643	3	18	22	1,665
RBZ Assumed Debt	222	77	299	-	-	-	299
b. Multilateral Creditors	268	1,855	2,123	-	554	554	2,677
World Bank	182	1,052	1,234	-	291	291	1,525
African Development Bank	30	608	638	-	91	91	729
European Investment Bank	16	167	183	-	173	173	356
Others	39	29	68	-	-	-	68
c. RBZ Guaranteed External Debt*	-	-	-	2,100	0	2,100	2,100

* The figures exclude other RBZ running facilities which are not guaranteed by Government amounting to US\$379 million and blocked funds estimated at US\$2.9 billion of which the due diligence, validation and reconciliation process is still underway before debt assumption
Source: Zimbabwe Public Debt Management Office

12. Public and Publicly Guaranteed external debt owed to the multilateral creditors, as at end December 2020, amounted to US\$2.68 billion, of which US\$1.53 billion is owed to the World Bank Group, US\$729 million to the African Development Bank, US\$356 million to the European Investment Bank, and US\$68 million to other multilateral creditors.
13. On the other hand, bilateral PPG external debt amounted to US\$5.75 billion, with US\$3.79 billion owed to Paris Club bilateral creditors mainly comprising Germany (US\$1.02 billion), France (US\$724 million), Japan (US\$435 million), UK (US\$416 million) and USA (US\$285 million). The Non-Paris Club creditors are owed US\$1.67 billion, which comprise mainly China (US\$1.57 billion) and India (US\$70 million).

RBZ Guaranteed External Debt

14. Reserve Bank of Zimbabwe external debt stood at US\$2.1 billion as at end December 2020. This mainly consists of guaranteed facilities for the importation of strategic commodities and raw materials which were done on behalf of Government. This external debt stock excludes non-guaranteed facilities and blocked funds. Since Treasury assumed the RBZ debt in 2015, Government is closely monitoring RBZ debt to ascertain the fiscal risks emanating from contingent liabilities in the form of called up guarantees.

Legacy Debts

15. The RBZ accrued legacy debts during the USD and ZWL exchange rate parity era, estimated at US\$2.9 billion. These are pending validation and reconciliation by the ZPDMO. Following the policy announcement in the 2021 Monetary Policy Statement on the resolution of blocked funds and foreign exchange legacy debts, Treasury is working on the debt assumption procedures guided by the provisions of the Public Debt Management Act (Chapter 22:21). The procedures include validation and reconciliation process, Cabinet and Parliament approval for the Debt Assumption Bill.

16. The legacy debts resolution framework will be designed to ensure that it is not inflationary and the settlement plan will use long - term instruments taking into account fiscal capacity and debt sustainability. Applications for qualification under the Legacy Debts Framework were closed in August 2020.

External Debt Service

17. In 2020, due to the Covid-19 pandemic, Government faced challenges in making external debt service payments and hence, no token payments were made to the three IFIs namely; the World Bank Group (WB), African Development Bank (AfDB) and European Investment Bank (EIB).
18. Total debt service payments for 2020 amounted to US\$20.39 million as shown in Table 4 below. The payments were made to creditors with active portfolios. Debt service payments were made to the International Fund for Agricultural Development (IFAD) (US\$2.2 million), OPEC Fund for International Development (OFID) (US\$0.92 million), Arab Bank for Economic Development in Africa (BADEA) (US\$0.17 million) and China Exim Bank (US\$17.1 million).

Table 4: Quarterly External Debt Service in 2020 (US\$ millions)

		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
Token Payments to IFIs	World Bank	-	-	-	-	-
	EIB	-	-	-	-	-
	AfDB	-	-	-	-	-
Other Multilaterals	IFAD	2.20	-	-	-	2.20
	OFID	0.01	0.12	-	0.79	0.92
	BADEA	0.09	-	0.09	-	0.17
Bilateral Non-Paris Club	China	10.32	-	3.09	3.70	17.1
Total		12.61	0.12	3.17	4.49	20.39

Source: Zimbabwe Public Debt Management Office

External Loan Disbursements

19. External loans disbursements during 2020 amounted to US\$189.5 million. These were from OFID and China Exim Bank as shown in Table 5. The disbursements for 2020 represent a 216 per cent increase from the US\$59.96 million recorded in 2019. This increase is mainly attributed to the

ongoing projects particularly the Hwange 7 and 8 Thermal Power Station Expansion and the rehabilitation of the Robert Gabriel Mugabe International Airport projects funded by the China Exim Bank.

Table 5: 2020 Actual Disbursements (US\$ millions)

Loan Facility	Lender	Loan Amount (US\$ millions)	2020 Disbursement (US\$ millions)
Hwange 7 & 8 Thermal Power Station Expansion Project	China Exim Bank	997.7	129.6
Robert G. Mugabe International Airport	China Exim Bank	153	27.7
TelOne Backbone Network	China Exim Bank	98.6	5.51
Net-One Network Expansion Phase III	China Exim Bank	71	21.3
Poverty Alleviation Project	OFID	7.8	1.73
First Education Project	OFID	20	3.35
Smallholder Irrigation Revitalisation Project	OFID	15	0.38
Total			189.5

Source: Zimbabwe Public Debt Management Office

External Loans Concluded and Signed by Government

20. In 2020, Government signed two external concessional loan agreements amounting to US\$320 million, for the refurbishment of Hwange 1 - 6 Thermal Power Station and for the procurement of Personal Protective Equipment (PPE) and laboratory equipment towards COVID-19 pandemic. The loans signed by Government in 2020 are shown in Table 6.

Table 6: Loans Signed by Government January to December 2020

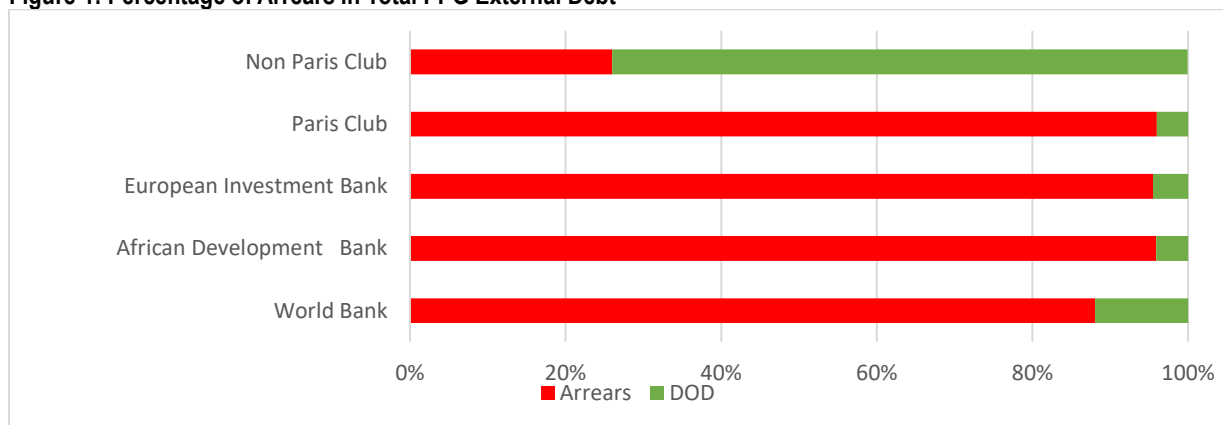
Loan Facility	Lender	Date Signed	Loan Amount (US\$ millions)	Maturity	Grace Period	Interest Rate (%)	Grant Element (%)
Repowering of Hwange 1-6 Thermal Power Station	India Exim Bank	24.02.2020	310	25	5	1.75	32.95
Urgent Response Operation to Fight COVID-19	BADEA	28.08.2020	10	20	5	2	27.21
Total			320				

Source: Zimbabwe Public Debt Management Office

External Debt Arrears Clearance

21. External debt arrears remain a major challenge to Zimbabwe's economy, making up over US\$6.6 billion (62 per cent) of total external debt. Almost all external debt owed to MDBs is now in arrears: World Bank Group, US\$1.3 billion (88 per cent), African Development Bank, US\$699 million (95 per cent) and European Investment Bank, US\$339 million (95 per cent). As shown in Figure 1, only a small proportion of the debt owed to most creditors is yet to mature reflected as Debt Outstanding and Disbursed (DOD).

Figure 1: Percentage of Arrears in Total PPG External Debt



Source: Zimbabwe Public Debt Management Office

22. The re-engagement, arrears clearance and debt relief strategy will assist in regaining of access to concessional financing from both multilateral and bilateral Development Partners. The clearance of external debt arrears and debt relief will unlock new lines of credit for the economy, which is critical to the achievement of the NDS1 objectives and the Vision 2030 goals.

23. The arrears clearance and debt relief strategy is guided by the NDS1 and entails the following:

- Image building, international engagement and re-engagement;
- Strengthening Public Debt Management;
- Strengthening Development Assistance coordination;
- Building a track record of implementing comprehensive, sound macroeconomic policies and reforms as articulated in the NDS1;

- Continuing to cooperate and normalise relations with the IFIs;
- Hosting the International Debt Resolution Forum;
- Arrears Clearance to IFIs;
- Bilateral creditors debt relief and arrears clearance; and
- Negotiations for rescheduling of outstanding and disbursed debt falling due in future.

24. In addition, to ensure transparency, comprehensive reports on performance of the public finances, including public debt reports detailing the stock of public debt and its main features will be published regularly in line with the Constitution and the Public Debt Management Act (Chapter 22:21).

Key Debt Sustainability Indicators

25. Zimbabwe is in debt distress mainly due to the continued accumulation of external debt arrears. The 2017 Debt Sustainability Analysis (DSA) for Zimbabwe indicates a breach of the key debt indicators, including the ratio of total PPG Debt to Gross Domestic Product (GDP), which is currently at 72.6 per cent, against the limit of 70 per cent provided for in the Public Debt Management Act (Chapter 22:21). Table 7 shows Zimbabwe's key debt sustainability indicators as at end December 2020.

Table 7: Key Debt Indicators End December 2020

Indicator	2019	2020
Total PPG External and Domestic Debt Stock/GDP (%)	88	72.6
Total PPG External Debt Stock/GDP (%)	47 ¹	71.2
Total PPG Domestic Debt Stock/GDP (%)	41	1.4
Multilateral Debt/Total PPG External Debt Stock (%)	27	25
International Reserves/Total PPG External Debt Stock (%)	0.9	1.6
Nominal GDP at market prices (Million ZWL\$)	182,866.82	1,207,835.30
Exports (Million ZWL\$):	58,568.34	430,467.02
International Reserves (Million US\$)	291.7	168
International Reserves (Months of Import Cover)	0.7	0.4
End Period Exchange Rate (Interbank, RBZ)	11.1	81.79

Source: Zimbabwe Public Debt Management Office, Reserve Bank of Zimbabwe, Department of Fiscal and Advisory Services

¹ The ratio excluded RBZ External Debt Guaranteed by Government

CHAPTER 4: PUBLIC AND PUBLICLY GUARANTEED DOMESTIC DEBT

Domestic Debt Overview-Stocks and Flows

26. The domestic financial and capital markets remain the major source of budget financing for Treasury, as access to traditional external financing sources remains constrained due to the continued accumulation of external debt arrears. Domestic debt as at end December 2020 amounted to ZWL\$16.7 billion (1.4 per cent of GDP), an increase of ZWL\$7.7 billion from December 2019. Table 8 shows domestic debt as at end 2019 and 2020.

Table 8: Domestic Debt End of Period 2019 and 2020 (ZWL\$ million)

Category	2019	2020
Treasury Bills	1,211	3,126
Treasury Bonds	7,672	11,085
Domestic Arrears	-*	2,490
Total Domestic Debt	8,884	16,702

Source: Zimbabwe Public Debt Management Office

*Arrears to domestic suppliers were not reported in 2019 as there was an ongoing consolidation exercise of these arrears. The 2020 figures are preliminary

27. Significant improvements in domestic debt management have been achieved through the continued implementation of the following measures:

- Continuation of the Treasury Bill auction system;
- Zero recourse to Central Bank overdraft window;
- Non issuance of Treasury bills to ZAMCO; and
- No quasi- fiscal operations at the RBZ, hence no monetisation of the budget deficit.

2020 Budget Financing

28. While Treasury continues to rely on the domestic financial and capital markets to meet the financing requirements of the budget, Treasury managed to contain issuance of domestic debt throughout 2020.
29. Treasury raised a total of ZW\$7.85 billion through the issuance of Treasury Bills. These Treasury Bills were issued through the auction system and private placements. Restructuring of existing debt instruments was also used as a refinancing tool during 2020. Due to the Covid-19 induced lockdown, Treasury resorted to private placements and raised funding amounting to ZWL\$3.95 billion, while ZWL\$485 million was raised through the auction system. ZWL\$3.4 billion worth of Treasury securities were restructured. Table 9 shows the categories of issuances in 2020 and the respective average interest rates.

Table 9: Categories of Issuances in 2020

Issuance Type	Amount Issued in ZWL\$ Millions	Average Interest Rate (%)
Private Placement	3,950	16.9
Auction	485	15.9
Restructuring	3,415	7.6
Total	7,850	13.5

Source: Zimbabwe Public Debt Management Office

30. Of the ZW\$7.85 billion raised through Treasury Bills issuances, ZW\$4.03 billion was for health related COVID-19 pandemic expenditures, while ZW\$3.4 billion was for restructuring existing debt, which was converted into Treasury Bills.
31. Furthermore, ZW\$327 million was issued to mobilise resources for grain importation and ZW\$8.95 million was for cashflow management, including maturing Treasury Bills. This resulted in the stock of domestic debt increasing to ZW\$16.7 billion as at 31 December 2020.

32. Since 2019, Treasury has been mobilising domestic resources through the transparent Treasury bill auction system. However, due to the COVID-19 pandemic, Treasury was forced to mobilise the emergency funding requirements related to the COVID-19 pandemic through the private placement of Treasury Bills. Table 10 shows Auction results in 2020.

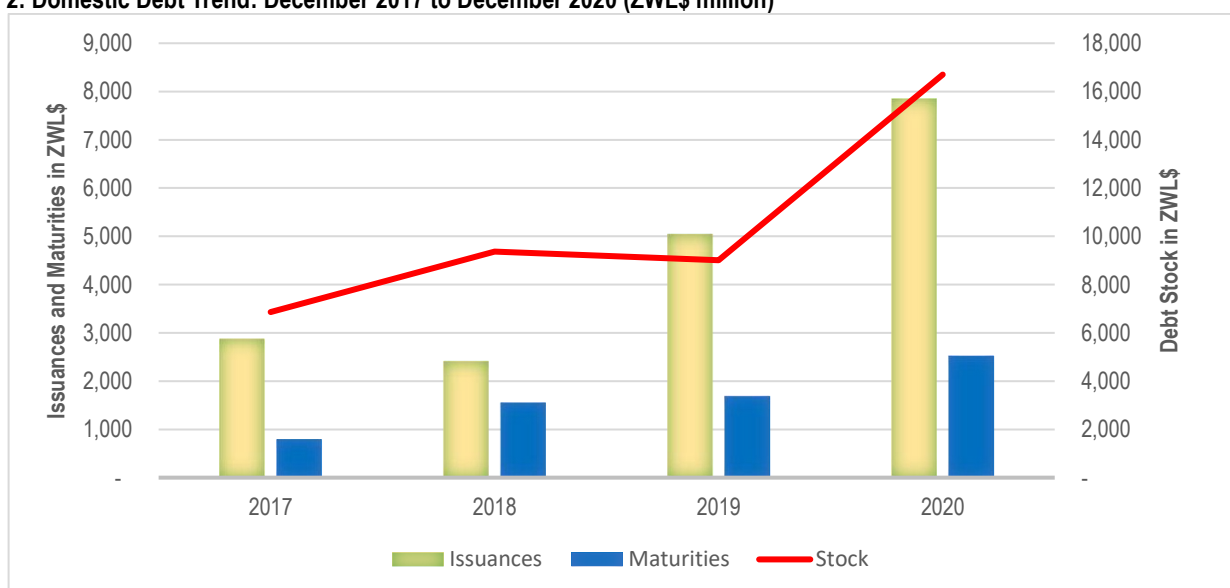
Table 10: Auction Results in 2020

Date	Tenor (Days)	Amount on offer (ZWL\$ million)	Total bids (ZWL\$ million)	Amount allotted (ZWL\$ million)	Average rate (%)
18 Feb 2020	272	200	270	200	14.0
12 March 2020	180	200	130	95	13.9
7 May 2020	365	250	140	120	16.8
3 July 2020	270	500	120	70	19.1
Total		1,150	660	485	

Source: Zimbabwe Public Debt Management Office

33. Domestic financing remains short-term, as Treasury continues to access funding mainly from the financial and capital markets. Figure 2 shows the domestic debt trend from 2017 to 2020.

Figure 2: Domestic Debt Trend: December 2017 to December 2020 (ZWL\$ million)



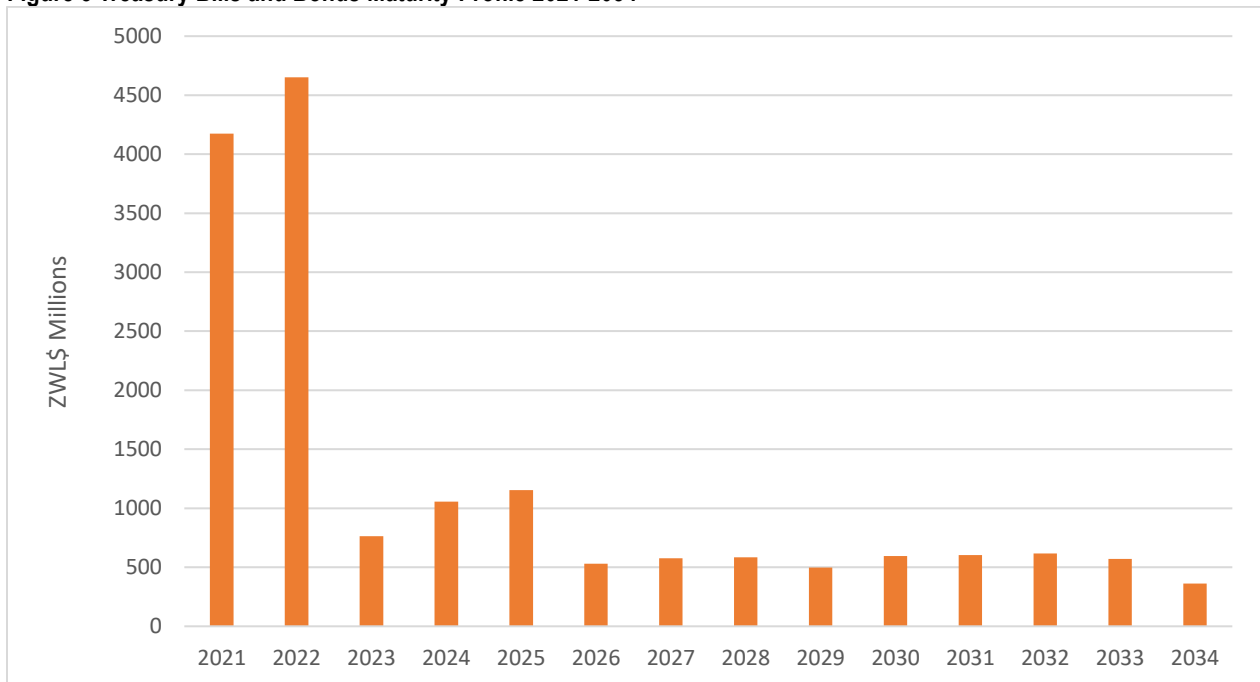
Source: Zimbabwe Public Debt Management Office

34. The spike in the nominal domestic debt stock from 2019 to 2020, is mainly attributed to the inflationary pressures which resulted in the increase of the nominal budgeting financing gap, which was subsequently funded by resources raised from the domestic financial and capital markets. However, in US\$ terms, the total domestic debt stood at US\$204 million (ZWL\$16.70 billion) as at end 2020.

Domestic Debt Maturity Profile

35. The domestic debt maturity profile shows that about ZWL\$4.1 billion (25 per cent of total domestic debt) and ZWL\$4.6 billion (28 per cent of total domestic debt), will mature in 2021 and 2022 respectively, before receding to ZWL\$700 million in 2023. The concentration of the maturities in 2021 and 2022, is attributable to the preferences of investors for short-to medium-term instruments in government securities, as they desire to hedge against inflation, which in turn translates into Treasury’s refinancing risk. Figure 2 shows the maturity profile from 2021 to 2034 for the existing stock of domestic debt amounting to ZWL\$16.7 billion as at end December 2020.

Figure 3 Treasury Bills and Bonds Maturity Profile 2021-2034



Source: Zimbabwe Public Debt Management Office

CHAPTER 5: CONTINGENT LIABILITIES

36. Contingent liabilities are a fiscal risk to Treasury arising from Treasury issuing guarantees, on-lending and issuing borrowing authority to State Owned Enterprises (SOEs) and private sector entities. It is therefore critical for Treasury to evaluate, monitor and manage its exposure to contingent liabilities, as they pose significant fiscal risks to the budget.
37. In this regard, significant progress has been made by developing a Framework for Evaluating, Monitoring and Managing Guaranteed and On-lent Loans. The Framework guides the assessment of risks in issuing guarantees, on-lending and issuing borrowing power certificates in order to effectively mitigate the associated risks. ZPDMO is creating a comprehensive registry of contingent liabilities in order to timely monitor and disclose risks emanating from these as per the requirements of the Public Debt Management Act (Chapter 22:21) and Regulations.

Guarantees Issued by Government to Domestic Borrowers

38. Government issued guarantees to support State Owned Enterprises and the private sector players in line with the Public Debt Management Act (Chapter 22:21). All guarantees issued in 2020 were to domestic borrowers as shown in Table 11.

Table 11: Domestic Guarantees Issued by Government in 2020 (ZWL\$ millions)

Borrower	Purpose	Date Issued	Amount	Expiry Date
Agribank and FBC Bank	Issuance of Agrobills to finance 2019/2020 Agricultural season	14.04.2020	100	31.12.2020
Agribank and FBC Bank	Issuance of Agrobills to finance 2020/2021 Tobacco season	01.07.2020	200	31.12.2021
Silo Food Industries	Finance of short-term trading capital requirements of the issuer	09.10.2020	350	31.10.2021
IDBZ	To finance site servicing of Sumben Housing Project	30.10.2020	300	26.2.2021
CBZ	Financing of 2020 winter wheat cropping season	26.8.2020	1,500	12.3.2021
CBZ	Financing of 2020 winter maize cropping season	26.8.2020	233	26.2.2021
CBZ	Financing of the 2020/2021 maize and soya beans cropping season	21.12.2020	16,536	12.3.2021
Total			19,219	

Source: Zimbabwe Public Debt Management Office

39. Government in May 2020 unveiled the ZWL\$18 billion Covid-19 pandemic Recovery and Stimulus Package aimed at reviving the economy and providing relief to industries and small businesses impacted by the economic slowdown induced by the Covid-19 pandemic lockdown.
40. In this regard, in 2020, Treasury issued guarantees amounting to US\$15.18 million (equivalent of ZWL\$ 1.292 billion) under the Covid-19 pandemic Recovery and Stimulus Package as shown in Table 12. In line with risk sharing under the Framework for Evaluating, Monitoring and Managing Guaranteed and On-lent Loans, Treasury's guarantees are covering up to 50 per cent of the borrowings.

Table 12: Guarantees Issued in 2020 Under the Covid-19 Recovery and Stimulus Package (US\$ millions)

Borrower	Purpose	Date Issued	Amount	Expiry Date
Steel Makers (Pvt) Ltd	Working capital requirements	21.12.2020	11.18	21.12.2026
Sub-Sahara Tobacco	Financing of Export and Contract Order	21.12.2020	4	21.12.2021
Total			15.18	

Source: Zimbabwe Public Debt Management Office

Borrowing Power Certificates Issued by Government

41. All State-Owned Enterprises intending to borrow from the domestic and external sources are required by the Public Debt Management Act (Chapter 22:21) to seek authority and approval from the Minister of Finance and Economic Development. In 2020, Government approved domestic borrowing by the Zimbabwe Power Company from the domestic market as shown in Table 13.

Table 13: Borrowing Power Certificates Issued in 2020

Borrower	Purpose	Date Issued	Amount (ZWL\$ millions)
Zimbabwe Power Company (ZPC)	Working capital requirements	01.07.2020	50

Source: Zimbabwe Public Debt Management Office

CHAPTER 6: GOVERNANCE OF PUBLIC DEBT IN ZIMBABWE

42. Governance of public debt relates to the manner in which public debt is managed, including all the approval processes which are required in public debt management, as guided by the Constitution and the Public Debt Management Act (Chapter 22:21) and Regulations.

Reporting to Parliament

43. The Public Debt Management Act (Chapter 22:21) provides for the reporting to Parliament on all public borrowings. Section 36 of the Act requires the Minister of Finance and Economic Development to “at least twice a year furnish Parliament with a report on Government debt management activities, guarantees and lending.” To this end, the following reports were submitted to Parliament in 2020, in line with the provisions of the Public Debt Management Act (Chapter 22:21):

- **Report on Public Debt to Parliament-2019 Financial year;**
- **Schedule of Public Debt Charges and Repayments for the year ending 2021; and**
- **Statement of Public Debt to Parliament for 2020.**

Ratification of Loans

44. All loans contracted by Government have to be ratified by Parliament in line with Section 34 of the Constitution, which provides that “the State must ensure that all international conventions, treaties and agreements to which Zimbabwe is a party are incorporated into domestic law.”

Gazetting of Loans and Guarantees

45. Section 300 (3) of the Constitution and Section 18 (2) of the PDM Act (Chapter 22:21) requires the Minister of Finance and Economic Development to gazette the terms and condition of any Loan Agreement or a guarantee within sixty days after the agreement has been concluded.
46. The law requires that Government be transparent when contracting debt. This is a key prerequisite in responsible borrowing and lending and it plays a major role in effective policy decision making, prudent debt and risk management.

47. To ensure transparency, upon the conclusion of a loan agreement or a guarantee, Treasury approaches the Attorney General (AG) with the executed loan agreement or a guarantee. The AG examines the agreement/guarantee and prepares a draft of the General Notice, which indicates the terms and conditions of the loan agreement/guarantee, for publication in the Government Gazette.
48. Treasury then publishes the terms and conditions of the executed loan agreement/guarantee in the Government Gazette, in line with the draft from the AG. In 2020, the following facilities shown in Table 14 were gazetted.

Table 14: External Facilities Gazetted in 2020

	Facility	Creditor	Date Signed	Amount (USD Millions)	Date Gazetted
1	Net-One Mobile Network Expansion (Phase 1)	China Exim Bank	Aug-10	45	18-Dec-20
2	Medical Equipment Supplies	China Exim Bank	21 March 2011	89.9	18-Dec-20
3	National Defence College Project	China Exim Bank	21 March 2011	98	18-Dec-20
4	Upgrading of the Victoria Falls International Airport	China Exim Bank	5-Apr-12	150	18-Dec-20
5	Upgradation of Deka Pumping Station	India Exim Bank	21-Jun-12	28.6	18-Dec-20
6	Kariba South Hydro Power Station Extension	China Exim Bank	11-Nov-13	319.5	18-Dec-20
7	Brazil More Food International	Government of Brazil	29-Aug-13	98.7	18-Dec-20
8	Net-One Mobile Network Expansion (Phase 11)	China Exim Bank	25-Aug-14	218	18-Dec-20
9	SMEDCO Facility	BADEA	22-Oct-14	3	18-Dec-20
10	Ministry of Tourism and Hospitality Industry	India Exim Bank	4-Dec-14	49.92	18-Dec-20
11	First Education Project	OFID	9-Oct-15	20	18-Dec-20
12	Upgradation of Bulawayo Thermal Power Station	India Exim Bank	27-Oct-15	87	18-Dec-20
13	Tel-One Broadband and Network Expansion	China Exim Bank	1-Dec-15	98.6	18-Dec-20
	TOTAL			1,306.22	

Source: Zimbabwe Public Debt Management Office

Audit of Public Debt

49. Section 37 of the Public Debt Management Act provides for the annual audit of public debt by the Auditor General to ensure value for money. This is also in line with the Public Finance Management Act and the Audit Office Act (Chapter 22:18) (No. 12 of 2009). The ZPDMO was last audited by the Auditor General's Office for the 2018 financial year and its findings were included in the 2018 Auditor's General's Report which was presented to Parliament in 2019. The 2019 Public Debt Audit

which has been delayed by the Covid-19 pandemic, is currently in progress and the findings will be included in the 2019 Auditor General's Report.

- 50.** The Public Debt Management Office is also subjected to annual internal audits to improve on debt management processes and procedures.

ANNEXES

Annex 1: Public and Publicly Guaranteed Total Debt End December 2020 (US\$ millions)

	Non-Guaranteed			Guaranteed			Grand Total
	DOD	Arrears	Total	DOD	Arrears	Total	
Total PPG Debt (1+2)	2,049	5,168	7,217	2,128	1,382	3,510	10,728
1. External Debt (Inc. RBZ) (a+b+c)	1,845	5,168	7,013	2,128	1,382	3,510	10,523
External Debt (Excl. RBZ) (a+b)	1,845	5,168	7,013	28	1,382	1,410	8,423
a. Bilateral Creditors	1,577	3,313	4,890	28	828	856	5,746
Paris Club	128	2,820	2,948	24	810	834	3,782
Non-Paris Club	1,228	415	1,643	3	18	22	1,665
RBZ Assumed External Debt	222	77	299	0	0	-	299
b. Multilateral Creditors	268	1,855	2,123	0	554	554	2,677
World Bank	182	1052	1,234	-	291	291	1,525
African Development Bank	30	608	638	-	91	91	729
European Investment Bank	16	167	183	-	173	173	356
Others	39	29	68	-	-	-	68
c. RBZ Guaranteed External Debt	-	-	-	2,100		2,100	2,100
2. Domestic Debt	204	-	204	-	-	-	204
Treasury Bills and Bonds	174	-	174	-	-	-	174
Domestic Arrears	30	-	30	-	-	-	30

Annex 2: Public and Publicly Guaranteed Total Debt End December 2020 (ZWL\$ millions)

	Non-Guaranteed			Guaranteed			Grand Total
	DOD	Arrears	Total	DOD	Arrears	Total	
Total PPG Debt (Inc. RBZ External) (1+2)	167,604	422,681	590,285	174,031	113,058	287,089	877,374
1. External Debt (Inc. RBZ) (a+b+c)	150,902	422,681	573,583	174,031	113,058	287,089	860,672
External Debt (Excl. RBZ) (a+b)	150,902	422,681	573,583	2,279	113,058	115,337	688,920
a. Bilateral Creditors	129,001	270,947	399,948	2,279	67,731	70,010	469,957
Paris Club	10,433	230,676	241,108	1,993	66,230	68,224	309,332
Non-Paris Club	100,435	33,936	134,371	285	1,501	1,786	136,157
RBZ Assumed External Debt	18,133	6,335	24,469	-	-	-	24,469
b. Multilateral Creditors	21,901	151,734	173,636	-	45,327	45,327	218,963
World Bank	14,915	86,000	100,914	-	23,791	23,791	124,706
African Development Bank	2,493	49,724	52,217	-	7,409	7,409	59,626
European Investment Bank	1,340	13,630	14,970	-	14,128	14,128	29,097
Others	3,154	2,381	5,534	-	-	-	5,534
c. RBZ Guaranteed External Debt	-	-	0	171,752	0	171,752	171,752
2. Domestic Debt	16,702	-	16,702	-	-	-	16,702
Treasury Bills and Bonds	14,212	-	14,212	-	-	-	14,212
Domestic Arrears	2,490	-	2,490	-	-	-	2,490

Notes:

End period exchange rate of ZWL\$81.79 against 1 US\$ to convert external debt into local currency

Annex 3: External Debt Stock – Including RBZ External Debt (US\$ millions End December 2020)

	Non-Guaranteed			Guaranteed			Grand Total
	DOD	Arrears	Total	DOD	Arrears	Total	
External Debt (Inc. RBZ) (a+b+c)	1,845	5,168	7,013	2,128	1,382	3,510	10,523
External Debt (Excl. RBZ) (a+b)	1,845	5,168	7,013	28	1,382	1,410	8,423
a. Bilateral Creditors	1,577	3,313	4,890	28	828	856	5,746
Paris Club	128	2,820	2,948	24	810	834	3,782
Non-Paris Club	1,228	415	1,643	3	18	22	1,665
RBZ Assumed External Debt	222	77	299	0	0	-	299
b. Multilateral Creditors	268	1,855	2,123	0	554	554	2,677
World Bank	182	1052	1,234	0	291	291	1,525
African Development Bank	30	608	638	0	91	91	729
European Investment Bank	16	167	183	0	173	173	356
Others	39	29	68	0	0	0	68
c. RBZ Guaranteed External Debt²	-	-	-	2,100	-	2,100	2,100

² RBZ External Debt excludes non-guaranteed facilities and blocked funds

Annex 4: Public and Publicly Guaranteed External Debt End December 2020, Including RBZ External Guaranteed Debt (US\$ millions)

	Central Government					Other Public Sector, including SOEs and RBZ					Public Sector				
	DOD	PRA	IRA	Penalties	Total	DOD	PRA	IRA	Penalties	Total	DOD	PRA	IRA	Penalties	Total
External Debt with RBZ External Debt	1,623	2,619	1,362	1,409	7,013	2,128	591	391	400	3,510	3,751	3,210	1,753	1,809	10,523
External Debt excl. RBZ External Debt	1,623	2,619	1,362	1,409	7,013	28	591	391	400	1,410	1,651	3,210	1,752	1,810	8,423
Bilateral Creditors	1,356	1,457	439	1,339	4,591	28	361	150	317	856	1,383	1,817	589	1,657	5,747
Paris Club	127	1,134	361	1,324	2,949	25	343	148	317	832	152	1,476	509	1,641	3,782
Austria	0	15	4	39	59	0	0	0	0	0	0	15	4	39	59
Belgium	0	25	2	106	134	0	0	0	0	0	0	25	2	106	134
Brazil	28	7	1	0	36	0	0	0	0	0	28	7	1	0	36
Finland	0	53	6	0	59	0	27	2	24	53	0	80	8	24	112
France	10	189	37	402	638	0	18	4	64	86	10	206	41	466	724
Germany	45	292	139	274	750	6	115	95	58	274	51	407	234	332	1,024
Italy	6	93	11	40	149	0	7	0	11	18	6	100	11	50	168
Japan	0	87	26	91	204	19	99	39	74	231	19	186	65	165	435
Netherlands	12	52	16	7	88	0	14	1	12	27	12	66	17	19	115
Norway	0	20	0	28	48	0	4	0	10	14	0	24	0	38	62
Spain	4	31	6	29	70	0	0	0	0	0	4	31	6	29	70
Sweden	0	22	0	13	36	0	30	2	21	52	0	52	2	35	88
Switzerland	0	21	3	30	54	0	0	0	0	0	0	21	3	30	54
United Kingdom	0	116	30	193	339	0	29	5	43	77	0	145	35	236	416
United States	22	111	80	72	285	0	0	0	0	0	22	111	80	72	285
Non Paris Club	1,228	324	78	13	1,643	3	18	1	0	22	1,232	342	79	13	1,665
China	1162	312	76	2	1551	0	17	1	0	18	1162	329	76	2	1569
India	66	4	0	0	70	0	0	0	0	0	66	4	0	0	70
Kuwait	0	0	0	0	0	3	1	0	0	4	3	1	0	0	4
South Africa	0	8	2	11	21	0	0	0	0	0	0	8	2	11	21
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	Central Government					Other Public Sector, including SOEs and RBZ					Public Sector				
	DOD	PRA	IRA	Penalties	Total	DOD	PRA	IRA	Penalties	Total	DOD	PRA	IRA	Penalties	Total
Multilateral Creditors	268	940	845	70	2,123	0	231	241	83	554	268	1,171	1,086	153	2,677
World Bank	182	583	469	0	1,234	0	116	175	0	291	182	699	643	0	1,525
IBRD	0	287	402	0	689	0	116	175	0	291	0	403	577	0	980
IDA	182	296	67	0	545	0	0	0	0	0	182	296	67	0	545
African Development Bank	30	256	352	0	638	0	37	54	0	91	30	293	405	0	729
ADB	0	235	345	0	580	0	37	54	0	91	0	272	399	0	671
ADF	30	21	6	0	58	0	0	0	0	0	30	21	6	0	58
European Investment Bank	16	81	15	70	183	0	77	12	83	173	16	159	28	153	356
Others	39	20	9	0	68	0	0	0	0	0	39	20	9	0	68
BADEA	1	10	9	0	20	0	0	0	0	0	1	10	9	0	20
NDF	10	10	0	0	20	0	0	0	0	0	10	10	0	0	20
OPEC	13	0	0	0	13	0	0	0	0	0	13	0	0	0	13
IFAD	14	0	0	0	15	0	0	0	0	0	14	0	0	0	15
RBZ Assumed External Debt	0	222	77	0	299	0	0	0	0	0	0	222	77	0	299
RBZ External Debt	0	0	0	0	0	2,100	0	0	0	2,100	2,100	0	0	0	2,100

Annex 5: Total PPG External Debt Stock (US\$ millions, 1980 – 2020)

<i>Year</i>	<i>Amount in US\$ Millions</i>
1980	658
1981	731
1982	959
1983	1,220
1984	1,122
1985	1,627
1986	2,252
1987	2,359
1988	2,110
1989	1,867
1990	1,988
1991	2,136
1992	2,432
1993	2,878
1994	3,385
1995	3,549
1996	3,548
1997	3,458
1998	3,452
1999	3,259
2000	3,103
2001	3,059
2002	3,270
2003	3,469
2004	4,073
2005	4,068
2006	4,167
2007	4,591
2008	4,620
2009	4,815
2010	4,844
2011	5,013
2012	6,692
2013	7,014
2014	6,704
2015	7,030
2016	7,187
2017	7,508
2018	7,939
2019	8,094 ³
2020	10,523

³ The 2019 total external debt stock did not include RBZ external debt

Annex 6: Public Domestic Debt Stock – Including ZAMCO (ZWL\$ millions, 1980 – 2020)

Year	Amount (ZWL\$) in millions
1980	1,126
1981	1,425
1982	1,582
1983	1,637
1984	1,864
1985	2,306
1986	2,810
1987	3,227
1988	3,868
1989	4,824
1990	6,700
1991	7,849
1992	7,993
1993	9,071
1994	12,875
1995	24,671
1996	32,789
1997	35,301
1998	44,228
1999	77,546
2000	316,441
2001	357,340
2002	676,832
2003	1,162,411
2004	5,586,309
2005	N/A ⁴
2006	
2007	
2008	
2009	
2010	0
2011	0
2012	276
2013	344
2014	1,380
2015	1,968
2016	3,448
2017	6,201
2018	8,398
2019	8,884
2020	16,702 ⁵

⁴ N/A – the numbers are too large due to hyperinflation.

⁵ Excludes compensation to former farm owners

GLOSSARY

Arrears: The total of scheduled debt service payments that have fallen due but remain unpaid.

Assumed Debt: Reserve Bank of Zimbabwe legacy debt taken over by the Government of Zimbabwe through an Act of Parliament.

Bilateral Creditor: In DMFAS, it refers to official bilateral creditors which include governments and their agencies (including Central Bank), autonomous public bodies or official export credit agencies.

Bilateral Debt: Loans extended by a sovereign bilateral creditor.

Borrower (debtor): The organization or the entity defined as such in the loan contract which usually is responsible for servicing the debt.

Commercial Credit: In the context of the Paris Club, loans originally extended on terms that do not qualify as official development assistance (ODA) credits.

Commitment: An obligation to pay for a given amount under specified financial terms and conditions.

Concessional Loans: Loans that are extended on terms substantially more generous than market loans.

Concessional Level: See grant element.

Contingent liability: Obligations that do not arise unless a particular, discrete event(s) occurs in the future. Contingent liabilities can be explicit or implicit. Explicit contingent liabilities are obligations based on contracts, laws, or clear policy commitments. Implicit contingent liabilities, on the other hand, are moral obligations and sometime arise from expectations that government would intervene in the event of a crisis or a disaster.

Creditor: The organization or entity that provides money or resources and to whom payment is owed under the terms of a loan agreement.

Creditor Country: The country in which the creditor resides.

Currency of Repayment: The unit of account in which a loan is to be repaid.

Currency of Reporting: The unit of account in which amounts are reported to the compiling agency and/or to an international agency compiling debt statistics.

Debt Cancellation: The amount of debt forgiven by a creditor.

Debt Distress: An unsustainable debt position, where a country is accumulating arrears.

Debt Overhang: Is a debt burden that is so large that a country cannot unlock new financing to finance future projects.

Debt Relief: Any form of debt reorganization that relieves the overall burden of debt.

Debt Rescheduling: Debt rescheduling refers to the formal deferment of debt service payments and the application of new and extended maturities to the deferred amount.

Debt Service: Refers to payments in respect of both principal and interest.

Debt-Service to Export Ratio: The ratio of debt service (interest and principal payments due) during a year, expressed as percentage of exports (typically of goods and services) for that year.

Debt Sustainability Analysis: A study of a country's medium- to long term debt situation.

Disbursed Loans: The amount that has been disbursed from a loan but has not yet been repaid or forgiven.

Disbursed and Outstanding Debt (DOD): The amount that has been disbursed from a loan commitment but has not yet been repaid or forgiven.

Domestic Debt: Gross domestic debt, at any given time, is the outstanding contractual, and not contingent, liabilities that residents of a country owe to other residents of the country that require payment(s) of interest and/or principal by the debtor at some point(s) in the future.

External Debt: Gross external debt, at any given time, is the outstanding amount of those actual current, and not contingent, liabilities that require payment(s) of interest and/or principal by the debtor at some point(s) in the future and that are owed to non-residents by residents of an economy.

Government Bonds: Negotiable securities issued by the government. They are long term obligations issued with maturity of more than 1 year.

Grace Period: The period between the commitment date of the loan and the date of the first principal repayment.

Grant Element: The measure of concessionality of a loan, calculated as the difference between the face value of the loan and the sum of the discounted future debt service payments to be made by the borrower expressed as percentage of the face value of the loan.

Guarantee of a loan: An undertaking by the government to pay part or all of the amount due on a debt instrument extended by a lender in the event of non-payment by the borrower.

Line of Credit: An agreement that creates a facility under which one unit can borrow credit from another up to a specified ceiling usually over a specified period of time.

Loan: An agreement in which a lender undertakes to make specified resources available to a borrower. The amount of funds disbursed is to be repaid (with or without interest and late fees) in accordance with the terms of a promissory note or repayment schedule.

Loan Agreement: The legal evidence and terms of a loan.

Loan Currency: The unit of account in which a loan was borrowed

Maturity Date: The date on which a debt obligation is extinguished.

Medium-Term Debt Management Strategy (MTDS): is a plan that the Government intends to implement over the medium term in order to achieve a desired composition of the Government debt portfolio, which captures the Government's preferences with regard to the cost-risk trade off.

Multi-Currency: Adoption of a basket of currencies as legal tender.

Multilateral Creditors: Multilateral institutions such as the IMF and the World Bank, African Development Bank, European Investment Bank as well as other multilateral development banks.

Non – Paris Club Creditors: Creditors not in the Paris Club (See Paris Club).

Official Development Assistance (ODA): Flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25 percent (using a fixed 10 percent rate of discount).

Paris Club: An informal group of creditor governments that has met regularly in Paris since 1956 to reschedule bilateral debts; the French treasury provides the secretariat.

Penalty Interest Charges: This is the additional interest that may be levied on obligations overdue beyond a specified time.

Primary Surplus/Deficit: The difference between Revenues and Expenditures (less interest payments)

Private Creditors: Creditors that are neither government nor public sector agencies. These include private bondholders, private banks, other private financial institutions, and manufacturers, exporters, and other suppliers of goods that have a financial claim.

Public Sector: The public sector includes the general government, monetary authorities, and those entities in the banking and other sectors that are public corporations.

Repayment Period: The period during which the debt obligation is to be repaid.

Service Charges: All charges that must be paid as a cost for the loan, such as: interest, commitment fees, management fees.

Short-term Debt: Debt that has maturity of one year or less.

Statutory Funds: Monies set aside for a specific purpose by an Act of Parliament

Supplier Credit: A loan extended by an exporter to finance the purchase of that exporter's goods or contractual services.

Treasury Bills: Negotiable securities issued by the Government. In general, these are short term obligations issued with maturity of one year or less. They are traded on a discount basis.

Undisbursed Balance: Funds committed by the creditor but not yet utilized by the borrower.

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