



Zimbabwe

ECONOMIC AND FISCAL REPORT FOR YEAR 2021

"2021 ANNUAL BUDGET PERFORMANCE REVIEW"

HARARE

June 2022

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INTRODUCTION

1. This Annual Review Report seeks to update stakeholders on macroeconomic and fiscal performance of the economy during the year 2021. This is in compliance with Part III of the Public Finance Management (General) Regulations of 2019.
2. Accordingly, the Report highlights domestic economic performance and a summary of the 2021 Budget execution.

Recap of the 2021 National Budget

3. The 2021 National Budget is the first budget instrument to actualise the National Development Strategy 1 (NDS1) under the theme: ***“Building Resilience and Economic Recovery Post COVID-19”***. It was also a bridge between the NDS1 and the predecessor plan, the Transitional Stabilisation Programme (TSP) (2018-2020).
4. The 2021 Budget priorities were informed by the NDS1 and various contributions from countrywide consultative engagements undertaken by Government and these were as follows:
 - Inclusive Growth & Macro-stability
 - Developing and Supporting Productive Value Chains
 - Optimising Value in our Natural Resources
 - Infrastructure, ICT and Digital Economy
 - Social Protection, Human Capital Development & Well-being
 - Effective Institution Building & Governance
 - Engagement and Re-engagement
5. The Budget was premised on a projected GDP growth of 7.4% in 2021, a recovery from a consecutive two-year economic downturn based on the following assumptions:

Table 1: Assumptions for the Macro-Fiscal Framework: 2021-23

Assumptions for the Macro-Fiscal Framework: 2021-23	
• Recovery from COVID-19 pandemic;	• Firming international mineral prices
• Resumption of global economic activity	• Recovery in domestic aggregate demand
• Good agricultural season	• Macro stability reflected by stable currency and prices
• Enhanced revenue collection	• Domestication of value chains
• Sustainability of the auction system;	• Further control of wasteful expenditures and value of money on all expenditures.
• Tourism and trade resumption	
• Materialisation of mining investment targets	

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

6. The projected growth was anchored on strong recovery in agriculture, mining, electricity, construction, transport and communication as well as finance and insurance.
7. Revenue collection were projected at ZWL\$390.8 billion, (16.4% of GDP) and based on assumed improvement in tax administration efficiencies. In line with the fiscal consolidation thrust, an envelope of ZWL\$421.6 billion (17.6% of GDP) constituted the 2021 National Budget expenditure ceiling ,financed by both revenues and borrowing. The table below summarises the Macro Fiscal Framework for the 2021 National Budget.

Table 2:Macro- Fiscal Framework: 2021-23

	2018	2019	2020	2021	2022	2023
National Accounts (Real Sector)						
Real GDP at market prices (ZWL\$ M)	20 234.7	19 024.3	18 236.2	19 593.3	20663.4	21 734.9
GNI Per Capita Income (US\$)	1 189.8	933.6	1 159.81	1 842.2	2 137.1	2 712.7
Nominal GDP at market prices (ZWL\$M)	36 921.23	161 977.2	1 070 640.3	2 399 087.7	3 045 734	3 560 346.7
Real GDP Growth (%)	5.5	-6	-4.1	7.4	5.5	5.2
Gross Capital Formation (% of GDP)	10.1	8.6	8.6	9.5	10.6	12.0
Exchange Rate (Annual Average)	2	11.1	58.4	80	85	76
GDP Deflator	64.3	366.6	589.5	108.6	20.4	11.1
Inflation (Annual Average) %	10.6	173.3	654.9	134.8	23.7	10.5
Formal employments (000)	854.8	829.3	812.1	963.2	1094.7	1236.6
% of People in Extreme Poverty	29.5	42.5	38.9	24.5	19.2	15.4
Government Accounts						
Revenues (excluding Retained Revenue)	5 533.5	22 970.7	173 496.3	390 803.5	512 434.2	632 639.5
% of GDP	15	14.2	16.2	16.3	16.8	17.8

Expenditures & Net Lending (ZWL\$ M)	7 744.8	22 533.7	178 496	421 616.3	559 451.8	693 191.1
% of GDP	21	13.9	16.7	17.6	18.4	19.5
Recurrent Expenditures	5 196.8	13 823	120 754	290 020	387 305.4	485 891.5
% of GDP	14.1	8.5	11.3	12.1	12.7	13.6
Employment Costs including Pension	3 934.8	7 118.7	70 499	172 635	220 360	255 107
% of GDP	10.7	4.4	6.6	7.2	7.2	7.2
% Total Expenditure	50.8	31.6	39.5	40.9	39.4	36.8
% of Revenue	71.1	31	40.6	44.2	43	40.3
Capital Expenditure & Net lending	2 548	8 710.7	57 742	131 596.3	172 146.5	207 299.6
% of GDP	6.9	5.4	5.4	5.5	5.7	5.8
Overall Balance	-2 211.3	437.0	-4 999.7	-30 812.8	-47 017.6	-60 551.6
% of GDP	-5.99	0.27	-0.47	-1.28	-1.54	-1.7
Public Debt	17 302	142 743.2	1 547 195.3	1 972 848.3	2 297 791.1	2 545 067.7
% of GDP	46.9	88.1	78.4	64.5	64.8	64.5
Balance of Payments Accounts						
Exports (ZWL\$ M)	10 356.3	58 568.3	283 518.8	420 475.2	433 344.5	471 493
% of GDP	28.1	36.2	26.5	17.5	14.2	13.2
Imports (Million ZWL\$)	15 284.4	60 029.8	280 371.3	430 184.9	469 116.8	532 381.9
% of GDP	41.4	37.1	26.2	17.9	15.4	15.0
Current Account Balance	-1379.6	10 235.6	67 560.9	73 837.3	41 646.7	14 697.1
(ZWL\$ M)						
% of GDP	-3.7	6.3	6.3	3.1	1.4	0.4
International Reserves (Months of Import Cover)	0.5	0.9	1	2	3.5	4.5
Deposit Corporations Survey						
Broad Money (ZWL\$ M)	10 009.91	35 018.2	202 723.8	492 185	861 323.8	1 507 316.6
Growth %	28	249.8	478.9	142.8	75	75
Reserve Money (ZWL\$ M)	3 258.2	10 327.81	25 214.4	61 523.1	123 046.3	215 331

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

ECONOMIC PERFORMANCE OVERVIEW

- The domestic economy is estimated to have grown by 7.8% in 2021, slightly above the 2021 Budget original projection of 7.4%. The stronger than anticipated growth was on account of good 2020/21 agriculture season, higher international mineral commodity prices, a stable macroeconomic environment that facilitated domestication of some value chains and better management of the COVID-19 pandemic.

9. Main sectors driving growth were agriculture, manufacturing, electricity, accommodation and food services, as well as construction.

Table 3: GDP Growth Rates Projections (%)

	2019 Est	2020 Est	2021 Proj
Overall GDP Growth	-6.1	-5.3	7.8
Agriculture, Hunting and Fishing and forestry	-17.8	4.2	36.2
Mining and quarrying	-12.4	-9.0	3.4
Manufacturing	-8.7	-3.2	6.2
Electricity, gas, steam and air conditioning supply	-19.2	-16.5	19.2
Water supply; sewerage, waste management activities	1.8	8.8	7.7
Construction	-12.4	2.5	7.2
Wholesale and retail trade;	-4.1	-4.8	1.1
Transportation and storage	-12.7	4.1	0.8
Accommodation and food service activities	-8.6	-77.7	6.7
Information and communication	23.1	18.6	5.7
Financial and insurance activities	-8.3	17.6	3.1
Real estate activities	-3.5	-33.7	4.1
Professional, scientific and technical activities	4.5	-26.1	1.0
Administrative and support service activities	-1.1	-43.3	0.0
Public administration	1.5	-12.4	2.0
Education	0.9	-9.3	1.7
Human health and social work activities	2.7	76.3	4.6
Arts, entertainment and recreation	-1.3	-46.4	-1.1
Other service activities	0.1	-46.4	-3.0
Domestic Services	-0.1	-17.2	1.1

Source: MoFED, RBZ & ZIMSTAT

10. Annual inflation declined from a peak of 837.5% in July 2020 to 50.3% in August 2021 before increasing to 60.7% by December 2021. The decline in inflation was as result of disinflationary monetary policies and fiscal consolidation measures by the Government.
11. Similarly, the country's external sector fundamentals continued to show resilience as evidenced by strong current account performance in 2021. Preliminary estimates point to a current account surplus position of US\$926.8 million in 2021, 36.6% increase from US\$678.3 million recorded in 2020. The resilient secondary income flows and strong merchandise export growth supported the current account surplus. The surplus position is important as it supports currency and price stability.

12. In terms of public finances, revenue collections amounted to ZWL\$481 billion, whilst expenditures were ZWL\$545 billion, resulting in a budget deficit of ZWL\$64.1 billion, -2.1% of GDP and above the budget target of -1.3%.

Managing the COVID-19 Pandemic

13. The country, like the rest of the world continued to be impacted by the COVID-19 pandemic which posed a threat to human lives and the general welfare of the population whilst also affecting realization of the 2021 Budget objectives targets.
14. The virus spread to 216 countries and territories around the world, with over 290.96 million cumulative confirmed cases and about 5.49 million deaths globally. Zimbabwe recorded 213,258 confirmed cases of COVID-19, 180,570 recoveries and 5,004 deaths over the period March 2020 to December 2021.

Table 4: COVID-19 Cases as at 31 December 2021

Province	PCR Tests	Cum cases	Recovered cases	Deaths
Bulawayo	502	19 751	16 933	799
Harare	1 739	45 077	419 19	1 645
Manicaland	696	23 219	19 155	489
Mash Cent	230	12 570	10 656	271
Mash East	414	26 019	20 330	380
Mash West	948	26 064	19 316	519
Midlands	555	16 556	15 359	191
Masvingo	365	16 556	15 359	191
Mart North	514	13 886	11 487	1 111
Mat south	192	14 032	12 503	185
Total	6 152	213 258	180 570	5 004

Source: Ministry of Health and Child Care.

15. In response to the COVID-19 pandemic, Government procured vaccines and rolled out a vaccination programmes during 2021 with a total of 4.1 million people having received their first

doses, 3.1 million people have received the second dose and 3 195 receiving a third booster dose of the COVID-19 vaccine.

16. In this regard, Government spent ZWL\$58 billion in 2021 towards COVID-19 related expenses on procurement of vaccines, medical consumables, case management, health and education sectors, procurement of PPEs, establishment of isolation and quarantine centres and drilling of boreholes, among others.
17. In addition, Government received financial support from Development Partners amounting to US\$57.5 million, bringing cumulative disbursements by development partners to US\$176.5 million since the outbreak of the pandemic in 2020.
18. The support from development partners went towards restoration of education services through procurement and distribution of learning and teaching materials, construction and rehabilitation of water and sanitation facilities, improved food security and nutrition, all related to COVID-19 situation. Further support went towards accelerating the revitalisation of basic health service provision & COVID 19 Health response, procurement of oxygen concentrators and other accessories, among others.
19. Furthermore, Government received donations from bilateral partners in the form of vaccines, personal protective equipment (PPEs) and test kits, to mitigate loss of lives due to the COVID-19 pandemic.

SECTORAL DEVELOPMENTS

20. Despite the COVID-19 pandemic and resultant lockdowns, all sectors of the economy recorded positive economic growth, culminating in a revised GDP growth of 7.8%. A favourable 2020/21 rainfall season also stimulated activities in agriculture and electricity generation, with positive multiplier effects on the rest of the economy.

Agriculture

21. The agriculture sector is estimated to have grown by 36.2% in 2021 from a 4.2% recovery recorded in 2020. This growth was attributable to favourable rainfall season and adequate preparations on several Government programmes that boosted agriculture production.

Table 5: Agriculture Sector Output (000 tonnes): 2018-2021

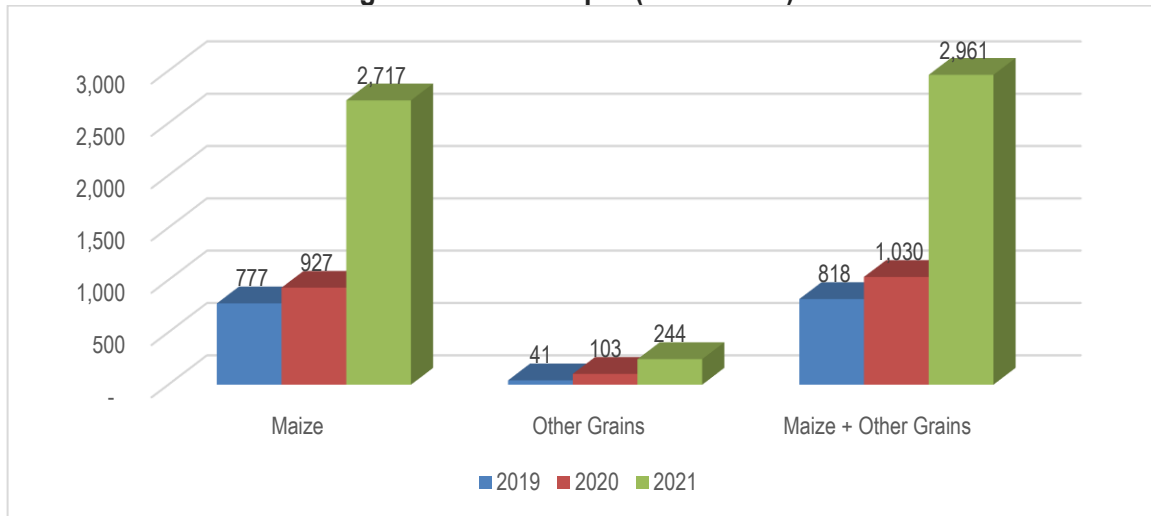
	2019	2020	2021
Overall Growth (%)	-17.8	4.2	36.2
Tobacco (flue cured)	260	184	210.7
Maize	777	927	2717
Beef	63	62	83.2
Cotton	77	101	140
Sugar cane	4 000	4 272	4 350
Horticulture	77	97	98
Poultry	152	148.6	163.5
Groundnuts	71	87	208.9
Wheat	95	212	337.2
Dairy (m lt)	96	92	79.6
Coffee	1	0.6	0.6
Soybeans	60	47.1	71
Tea	19	40.2	38.1
Sorghum	41	103	244
Barley	29	25	25
Sheep & goats	7	7.7	8.5

Source: MoLAFWRD, MFTWG

Grains Production

22. Maize output for the 2020/21 cropping season is estimated at a record 2.7 million tonnes, 193.1% up from 0.9 million tonnes produced in the 2019/20 season. An additional 348 000 tons of traditional grain was also realised, making the total amount of grain output of 3.1 million tons, more than enough for both human and livestock requirements.
23. Drought resistant crops including sorghum and finger millet and other traditional grains grew by 12.7% compared to last year as farmers heeded the call to increase land under small grain to hedge against drought.

Figure 1: Grain Output (000 tonnes)



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

24. During the 2022 marketing season, 987 384 tons of maize and 320 161 tons of small grains were delivered to the Grain Marketing Board.

Wheat

25. In an effort to enhance the country's food self-sufficiency, Government, in partnership with the private sector supported winter wheat farming. Through the initiative, a total of 66 434 hectares was planted during the 2021 winter wheat farming season, producing 337 212 tons of wheat compared to a total of 212 530 tons harvested in 2020.

Table 6: Wheat Production by Region in 2021

Province	Total planted Ha	Average Yield t/ha	Production(t)
Mashonaland West	22 162	4.55	100 913
Mashonaland Central	15 705	5.36	84 101
Mashonaland East	9 237	5.45	50 367
Manicaland	8 886	5.53	49 111
Midlands	5 448	6.33	34 497
Masvingo	2 023	3.42	6 920
Matabeleland North	1 017	4.32	4 391

Matabeleland South	760	9.09	6 912
Total	66 434	3.94	337.212

Source: MoLAFWRD

26. Most of the output was produced through support under the agriculture Productive Social Protection Scheme which mainly targeted the two Mashonaland West and Central Provinces.
27. Given this level of output and the national demand of about 400 000MT, the wheat import bill is expected to be significantly reduced in 2022 providing a cushion against the Russia/Ukraine crisis which is hampering smooth flow of wheat imports from the two major producers.

Tobacco

28. The tobacco marketing season came to a close in October 2021 with deliveries to the floors of 210,7 million kgs at an average buying price of US\$2.80 and earning the country US\$588.7 million which directly benefited farmers.

Table 7: Seasonal Flue cured Tobacco sales as at 21 October 2022

	2021			TOTAL 2020	%CHANGE
	Non Contracted	Contracted	Total		
Mass sold (kgs)	12 151 9123	198 209 199	210 725.122	184 042 292	14.5
Value (US\$)	35 046 578	553 813 788	588.741.749	459.667.155	28.08
Avg. price (USD\$)	2.80	2.79	2.80	2.50	11.88

Source: TIMB

29. Consequently, the value of delivered tobacco increased by 28% compared to the previous year, attributable to good rainfall season as well as adequate preparations on the part of farmers.
30. Meanwhile, area planted for tobacco for the 2021/22 stood at 66.81 hectares down from 66.7 hectares planted during the same period in 2020/21.

Table 8: Area planted as at December 31 2021

PROVINCE	Area planted (ha) 2020/21			Area planted 2021/22			Change %
	Irrigated	Dryland	Total	Irrigated	Dryland	Total	
Manicaland	4 021	9 066	13 087	4 983	15 883	20 866	59.4
Mashonaland West	3 754	36 607	40 361	3 637	18 323	21 960	-45.6
Mashonaland East	6 048	2 117	8 165	6 990	1 182	8 172	0.01
Mashonaland central	1 756	3 319	5 075	2 156	13 585	15 741	210.2
Midlands	-	182	182	31	36	67	36.8
Total	15 579	51 291	66 870	17 797	49 009	66 806	-0.10

Source: TIMB.

31. In light of the aforementioned developments tobacco output in 2022 is expected to be lower than the recorded in 2021.

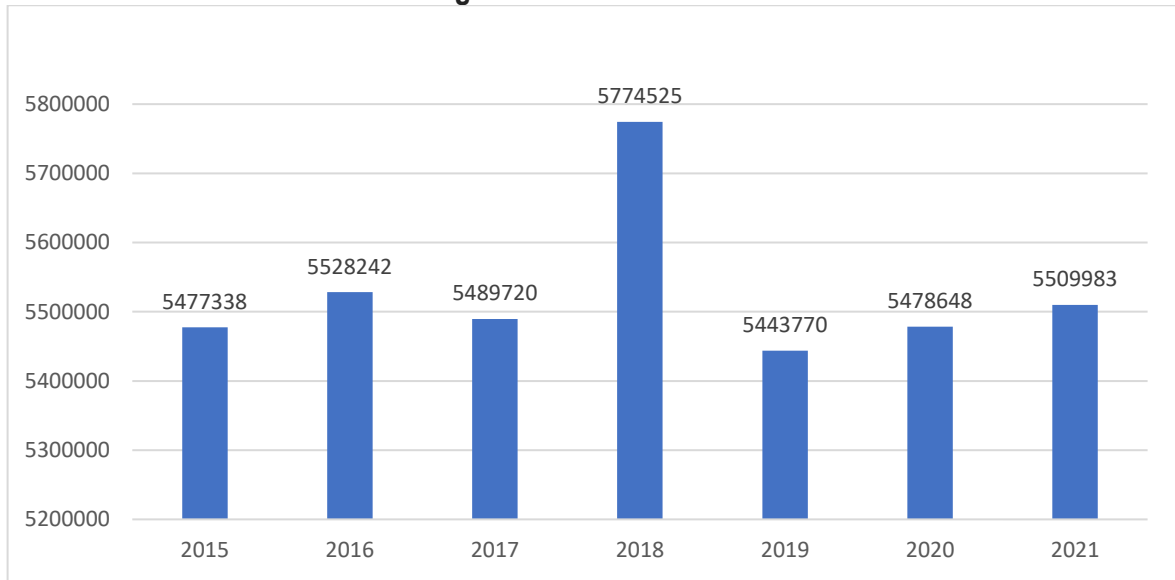
Livestock Production

32. Livestock activities were bolstered by the good rainfall season which enabled availability of pastures and drinking water. However, a substantial herd of cattle was lost to various diseases especially January disease.

Beef

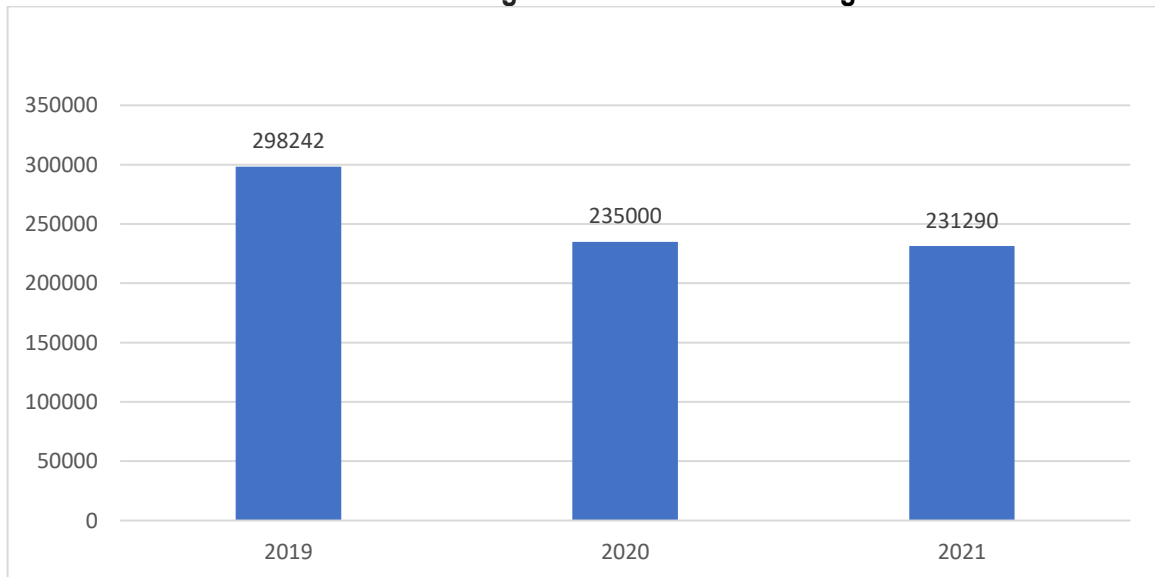
33. The national cattle herd recorded a marginal growth of 5.7% from 5.48 million to 5.51 million in 2021 whilst the mortality rate declined to 8.9%. Livestock body conditions was fairly good owing to availability of grazing land.

Figure 2: Cattle National Herd



34. However, during the year 2021, formal cattle slaughtered for beef declined by 1.6% to 231 290 from 235 000 slaughtered in the previous year.

Figure 3: Formal Cattle Slaughters

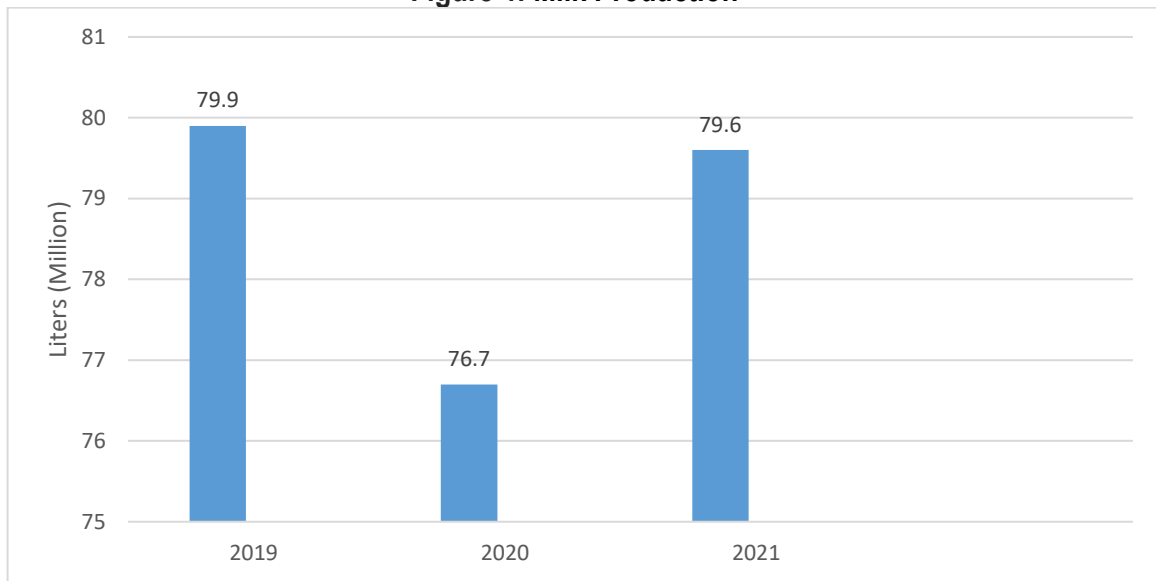


Source: MLAWRD

Milk Production

- 35. During the period under review, milk production increased by 3.9% compared to 2020 output level of 76.6 million litres. The increase in milk production is attributable to availability of stock feeds and water from the last season bumper harvest.
- 36. In addition, continued funding for dairy farmers by Government, private sector and development partners, has contributed to the growth of the sector.

Figure 4: Milk Production



Source: MLAWRD

- 37. Cumulatively, the country produced 79.6 million litres from the formal sector against an annual demand of 120 million litres.

Irrigation

- 38. The National Accelerated Irrigation Development and Rehabilitation Programme which targets irrigation rehabilitation, development and maintenance of communal irrigation schemes as well as

capacitation of A2 farmers received fiscal support amounting to ZW\$3.6 billion was expended during 2021 in support of the following irrigation programmes: -

- Development of 20 Irrigation projects, with 14 projects, covering 925ha having been completed and awaiting commissioning;
- Pedstock centre pivot facility, where a total of 47centre pivots have been installed with 42 of them now irrigating a combined area of 2400ha;
- Land clearing, wherein 2 809ha was cleared in Kanyemba (550ha), Mushumbi (1 371ha), Chiredzi Ranch (546ha), Magudu (192ha) and Buffalo Range (150ha) out of the targeted 7 000ha; and
- Smallholder Irrigation Revitalisation Program (SIRP), being co-funded by the Government of Zimbabwe and IFAD where 986ha are now irrigating out of the targeted 6 100ha.

Figure 5: Centre Pivot and Pipeline Installation at Kanyemba Irrigation Scheme



Figure 6: Wheat under Centre Pivot Irrigation and Maize Irrigated Crop at Bubi-Lupane Irrigation Scheme



Figure 7: Solar Powered Installation at Kanyemba Irrigation Scheme



Mining

39. The mining sector is estimated to have grown by 14.7% in 2021, a significant stride towards achieving a US\$12 billion mining industry by 2023, and a strong recovery from the effects of COVID-19 when the sector contracted by -9% during 2020. The growth was driven mainly by the

opening of the world economy which saw commodity prices on an upward trend, especially for precious minerals such as gold and platinum.

Table 9: Mining Production Statistics

	2020	2021 Init Proj	2021 Rev Est
Black Granite \t	164.0	172.9	50.4
Chrome \t	1 272.1	1 300.0	1 244.3
Coal \t	2 750.9	2 780.0	3 246.0
Cobalt \t	955.9	227.5	229.6
Copper \t	7 932.8	8 456.0	8 649.9
Gold \kg	20 873.2	22 500.0	31 477.2
Iridium \t	836.7	769.4	612.1
Nickel \t	16 479.9	16 500.0	13 948.7
Palladium \kg	12 889.9	12 986.0	12 619.2
Phosphate \t	45 083.5	39 862.0	15 849.5
Platinum \kg	15 003.9	15 100.0	14 732.4
Rhodium \kg	1 367.5	1 370.0	1 333.5
Ruthenium (kg)	1 026.3	1 026.8	1 249.2
Diamonds (crts)	2 670.5	3 400.0	4 224.3
Overall Growth	-9.0	3.4	14.7

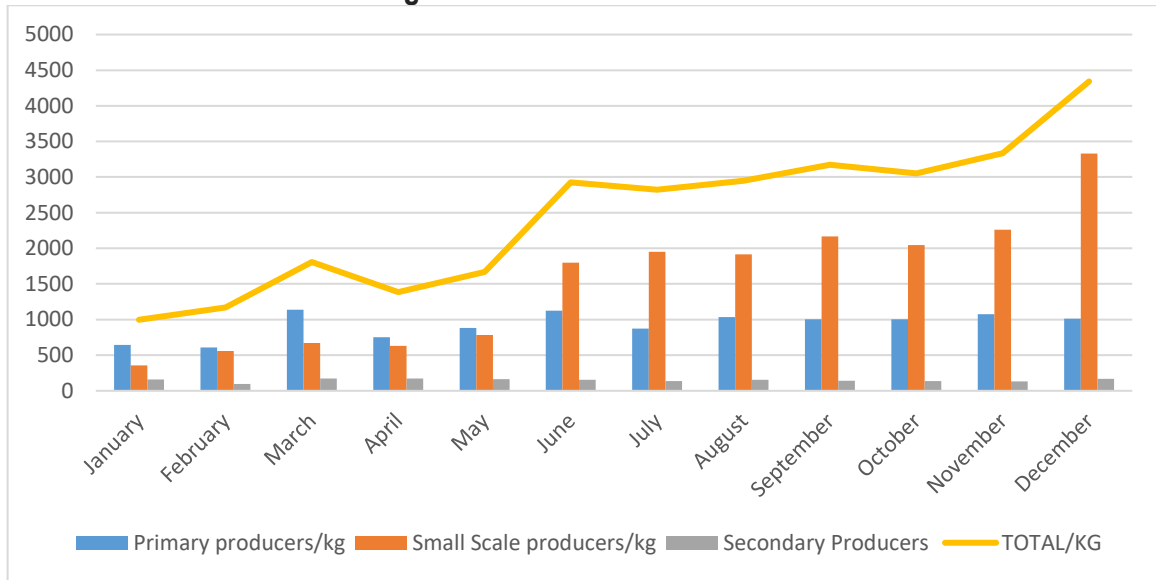
Source: MoMMD/Chamber of Mines

40. Consequently, the growth target of 3.4% in 2021 for the sector was surpassed owing to improved performance, particularly for gold deliveries, diamond and coal output.

Gold

41. Monthly gold production from January to December 2021 exhibited an upward trend, increasing from 1.2 tonnes in January to 4.4 tonnes in December 2021 driven by growth in Small Scale deliveries. Deliveries by small-scale miners' surpassed large scale miners' deliveries beginning in June till year end, attributable to the reintroduction of the gold incentive scheme in June 2021.

Figure 8: Gold Deliveries 2021



42. Gold deliveries also benefited from Fidelity Gold Refinery's reduced turnaround time for the payment of gold delivered by large scale miners from two weeks to one week while small scale miners are now paid on the spot, barring any logistical challenges around the movement of cash.
43. Gold production is expected to continue to improve in 2022, driven by the by higher international mineral prices.

PGMs

44. Platinum production stood at 14 732.42kg in the year 2021, a 1.8% decrease from the output level recorded in 2020. This decrease was caused by an uneven recovery from Covid 19 pandemic and supply chain disruptions which heavily affected the commodity markets, affecting smooth functionality of the local producers.
45. Similarly, palladium output at 12 889.9 kg and rhodium at 1 367.5kg in 2021 was 2.1% and 2.5%, respectively, lower than the 2020 output levels.

46. Nevertheless, PGMs benefitted from favourable international prices, with rhodium prices rising to \$17 500/toz, their highest level since pre-pandemic. The rise is largely underpinned by increasing demand from Original Equipment Manufacturer (OEMs), which use rhodium in automotive catalytic converters to help combat nitrous oxide emissions.

Diamond

47. Diamond recorded a 58.1% growth in 2021 as compared to 2020, recording an output of 4 224.3 carats, benefiting from an increase in output by ZCDC.

Manufacturing

48. The manufacturing sector is estimated to have grown by 6.2% in 2021 on account of higher consumer demand that benefited from increased incomes from successful agricultural activities, higher infrastructure spending, increased mining activity and general reopening of the economy from COVID-19 pandemic lockdown.

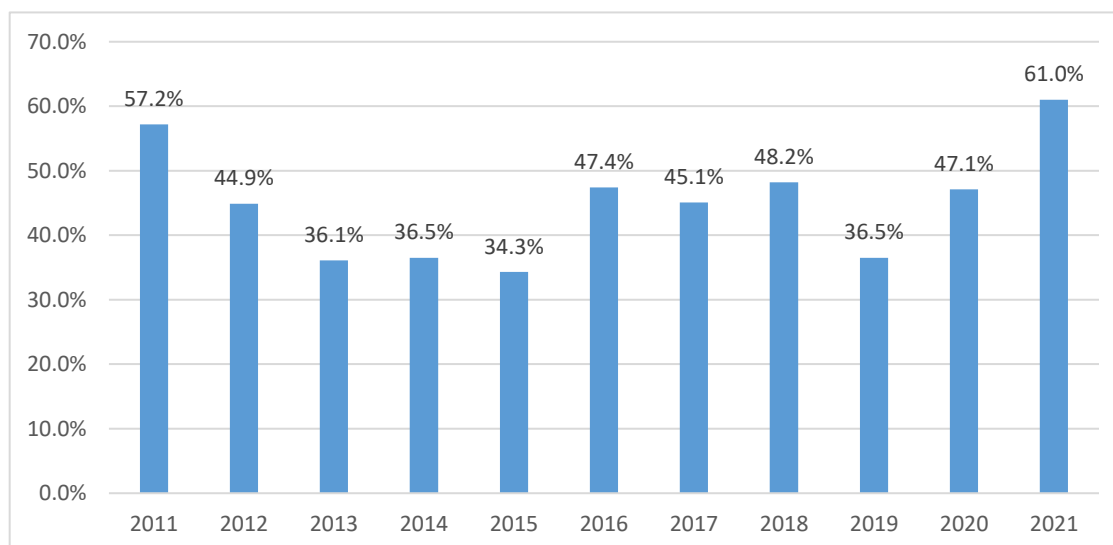
Table 10: Volume of Manufacturing Index

Manufacturing	2019	2020	2021 May	2021 Sep,
Growth Rate (%)	-8.7	-3.2	7.0	6.2
Foodstuffs	109.4	100.6	110.8	108.0
Drinks, Tobacco and Beverages	76.6	71.2	75.8	75.8
Textiles and Ginning	90.6	91.5	93.9	93.9
Clothing and Footwear	26.8	27.0	28.4	28.4
Wood and Furniture	214.4	208.0	211.1	211.1
Paper, printing and Publishing	90.1	72.1	75.0	73.5
Chemical and Petroleum Products	76.3	83.9	92.5	92.5
Non-metallic mineral products	130.2	134.1	143.4	143.4
Metals and Metal products	59.7	58.5	62.5	62.5
Transport, Equipment	56.6	57.3	58.0	65.0
Other manufactured goods	95.2	95.5	95.8	96.0
Manufacturing Index	87.4	84.7	90.6	89.9

Source: MoFED, ZIMSTAT & RBZ

49. Further, this growth was supported by improved macroeconomic stability and improved foreign currency availability on the auction market that enable companies to retool and procure raw materials.

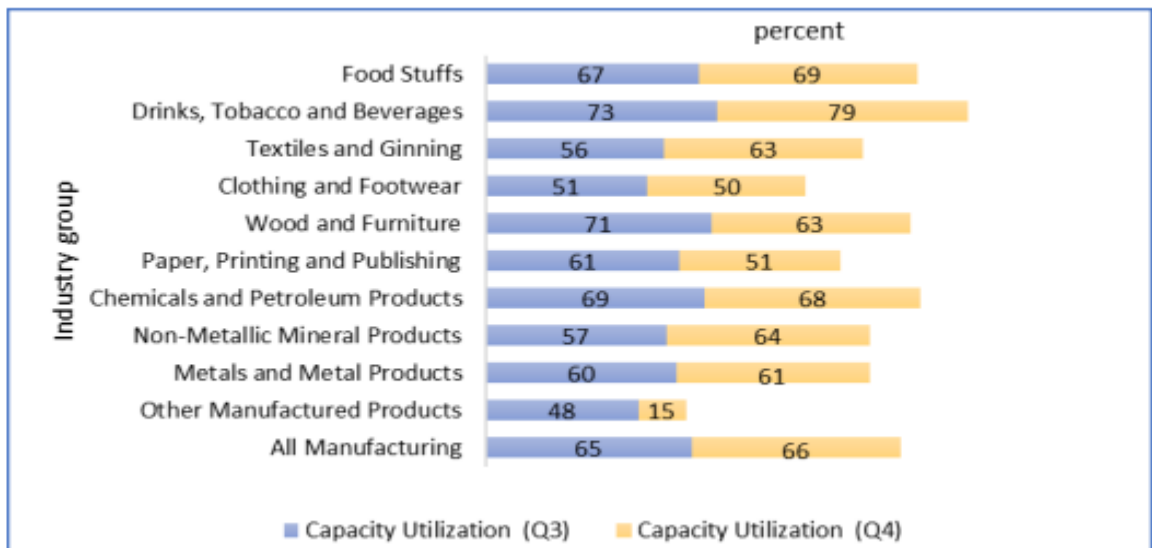
Figure 9: Annual Capacity Utilisation



Source: CZI

50. Capacity utilization is estimated at 61% during year 2021 up from 47% recorded during the previous year, with growth being recorded in food beverages and tobacco subsector. Capacity utilization for the fourth quarter of 2021, at 66%, increased by one percent from the third quarter level of 65%. The Purchasing Manager index (PMI), a Business Tendency Survey undertaken by ZIMSTAT, also increased by 10% to 50.7%, indicating improved confidence on the economy by companies surveyed.
51. Drinks, tobacco and beverage industry group recorded the highest capacity utilization value of 79%, while other manufactured products group recorded the least utilization value of 15%. A few sectors such as the wood and furniture, paper publishing, chemicals and petroleum recorded a slight decline partly attributed to seasonal shifts among other reasons.

Figure 10: Capacity Utilization in Subsectors



Source: ZIMSTAT

- The survey identified major constraints to the manufacturing industry as shortage of raw materials, cashflow difficulties and uncertainty.

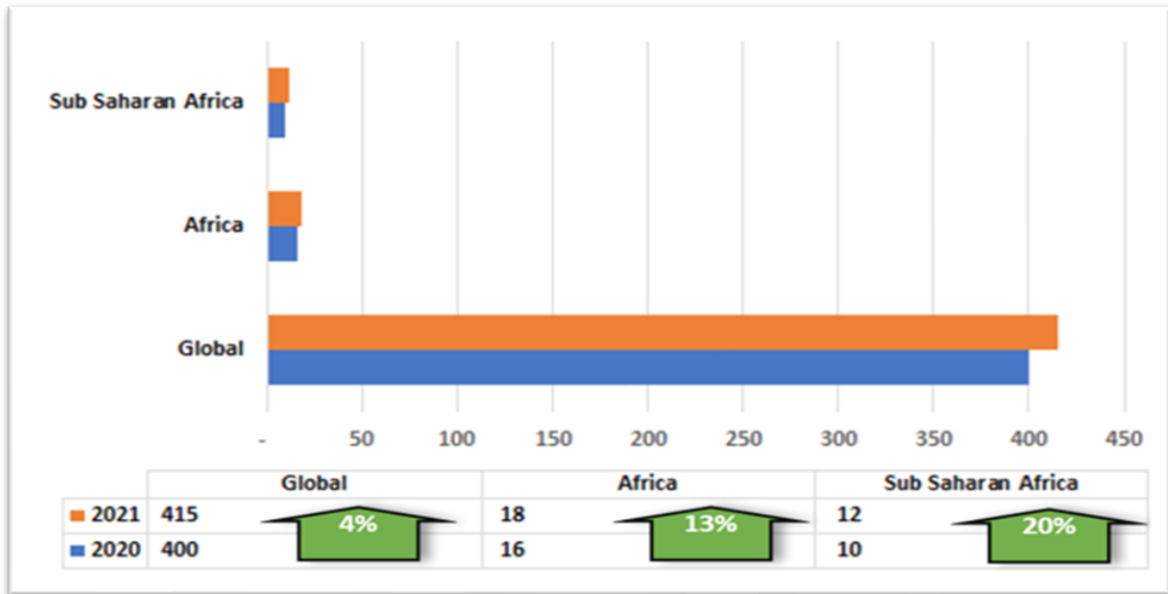
Tourism

- In 2021, the tourism industry recovered from the COVID-19 related lockdowns and containment measures.

Tourist Arrival

- Globally, figures from the UNWTO dashboard show that international tourist arrivals recovered by 4% in 2021, although 72% below the 1.46 billion arrivals recorded in 2019 (pre-Covid level). Tourist arrivals to Africa rose by 13% while arrivals to Sub-Saharan Africa rose by 20% from 10 million to 12 million during 2021.

Figure 11: Tourists Arrival Growth – 2021/20



Source: UNWTO

55. Despite a recovery in global tourism, Zimbabwe’s tourist arrivals dropped by 40% with 380,820 tourist arrivals having entered the country during the period under review, down from 639,356 arrivals in 2020. The drop was driven by subdued arrivals from Africa and the Middle East.

Table 11: Tourist Arrivals by region 2021/20

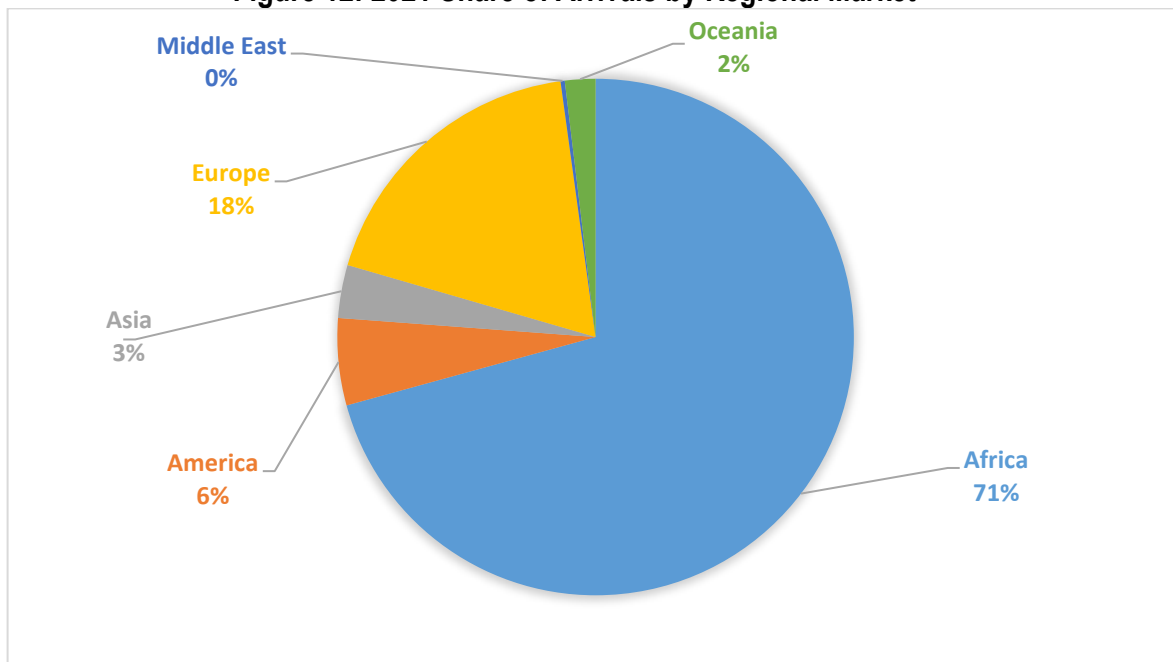
	2021	2020	% Change	
AFRICA	269,364	567,819	-53%	▼
AMERICAS	20,739	17,070	21%	▲
ASIA	12,634	12,306	3%	▲
EUROPE	69,815	35,570	96%	▲
MIDDLE EAST	1,002	2,114	-53%	▼
OCEANIA	7,266	4,477	62%	▲
TOTAL	380,820	639,356	-40%	▼

Source: ZTA, Immigration Department

56. Arrivals in 2021 were largely pulled down by a decline in regional arrivals which fell by 53% while the overseas arrivals rose by 56% from 71,537 in 2020 to 111,456 in 2021.

57. Despite the drop in arrivals, Africa remains the biggest source market for Zimbabwe's foreign tourists, contributing about 71% of the total arrivals.

Figure 12: 2021 Share of Arrivals by Regional Market



Source: ZTA, 2021 Annual Report

Tourism Receipts

58. The tourism industry is estimated to have generated about US\$397 million during the year 2021, rising by 10% from US\$360 million recorded in 2020. The rise in tourism receipts reflects increased domestic tourism and some slight recovery in overseas markets.

Figure 13: Tourism Receipts Trend 2017 – 21 (US\$ Million)

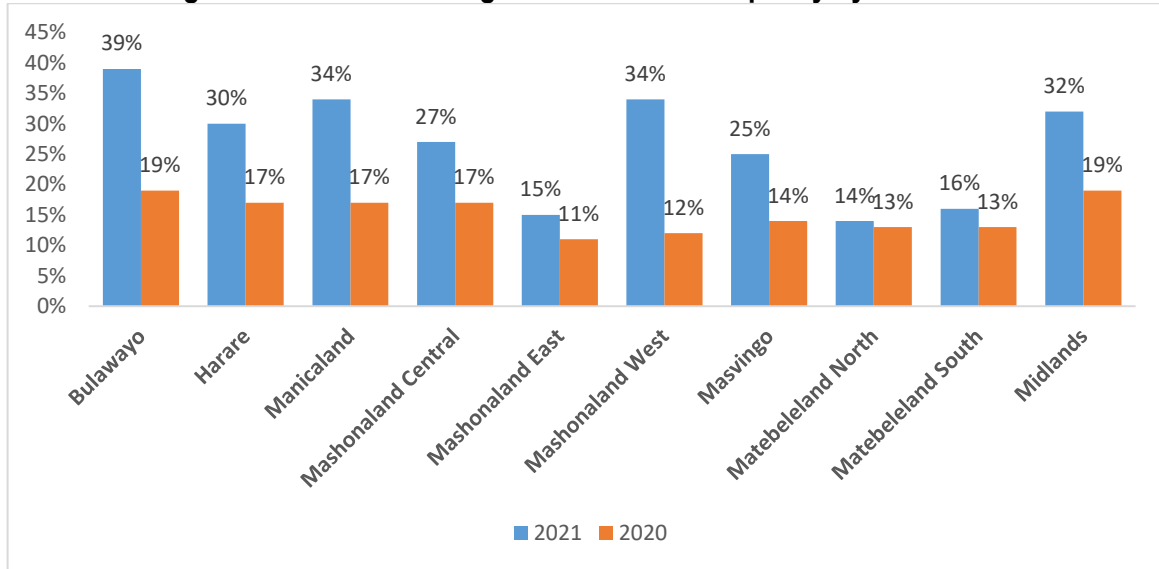


Source: ZTA

Hotel Room Occupancies

59. The national average hotel room occupancy rate rose from 19% in 2020 to 27% in 2021, mainly attributable to the increase in demand for accommodation from domestic clientele. All the regions of the country experienced improvements in average hotel room occupancies with the exception of Victoria Falls which saw a 2-percentage fall from 11% to 9%.

Figure 14: 2021/20 Average Hotel Room Occupancy by Province



Source: ZTA 2021 Annual Report

Energy

60. Electricity generation in 2021 stood at 8 322 GWh, surpassing the annual target of 7 662 GWh by 8.61%. This is a 34.56% growth relative to the 2020 annual output on account of higher electricity generation at Kariba Power Station that compensated for the depressed generation at Hwange power station.
61. Electricity generation was affected by suboptimal tariffs which compromised critical maintenance works, procurement critical spares and chemicals for the water treatment plant.

Table 12: ZPC Generation (GWh)

	2020 Actual	2021 Actual	2021 Target	Variance %
Hwange	2356.38	2307.84	3989.02	-42.15
Kariba	3706.97	5813.76	3333.33	74.41
Harare	53.73	80.73	139.89	-42.29
Munyati	42.93	87.73	110.38	-20.51
Bulawayo	24.34	31.47	89.28	-64.75
Total	6184.35	8321.55	7661.90	8.61

Source: ZPC

62. As a result, at Hwange Power Station, a total of four units were down for the greater part of the year as result of a number of challenges, causing the power station to miss targets owing to frequent outages due to age-related breakdowns and delayed deliveries of coal.
63. Going forward, the focus has been on the completion of Hwange 7 & 8 Expansion Project with a generation capacity of 600MW financed through loan facility of US\$998 million. Works are estimated at 80.2% completion. Through the fiscus, resources amounting to ZWL\$1.8 billion were availed to meet VAT payments for the project during the period under review.
64. Meanwhile, Independent Power Producers (IPPs) managed to feed 128GWh into the national grid as indicated below.

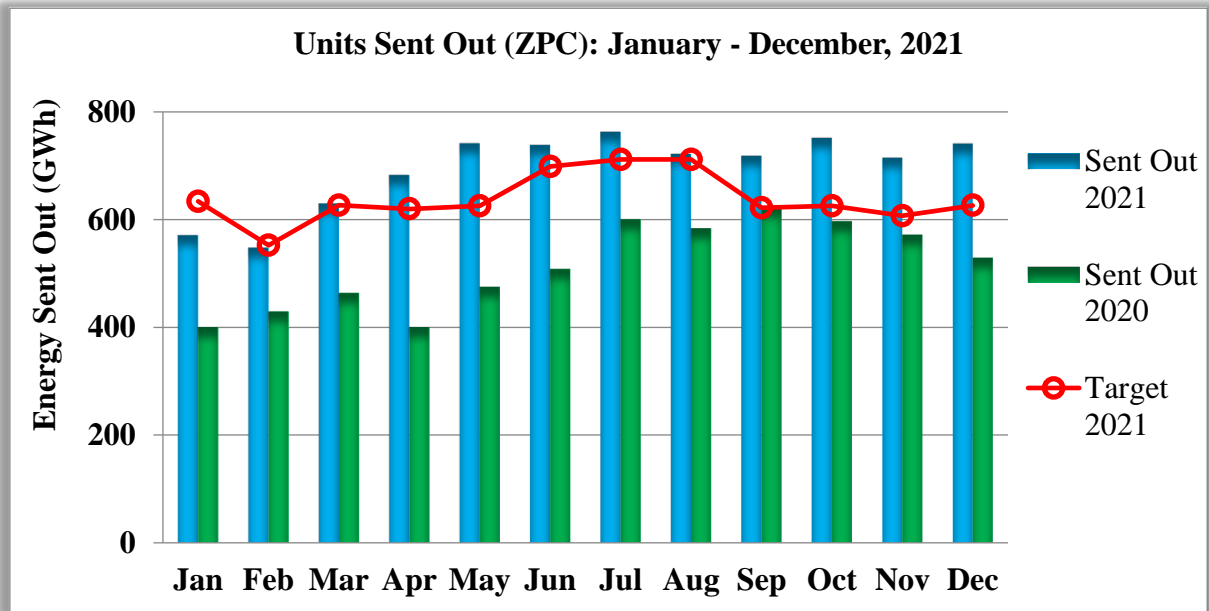
Table 13: Independent Power Producers

Month	Nyamungu	Pungwe A	Duru	Pungwe B	Hauna	Riverside	Pungwe C	Tsanga B	Claremont	Dema	hisumbanj	Kupinga	Centragrid	Total (MWhs)	Total (GWh)
January	670.80	1,919.00	1,381.00	11,138.60	1,135.90	380.00	2,574.90	1,927.28	147.06	- 8.10	-	899.38	126.41	22,292.23	22.29
February	685.53	1,898.70	1,243.00	10,754.70	1,063.00	324.40	2,370.70	1,198.32	128.24	- 5.76	-	982.21	291.68	20,934.72	20.93
March	747.75	2,028.40	1,419.90	11,282.60	1,203.30	419.00	2,386.50	1,921.11	150.79	- 39.71	-	1,219.17	353.47	23,092.27	23.09
April	637.13	1,623.00	1,153.80	6,533.20	851.00	462.30	1,415.30	873.30	152.35	- 36.66	222.00	1,122.16	344.31	15,008.88	15.01
May	351.90	1,060.10	924.20	734.80	604.80	468.00	841.10	534.50	160.26	- 28.00	-	1,155.05	344.04	7,150.75	7.15
June	291.96	737.10	748.79	2,727.10	403.89	468.00	496.80	332.60	154.27	- 37.41	-	950.48	344.04	7,617.62	7.62
July	422.47	689.30	679.90	3,051.80	346.50	425.20	557.00	264.17	157.91	- 188.16	-	899.03	290.26	7,305.12	7.31
August	390.49	615.70	589.70	2,199.60	275.60	487.40	464.30	195.85	150.06	- 185.43	-	693.06	310.65	5,876.33	5.88
September	65.14	490.70	435.90	1,806.00	206.40	471.40	360.40	130.15	153.07	- 185.43	-	553.32	290.69	4,487.05	4.49
October	300.25	410.50	358.70	1,023.90	171.90	457.20	369.40	102.72	153.37	-	-	366.39	325.93	3,714.32	3.71
November	387.62	401.30	245.60	1,497.20	139.60	449.90	607.80	80.46	145.37	-	-	292.40	360.68	4,247.26	4.25
December	536.79	757.70	328.30	2,519.00	224.70	451.80	1,184.50	132.56	145.37	-	-	407.65	266.32	6,688.37	6.69
Total (MWhs)	5,487.83	12,631.50	9,508.79	55,268.50	6,626.59	5,264.60	13,628.70	7,693.01	1,798.12	- 714.66	222.00	9,540.31	3,648.48	128,414.92	128.41
Total GWhs	5.49	12.63	9.51	55.27	6.63	5.26	13.63	7.69	1.80	- 0.71	0.22	9.54	3.65	128.41	

Source: ZETDC

65. As depicted in the graph below, output was above the target for the bulk of the months except in January and February.

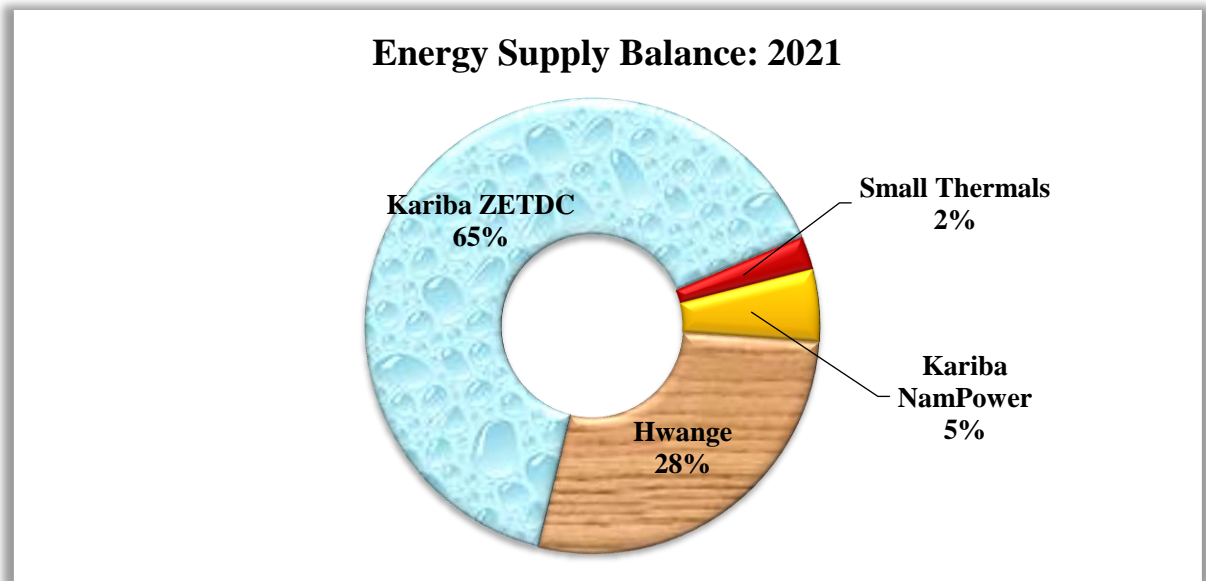
Figure 15: ZPC Energy Sent Out Trend, 2020



Source: ZPC

66. Hwange Power Station contributed 28% while Kariba Power Station contributed a total of 70% to the total energy production, although, 5% of it was exported to NamPower. The Small Thermals contributed a mere 2%.

Figure 16: Energy Supply Balance, 2022



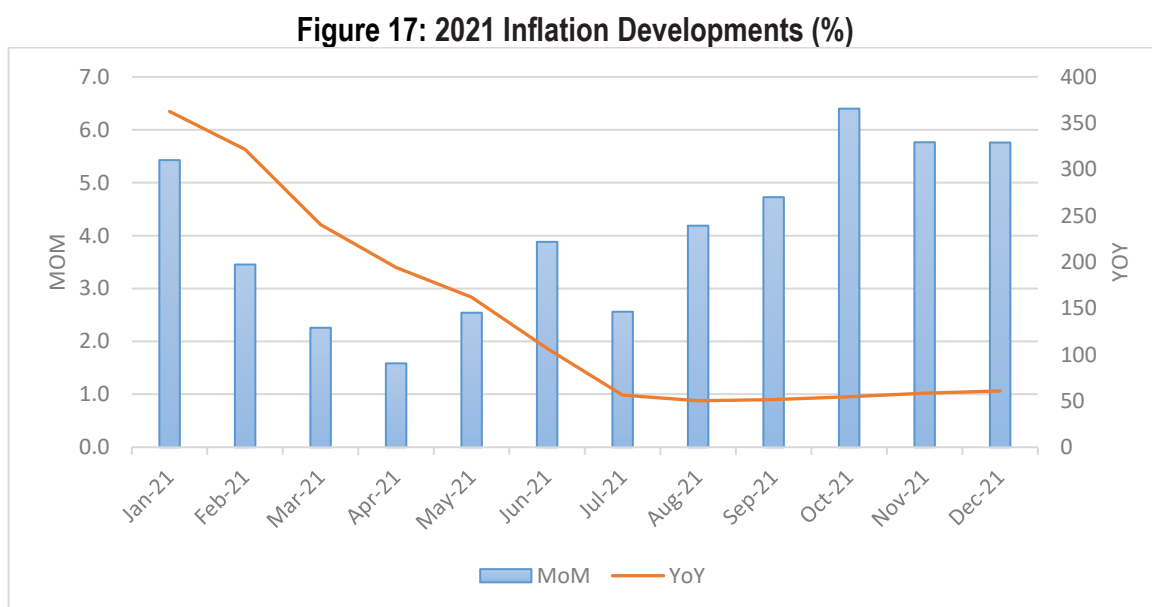
Source: ZPC

Rural Electrification Programme

67. A total of ZWL\$100 million was spent under REA towards various projects nationwide covering 102 public institutions and 101 households.

INFLATION DEVELOPMENTS

68. Annual inflation declined from a peak of 837.5% in July 2020 to 50.3% in August 2021 as Government continued to undertake disinflationary monetary policies and fiscal consolidation measures.
69. In addition, improved global economic activity, partly due to the relatively relaxed COVID-19 lock-down measures and the global increase in vaccination against COVID-19, helped to resuscitate supply chains, which resulted in improved economic activity in the domestic economy.



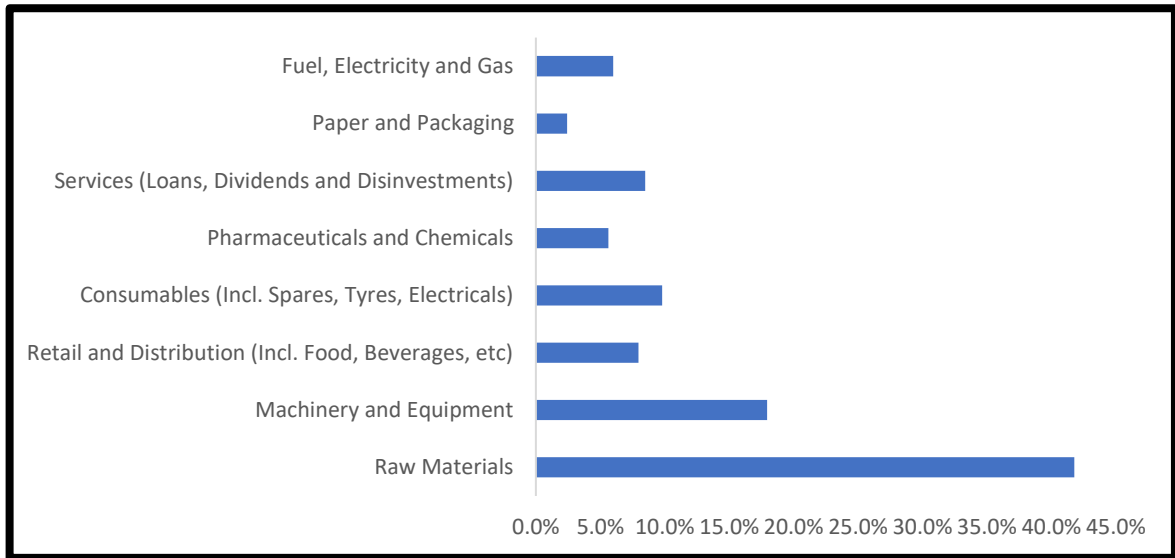
Source: ZIMSTAT

70. Decline in both annual food and non-food inflation contributed to the fall in headline inflation in 2021 as compared to 2020. Annual food inflation decreased from 369.43% in January 2021 to end 2021 at 64.91%. In the same vein, annual non-food inflation decelerated from 357.69% in January 2021 to 57.74% in December 2021.
71. Whilst annual inflation responded positively to Government policy measures, instability in the exchange rate and the widening of foreign exchange premiums in the second half of the year pushed monthly inflation above the targeted 2%. This resurgence was driven by both monthly food and non-food inflation which assumed an upward trend in line with forex premiums during the second half of 2021.

Exchange Rate Developments

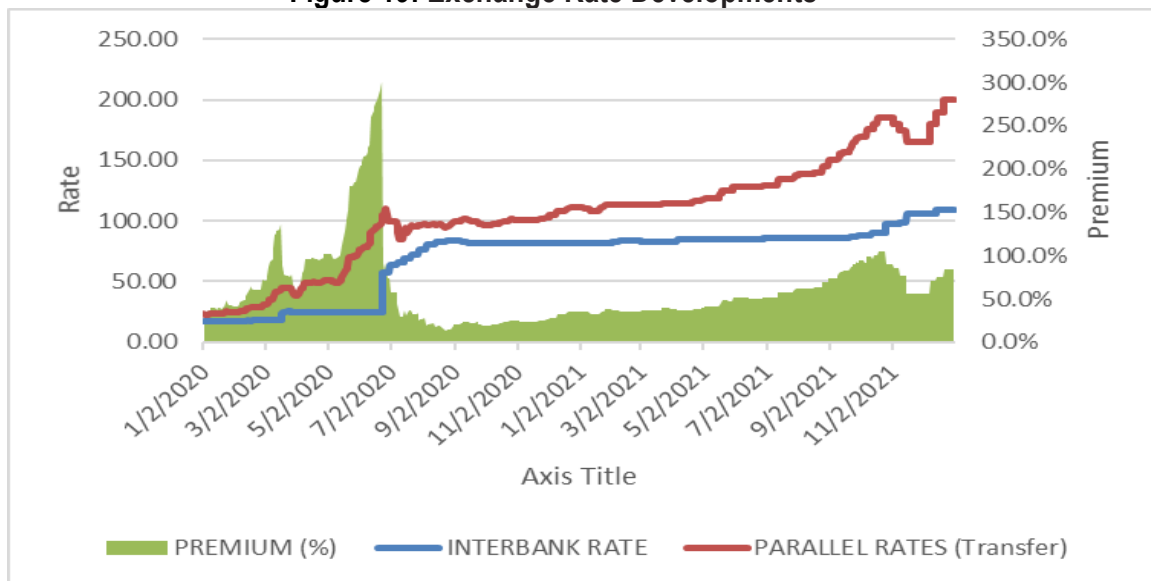
72. The exchange rate was generally stable during the first half of 2021 and depreciated at a faster rate in the last quarter of 2021, due to high foreign currency demand. The local currency, which opened 2021 trading at US\$1:ZW\$81.7866 depreciated by 25% to end the year at US\$1:ZW\$108.666.
73. The foreign currency auction system which provided liquidity to the productive sectors amounting to US\$1.97 billion during the year 2021 enhanced capacity utilisation of industry as allotments went towards importation of raw materials (42%), machinery and equipment (18%) and consumables for industry (18%), among other critical sectors.

Figure 18: Auctions Allotments by Purpose in 2021



74. Volatility of the exchange rate saw parallel market premiums rising to between 40% and 90%, thereby exerting significant inflationary pressures on the economy. The sustained widening in the gap between the official and the parallel market rate (as depicted in the graph below) continued to have an impact on inflation developments in the economy.

Figure 19: Exchange Rate Developments



Source: RBZ and MoFED

FISCAL OUTTURN

75. The 2021 National Budget was premised on revenues of ZWL\$390.8 billion (16.3% of GDP), expenditures of ZWL\$421.6 billion (17.6% of GDP) and a resultant deficit of ZWL\$30.8 billion (-1.3% of GDP).
76. Revenues, at ZWL\$489.6 billion by year end, performed below the revised target of ZWL\$495.2 billion, while expenditures at ZWL\$552 billion performed above the target of ZWL\$421.6 billion, resulting in a budget deficit of ZWL\$62.4 billion, (1.9% of GDP). The budget deficit of 1.9% is below the SADC Macroeconomic Convergence deficit target of 3% of GDP, notwithstanding additional expenditure pressures from COVID-19 pandemic.

Revenue

77. Cumulative revenue collections for the year 2021 amounted to ZWL\$489.6 billion against a revised projection of ZWL\$495.2 billion, resulting in a negative variance of ZWL\$5.6 billion or 1.1% of projected revenues.

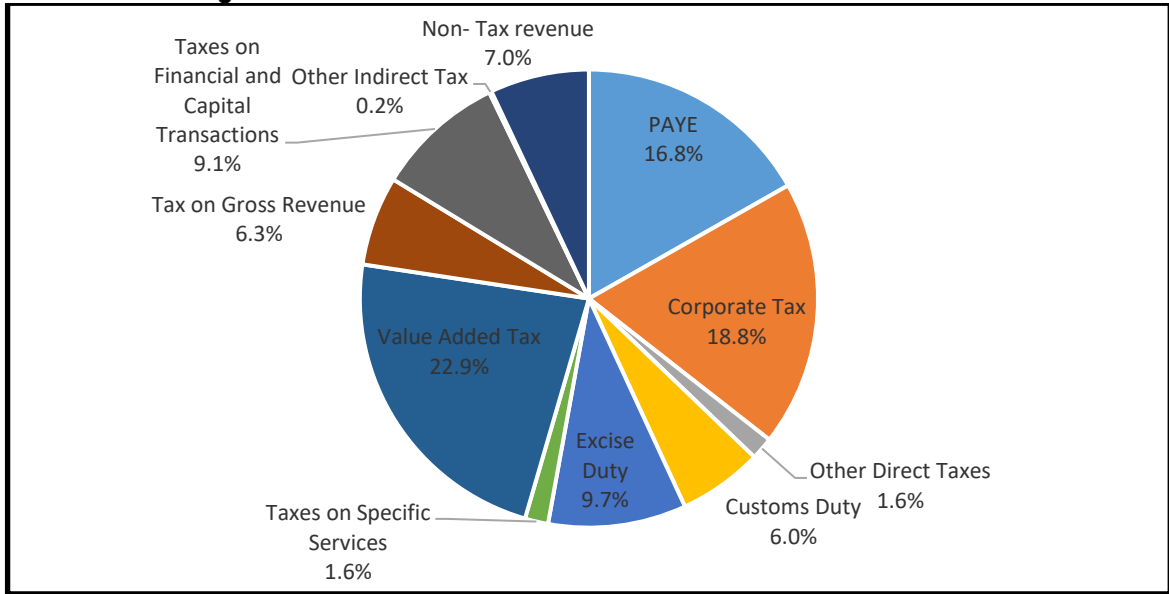
Table 14: Revenue Performance Jan - Dec 2021 (ZWL\$ Billions)

	Actual	Revised Target	Variance	% Variance
Tax Revenue	455.3	474.7	-18.1	-3.8%
Non-Tax Revenue	34.3	20.8	12.5	57.5%
Total Revenue	489.6	495.2	-5.6	-1.1

Source: MoFED

78. The contributions to total revenue collection by various revenue heads were as follows; Value Added Tax (22.9%), Corporate Income Tax (18.8%), Personal Income Tax (16.8%) and Excise Duties (9.7%).

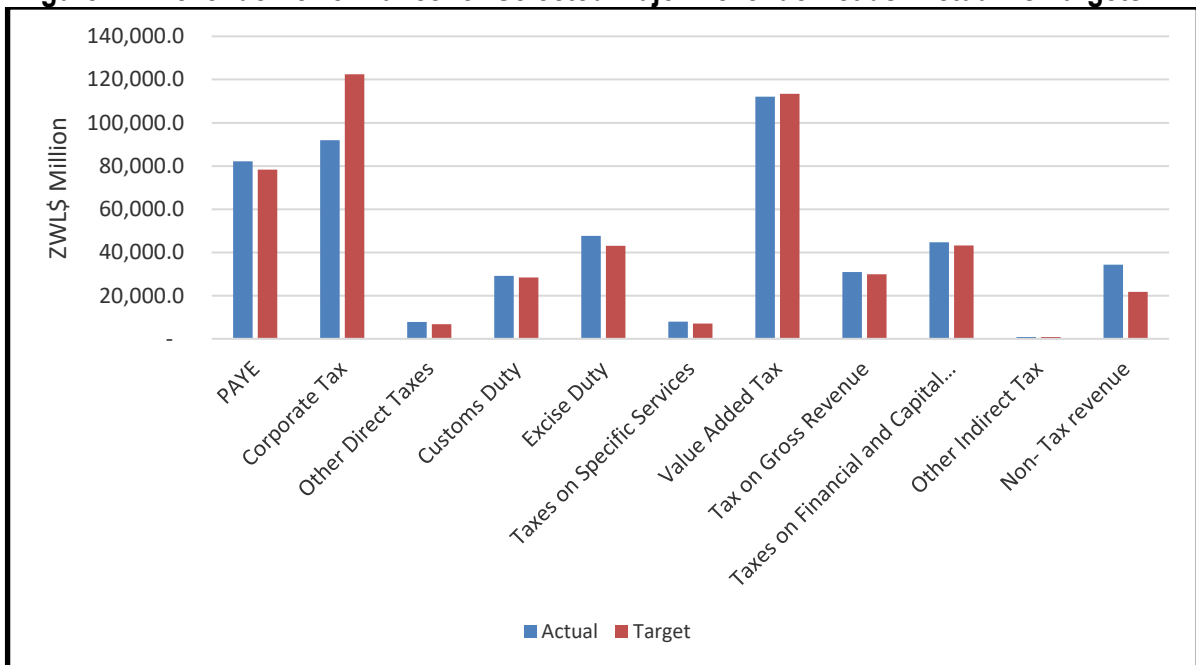
Figure 20: Contribution of Revenue Heads to Total Revenue



Source: MoFED

79. Collections for the period under review were weighed down by underperformance of Corporate Income Tax (CIT) collections, Value Added Tax (VAT) and Mining Royalties.

Figure 21: Revenue Performance for Selected Major Revenue Heads: Actual vs Targets



Source: MoFED

Personal Income Tax

80. Personal Income Tax collections amounted to ZW\$82.1 billion against a revised target of ZW\$78.4 billion, resulting in a positive variance of ZW\$3.7 billion or 5%. The performance is reflective of the impact of bracket creep, following salary adjustments within the public and private sector.

Corporate Income Tax

81. Corporate Income Tax collections were ZWL\$92 billion against a revised target of ZWL\$122.4 billion, resulting in a negative variance of ZWL\$30.5 billion.

Value Added Tax

82. Revenue collections through Value Added Tax amounted to ZWL\$112.1 billion against a revised target of ZWL\$113.4 billion, resulting in a marginal negative variance of ZWL\$1.3 billion. The revenue head has the potential, through implementation of administrative measures, to address possible leakages arising from underreporting of revenue collected, particularly foreign currency receipts by businesses that exploit arbitrage opportunities on the foreign exchange market.

Excise Duty

83. Excise duty recorded a positive variance of 10%, with actual collections of ZWL\$57 billion against a revised target of ZWL\$51.7 billion mainly on account of significantly higher volumes and collections from fuel.

Customs Duty

84. For the period under review, customs duty collections amounted to ZWL\$29.2 billion against a revised target of ZWL\$28.4 billion, resulting in a positive variance of ZWL\$735.3 million. The

continued importation of commercial consignments limited the impact of COVID-19 pandemic induced lockdown on customs duty collections.

Intermediated Money Transfer Tax

85. IMTT collections amounted to ZWL\$44.7 billion against a revised target of ZWL\$43.2 billion, resulting in a positive variance of ZWL\$1.5 billion or 3.4% of projected revenues. Performance of the revenue head benefited from the extension of IMTT to foreign currency transactions and increased value and volume of transactions during the period under review.

Non-Tax Revenue

86. Non-tax revenue collections amounted to ZWL\$34.3 billion against a revised target of ZWL\$21.8 billion, resulting in a positive variance of ZWL\$4.9 billion or 57.5%.
87. The positive performance is on account of the continued review of fees and charges by Government Ministries and Departments, in some instances to cost recovery levels in order to sustainably provide service to citizens.

Expenditure Developments

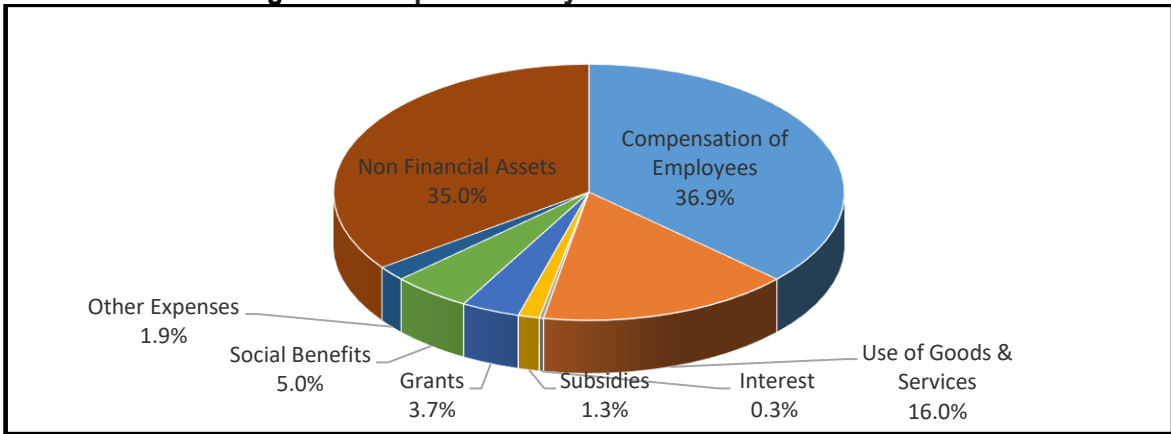
88. Expenditures for the year 2021 amounted to ZWL\$552 billion against a target of ZWL\$421.6 billion. Major expenditures were on compensation of employees including salaries of grant aided institutions and pension, ZWL\$203.6 billion, Non-Financial Assets (capital expenditure), ZWL\$193.2 billion and use of goods and services, ZWL\$88.1 billion.

Table 15: 2021 Expenditure Outturn (ZWL\$ Million)

	Outturn	Target	% Variance
Total Expenditures & Net Lending	552,013.2	421,625.5	30.9
Compensation of Employees	203,587.9	172,635.0	17.9
Use of Goods & Services	88,124.8	68,320.5	29.0
Interest	1,487.0	1,462.0	1.7
Subsidies	7,416.1	2,850.0	160.2
Grants	20,340.2	11,541.6	76.2
Social Benefits	27,488.4	12,171.4	125.8
Other Expenses	10,355.0	21,048.7	-50.8
<i>Of which: Transfer to PCs & Las</i>	6,797.7	19,540.0	-65.2
Non Financial Assets	193,213.9	131,596.3	46.8

Source: MoFED

Figure 22: Expenditure by Economic Classification



Source: MoFED

89. The Table below provides detailed expenditures by administrative classification.

Table 16: Vote Performance: Jan -Dec 2021 (ZWL\$ Millions)

Vote	Orig Est	Rev Est	Cum Exp	Utilisation
Office of The President & Cabinet	14,287.0	27,137.6	31,109.2	115%
Parliament of Zimbabwe	7,310.0	7,340.1	3,535.0	48%
Ministry of Public Service, Labour & Social Welfare	6,932.0	7,386.6	5,877.9	80%
Ministry of Defence & War Veterans Affairs	24,652.0	48,021.0	45,616.1	95%
Ministry of Finance and Economic Development	30,440.1	42,832.9	43,829.8	102%
Office of the Auditor General	1,350.0	1,349.7	620.3	46%
Ministry of Industry & Commerce	2,345.0	2,345.0	1,244.1	53%
Ministry of Lands, Agriculture, Fisheries, Water and Rural Development	46,259.0	122,746.3	117,875.2	96%
Ministry of Mines & Mining Development	1,399.0	1,399.0	1,175.4	84%
Ministry of Environment, Tourism & Hospitality Industry	1,786.6	1,820.9	1,453.8	80%

Ministry of Transport and Infrastructure Development	30,064.4	43,344.3	37,222.6	86%
Ministry of Foreign Affairs & International Trade	8,640.0	8,540.0	5,283.1	62%
Ministry of Local Government and Public Works	29,609.7	37,173.4	20,167.8	54%
Ministry of Health and Child Care	54,705.0	56,143.4	56,462.2	101%
Ministry of Primary & Secondary Education	55,221.0	61,525.9	56,387.6	92%
Ministry of Higher & Tertiary Education	14,368.0	20,289.5	17,365.0	86%
Ministry of Women Affairs, Community, Small & Medium Enterprises	2,157.0	2,257.0	2,162.4	96%
Ministry of Home Affairs and Cultural Heritage	23,556.6	30,307.9	27,100.0	89%
Ministry of Justice and Parliamentary Affairs	7,348.0	12,060.2	9,645.0	80%
Ministry of Information, Publicity & Broadcasting Services	1,479.0	1,479.0	1,138.3	77%
Ministry of Youth, Sport, Arts and Recreation	3,557.0	3,557.0	2,582.9	73%
Ministry of Energy & Power Development	1,641.0	4,791.6	4,606.6	96%
Ministry of Information Communication Technology & Courier Services	1,972.0	1,980.3	1,259.0	64%
Ministry of National Housing & Social Amenities	2,801.0	2,899.9	1,234.3	43%
Judicial Services Commission	2,601.0	3,670.7	3,090.4	84%
Public Service Commission	39,628.0	50,671.0	47,337.7	93%
Council of Chiefs	715.0	715.0	1,539.3	215%
Zimbabwe Human Rights Commission	148.0	166.6	145.4	87%
Zimbabwe Peace & Reconciliation Commission	133.0	210.2	209.3	100%
National Prosecuting Authority	612.0	810.6	793.3	98%
Zimbabwe Anti-Corruption Commission	317.0	380.7	330.8	87%
Zimbabwe Electoral Commission	2,320.9	7,421.0	2,610.4	35%
Zimbabwe Gender Commission	153.0	206.7	194.3	94%
Land Commission	934.0	954.3	575.2	60%
Media Commission	175.0	290.7	233.9	80%
TOTAL	421,617.3	614,225.9	552,013.2	90%

Source: MoFED

Recurrent Expenditure

90. Overall, the recurrent expenditure stood at ZWL\$358.8 billion against a target of ZWL\$290 billion dominated by employments costs which accounted for 56.7%.

Compensation of Employees

91. The 2021 Budget outturn amounted to ZWL\$203.6 billion against a Budget provision of ZWL\$172.6 billion for compensation of employees.

Table 17: Compensation of Employees (ZWL\$ Billions)

	2021 Budget	2021 Outturn	Variance
Civil Service Wage Bill	106,804	127,390	-20,586
PSMAS	6,250	5,041	1,209
NSSA	244.00	2,397	-2,153
Public Service Pension Scheme	986	2,733	-1,747
Grant Aided Institutions	27,727	34,747	-7,020
Pension	30,624	31,280	-656
Total	172,635	203,588	-30,953

Source: MoFED

92. The over expenditure on compensation of employees was on account of cost-of-living adjustments effected in February, April and July 2021 and the hiring of additional critical staff in the education sector of 3 000 teachers in an effort to improve teacher pupil ratio as part of response to COVID-19 pandemic.

Contributions to National Social Security Agency (NSSA)

93. In order to improve pension pay-outs, Government adopted a self-adjusting model on social contributions to NSSA, with contributions to amounting to ZWL\$2.4 billion, including payment of arrears for the period June-September 2021 of ZWL\$582 million.
94. The SI 169/2021 reviewed the maximum insurable earnings ceiling from ZWL\$5 000 to 75% of the monthly Total Consumption Poverty Line (TCPL) for an average of five persons per household.

Public Service Pension Fund

95. The Public Service Pension Fund Portfolio market value stood at ZWL\$22.7 billion as at 31 December 2021, with portfolio book value for the Assets Under Management at ZWL\$11 billion. Asset investments are diversified across various assets such as money market 4.64%, public equity 55.74%, private equity 3%, property (100% owned) 34.99% and cash at bank 1.68%.
96. The Fund acquired stake in FBCH 10%, CBZH 4% and Kuvimba Mining House (KMH) 7%.

GEMS Fund

97. The Fund's revenues for the period January 2021 to December 2021 stood at ZWL\$1.3 billion, made up of ZWL\$650 million seed capital injection, ZWL\$649.2 million contributions from members, ZWL\$21.8 million yield return from short term investments and ZWL\$36.9 million interest received on loans advanced to members.
98. For the period under review, 36 127 loan applications were received requiring ZWL\$4 billion with 18 053 eligible applicants benefitting at a valued at ZWL\$1.4 billion. There is overwhelming demand for the GEMS loan facility as they are affordable to members.

Social Protection

99. Social protection programmes are meant to cushion vulnerable members of the society from adverse socio-economic and environmental conditions. A total of ZWL\$5.6 billion had been allocated for this purpose covering various interventions that includes BEAM and Harmonised Social Cash Transfers, pay-outs to vulnerable groups as well as expansion of cash transfers to peri urban areas, among others.

Harmonized Social Cash Transfers (HSCT)

100. The overall expenditure for the Harmonised Social Cash Transfers amounted to ZWL\$900 million for the year 2021, benefitting 75 677 vulnerable households as well as enabling scaling up of coverage from 24 districts in 2020 to 30 districts by end of December 2021.
101. Additional support was also received for 9 725 households from UNICEF under the Emergency Social Cash Transfers targeting Highfields, Gutu and Mufakose and benefitting around 41 152 individuals, including 18 632 children. Further support was received from WFP under the Urban Social Assistance Programme which benefited 2.6 million individuals.

Food Deficit Mitigation Strategy (FDMS) and Urban Cash Transfers

102. In-order to ensure food security to vulnerable groups, Government availed ZWL\$1.7 billion towards the Food Deficit Mitigation Strategy for transportation of grain. Under this intervention, 1.4 million eligible food insecure households benefited during the year, with each getting 10kg bag of grain per month.
103. The resources also went towards the retargeting exercise done in 31 districts for the Joint Food Assistance Programme with WFP, aimed at identifying the most eligible vulnerable households.

Basic Education Assistance Module

104. Under the Basic Education Assistance Module, cumulative expenditure amounted to ZWL\$2 billion, benefitting a total of 1.4 million learners through education assistance. The number of beneficiaries already surpassed the NDS 1 target of 1 million vulnerable children. Of these, 681 361 were girls and 678 639 were boys from 4 984 primary and 1 963 secondary schools, countrywide.

Children in Difficult Circumstances

105. Child welfare services outlays amounted to ZWL\$50 million which benefited 59 000 children with care and protection services under the National Case Management System.
106. In addition, 103 residential care facilities were supported with per-capita grants and administrative grants covering a total of 3 450 children in care and 500 children under foster care.

Support to People with Disabilities

107. Overall budget support towards people living with disabilities stood at ZWL\$113 million.

108. A total of 388 students with disabilities were supported through payment of fees for academic and vocational studies with local universities, colleges and vocational training centres as part of Government's effort to facilitate active economic participation and social inclusion of persons with disabilities. Further, Government also procured assistive devices for 171 persons with disabilities.
109. Government extended support to institutions caring for persons with disabilities in the form of administration grants which benefited 2 450 persons. Furthermore, the State Service (Disability) Benefits for injury/death on duty for Government employees were processed at a cost of ZWL\$10.1 million which benefitted 1 045 employees.

Basic Education

110. An amount of ZWL\$50.7 billion was channelled to the Primary and Secondary Education sector towards employment costs, public examinations costs, procurement of PPEs in schools, procurement of teaching and learning materials, as well as online lessons through television and radio.
111. The Zimbabwe School Examinations Council received an amount of ZWL\$1.3 billion as subsidy in support of the administration of Grade 7, Ordinary and Advanced Level examinations.
112. In order to improve the quality of education delivery, ZWL\$352 million was availed towards procurement of teaching and learning materials as well as assistive devices for learners with special needs.
113. To ensure that children stay in school, especially the girl child, resources amounting to ZWL\$75 million were disbursed for the procurement of sanitary in school as Government continued its collaboration with Development Partners, the private sector and civil society. A further ZWL\$341.6 million was availed in support of the school feeding programme.

114. Generally, provision of education was affected by the resurgence of COVID-19 cases which disrupted the school calendar.

Higher and Tertiary Education

115. Support towards Higher and Tertiary Education amounted to ZWL\$17.8 billion of which ZWL\$12 billion was for employment costs whereas ZWL\$12.5 billion went towards ongoing programmes and projects. With this support, the following milestones were realised:

- The Higher Examination Education Council (HEXCO) successfully administered examinations for registered 616 technologists, 17 692 artisans, 9 197 technicians and 11 894 national foundation certificate skills.
- Technical Vocational Education Training Centres (TVET) compliance inspections were completed in the Midlands, Bulawayo Metropolitan, Matabeleland North and South provinces.
- Four (4) Colleges (J.M Nkomo Polytechnic, Mkoba Teachers College, Masvingo Teachers College, and Mary Mount Teachers College) were capacitated to train STEM Teachers annually and 742 are currently under training so as to improve uptake in application of STEM subjects.

116. Work commenced on the commercialisation of various innovations such as electricity fault detector, smart meters, electronic stick for the blind and pharmacy finder, modified coal tar and several projects, among others.

117. Furthermore, the Verify Engineering Medical Oxygen and Nitrogen Gases Plant was completed and commissioned by His Excellency, the President in September 2021.

Elections

118. In preparation for the 2023 Harmonised Elections, a disbursement of ZWL\$5 billion was made for the delimitation preparatory activities scheduled for the 2022 financial year.

Population and Housing Census

119. In 2021, Zimbabwe National Statistics Agency (ZIMSTAT) was supported with ZWL\$3.5 billion to conduct a census mapping exercise and other preparatory activities for the 2022 National Population and Housing Census.
120. This was complemented by support from Development Partners who capacitated ZIMSTAT under various programmes meant to strengthen the statistical system.

Agriculture Productive Social Protection Scheme

121. The Agriculture Productive Social Protection Scheme, with an outlay of ZW\$24.4 billion during 2021, supported 3.3 million smallholder farmers in communal, A1, small-scale commercial farming and old resettlement sectors for both cereals and legumes. Each farming household got an input package comprising the following, depending on the farming region:
 - One x 10kgs maize /5kg sorghum / 2kg pearl millet;
 - Onex 5kgs Soyabean/ 500grams sunflower;
 - One x 5kg sugar beans/ 2kgs cowpeas/5kgs groundnuts;
 - One x 50kg of Compound D Fertilizer;
 - One x 50kg Top Dressing Fertilizer; and
 - One unit of chemicals for Fall Armyworm/ stalk borer.
122. Furthermore, under the National Enhanced Agriculture Productivity Scheme managed through CBZ Agro-yield and AFC provided credit to commercial farmers during the 2021/22 season, with farmers expected to repay their loans, usually in the form of deductions from their crop payments when they deliver to GMB. The private sector and donors complimented the Government efforts.
123. The Agriculture Productive Social Protection Scheme also supported 282 284 cotton farmers, with each household targeted to plant at least 0.25 ha, with each input package comprising of:

- 6kg cotton seed;
- 2 x 50kg basal fertilizer; and
- 1 x 50kg top dressing fertilizer.

Empowerment Schemes

124. Various institutions that support women, youth and medium and small-scale enterprises were capacitated through disbursement of ZWL\$1.1 billion, targeting Zimbabwe Women's Microfinance Bank, SMEDCO, Women's Development Fund and Community Development Fund.
125. The resources benefitted about 95 000 women and youths across all the provinces and districts with special focus on production, new local value chains and economic empowerment initiatives.

The Urban Mass Transportation System

126. The Urban Mass Transportation System, managed through the Zimbabwe United Passenger Company (ZUPCO) received ZWL\$2.1 billion during 2021, with the bulk of the resources being earmarked for operator fares and fuel.
127. ZUPCO now operates a fleet of over 800 buses and more than 1 000 commuter omnibuses under the Urban Mass Transportation System.

Health

128. Government remains committed to increasing the National Budget for health in line with the Abuja targets. In the past three years, the health budget has increased from 11% in 2018 to 20% in 2020, with a target of 14% for 2021.

Table 18: Budget Allocation to Health

	2018	2019	2020	2021
(%) of total Budget	11%	17%	20%	14%
Abuja Targets	15%	15%	15%	15%

Source: MoFED

129. The table below shows total Health budget by expenditure head from 2018 to 2021.

Table 19: Health Expenditure (ZWL\$m)

	2018	2019	2020	2021	% Change
Compensation of employees	332.7	541.8	4,983.1	33,641	575%
Operations and maintenance	214.4	709.9	6,068.9	11,654	92%
Capital	34.6	34.9	508.5	9,410	1,750%
Total	581.7	1,286.6	11,560.6	54,705	373%

Source: MoFED

130. An amount of ZWL\$3.1 billion was channelled towards emergency preparedness, covering capacity development, better coordination, and investment in various tools and alert systems for disease outbreaks, in order to strengthen the country's preparedness and response capacity for health hazards such as cholera and COVID-19. This in turn will reduce preventable deaths.

131. The COVID-19 vaccination programme was upscaled, with ZWL\$14 billion being spent towards the procurement of COVID-19 vaccines and test kits reagents PPEs, among other expenditure items.

132. Government also awarded two Cost of Living Adjustments during 2021, a 25% adjustment in April and a 45% adjustment, effective 1 July 2021.

Capital Budget Developments

133. Overall Budget support towards the 2021 Infrastructure Investment Programme amounted to ZWL\$65.2 billion, against the budget provision of ZWL\$76 billion, which targeted high impact projects in critical sectors such as Energy, Water and Sanitation, Transport and ICT, including the Social Sector.

134. Notwithstanding the challenges posed by the COVID-19 pandemic, our infrastructure investments achieved remarkable progress, which saw commissioning of some key projects and execution of critical ongoing projects, as well as resumption of some stalled projects.
135. Some of the key projects delivered during 2021 include the Muchekeranwa dam, Chinhoyi Courts, Seke Road, Beitbridge Modernisation Project phase 1, Lupane Water supply and Irrigation Scheme, Marimba Doctor's Flats, Beitbridge Housing Units, Kopa-Jopa Road, 276km Harare-Beitbridge Road, 6.5km Makuti-Hellsgate Road, Guruve and Murehwa District Registry Offices.
136. The Table below summaries investments made during 2021 and comprising of fiscal resources (ZWL\$76.1 billion), statutory (ZWL\$8.9 billion) parastatals own resources (ZWL\$10 billion), Development Partner support (ZWL\$5.3 billion) and loan (ZWL\$39.9 billion).

Table 20: Funding for Infrastructure Projects

Sector	Amount
Energy	1 037.61
Transport	24 832
Water & Sanitation	13 405.4
ICT	4 094.5
Health	9 375.7
Education	7 525.4
Irrigation Development	2 064.3
Housing	10 104.4
Other	3640
Grand Total	76,079

Source: MoFED

137. Furthermore, under the Devolution Budget, a total of ZWL\$19.5 billion was disbursed to Provincial Councils and Local Authorities towards water and sanitation, health services, education, and road infrastructure, in light of challenges bedevilling these areas.

Transport

Roads

138. The Roads Development Programme, which targets rehabilitation and upgrading of the country's road network, received funding to the tune of ZWL\$31.5 billion, of which ZWL\$20.4 billion was channelled towards Harare-Masvingo-Beitbridge Road, which resulted in the completion of 276km by December 2021 that is now open to traffic.

Figure 23: Completed section of Harare-Masvingo-Beitbridge Road



139. Following the declaration of the state of disaster on rural and urban road infrastructure by His Excellency, President E. D Mhangagwa on 9 February 2021, rehabilitation works commenced under the Emergency Roads Rehabilitation Programme II (ERRP II), with ZWL\$10.7 billion being directed towards the Programme, targeting the following road authorities:

Table 21: Disbursements of the Emergency Roads Rehabilitation Programme II (ERRP II).

Road Authority	Amount (ZWL\$)
Department of Roads	6.1 billion
District Development Fund	1.3 billion
Urban Local Authorities	0.8 billion
Rural Local Authorities	2.5 billion
Total	10.7 billion

Source: MoFED

140. Works undertaken by the Department of Roads achieved the following:

- Rehabilitation and resurfacing of 6.5km Seke road and 3.2km Pangula road in Harare Metropolitan;
- Upgrading of Masiyemphambili Drive in Bulawayo Metropolitan;
- Construction of Nyamataka bridge and a high level dual carriageway in Manicaland;
- Upgrading of 3.6km Chivi-Mandamabwe road in Masvingo;
- Resealing of Glendale-Chiweshe road in Mashonaland Central;
- Re-gravelling of 54km of the battlefields -Turf road in Mashonaland West; and
- Tarring of the 23km Kopa-Jopa road in Manicaland, among others.

District Development Fund

141. The District Development Fund focused on the development of feeder roads, which enabled realisation of the outputs as indicated in the table below.

Table 22: Summary of DDF Provincial Emergency Roads Rehabilitation Programme II

PROVINCE	Bush Clear	Grading	Towed Grading	Drains Opening	Stockpiling Gravel	Regraveling /Spot Gravel	Culvert Construction	Culvert Repair / Cleaning	Verge Clear	Gravel Patching	Pipe Drift Construction	Pipe Drift Repair	Bridge
	(km)	(km)	(km)	(km)	(m ³)	(km)	(no.)	(no.)	(km)	(km)	(no.)	(no.)	(no.)
Manicaland	78.4	302.6	542	47.2	74,766	56.2	0	313	18.5	6	2		2
Mash Central	119.5	1315		492	132,494	70		117	41	25	3		2
Mash East	118.9	1405	149	790	71,738	33.2	20		38				7
Mash West	60.4	699	45	25	22,200	31.8		14		8		2	1

Masvingo	74.1	750.1	344	265	92,373	62.4	3	22	118	58	9	6	1
Mat North	33.4	954	129.3	343	151,918	77.1	54	193	661	243	4	43	
Mat South	5.6	2468		468	34,182	34.7		4	533	425			2
Midlands	85	721	35	219	115,014	112.7	30	80	221	58.1			5
Total	575.30	8,614.70	1,244.30	2,649.20	694,685	477.70	107	743	1,630.50	823.10	18	51	20

Source: MoFED

Figure 24: Monte Cassino Road Surfacing- Marondera District



Figure 25: Maphani Bridge rehabilitation- Beitbridge District



Mpembezi Bridge- Gutu



142. The Fund has also managed to procure 54 supervisory vehicles and 16 motorized graders to enhance service delivery.

Aviation

143. Expansion works on the R.G. Mugabe International Airport Expansion Project, being financed under the US\$153 million loan facility from China Exim Bank is now nearing completion, with overall progress estimated at 60%.

Figure 26: R.G. Mugabe International Airport



144. Furthermore, through the DDF, preliminary works also commenced at the Binga Airstrip.

Figure 27: Binga Airstrip awaiting concrete asphalt overlaying



145. Upgrading of Buffalo Range was completed following disbursements of ZWL\$326 million during the year 2021.

Figure 28: Upgrading of Buffalo Range International Airport



146. During the year 2021, works under Phase 1 of the Beitbridge Border Post Modernisation Project were completed.

Figure 29: Freight terminal, Immigration side



Water and Sanitation

147. Support towards the water and sanitation sector amounted to ZWL\$11.4 billion, with ZWL\$10.8 billion being channelled towards dam construction projects, ZWL\$143 million for water supply schemes and drilling and rehabilitation of boreholes accounting for the balance of ZWL\$292 million.

148. Priority was on ensuring implementation of Gwayi Shangani and Chivhu dams, which accounted for ZWL\$6.1 billion and ZWL\$3.3 billion, respectively. Overall progress on Gwayi-Shangani is estimated at 60%, with the dam now at 19 metres out of the targeted 72 metres.

149. Works on Chivhu dam are estimated at 92%, with major works having been completed. Furthermore, the construction of the intake tower is at 75% to completion. As regards the treatment plant, works are almost complete, with 4 pumps and motors having been delivered on site and

mounted inside the pump house. Pumps for the irrigation scheme were delivered to site and are awaiting mounting.

Figure 30: Construction of Gwayi-Shangani dam



Figure 31: Connection and laying of pipes from the dam to the water treatment plant as well as irrigation outlets at Chivhu



Figure 32: Construction of sedimentation tanks and mounting of pumps and motors at Chivhu water treatment plant



150. With respect to rural water supply, the District Development Fund drilled a total of 237 boreholes and rehabilitated 417 boreholes. These include 150 boreholes that were drilled and equipped in schools countrywide in order to improve on hygiene as part of measures to contain the spread of the COVID-19 pandemic.

Housing Delivery

151. Support towards housing delivery amounted to ZWL\$5.8 billion, that enabled completion of projects such as Chinhoyi courts, Mt Darwin Magistrate court, Beitbridge housing units, Marimba Doctors' flats and Murehwa and Guruve district registry offices.
152. These resources enabled implementation of Dzivarasekwa Housing Project, where 30 x F14 housing units were completed and 60 x F14 housing units are at various stages of completion, as well as Chimoio Flats (Block C) and Wedza district registry where civil works are currently underway.

Figure 33: ZRP Chimoio Flats civil works underway



Figure 34: Completed Mazowe Registry Office



153. Government through the Emergency Preparedness and Disaster Management Programme, availed ZWL\$543.6 million for developing of settlements to better habitat communities, especially those residing on irregular and dysfunctional settlements such as Highfields Messenger's Camp,

Senga Messenger's camp and Dzivarasekwa flats, among other projects, to regularise these settlements.

Figure 35: Construction of Dzivarasekwa Flats and site clearing for construction of flats at Senga Messenger's Camp



154. Government also availed ZWL\$372.5 million towards construction of decent accommodation for victims of national disasters such as Binga Floods and Cyclone Idai.

Figure 36: Binga Flood Victim house under construction.



155. Resources amounting to ZWL\$202.5 million were also channelled towards servicing of stands in Empumalanga, Kasese and Crownlands where works are still underway and expected to be complete by end of 2022.

Figure 37: Servicing of stands in Empumalanga



156. Construction of the New Parliament building, financed through a grant facility from the People’s Republic of China is almost complete with the superstructure already completed. Currently external works (roads, parking, lighting and grand external staircase) and internal finishes (ceiling, tiling, plumbing, carpeting, electrical and painting) are underway with the project expected to be complete by end March 2022.

157. As part of Government obligation on the project, resources amounting to ZWL\$245 million were availed towards upgrading of the power supply targeting installation of high voltage power line and transformer, construction of a 2.5 mega-litres water reservoir, completion of the ring road and installation of broad band, among others.

Figure 38: New Parliament Building



Digital Economy

158. Under the Zimbabwe Broadcasting Digitalization Migration Project, a test run was conducted in Karoi - Magunje and communities now have access to both TV and radio signals.

159. An amount of ZWL\$85.5 million was channelled towards the E-Justice system, enabling development and customization of the system for Constitutional Court, Supreme Court and High Court as well as training of users.
160. Additionally, resources amounting to ZWL\$348 million were availed under the Lab per school programme which benefited 90 schools' laboratories.

Education Infrastructure

161. Development expenditure under the education sector amounted to ZWL\$3.5 billion with ZWL\$396 million going towards primary and secondary education and remainder to higher and tertiary infrastructure projects.

Primary and Secondary Education

162. Resources went towards construction of new classroom blocks at 83 schools, whilst an amount of ZWL\$60 million was disbursed towards Cyclone Idai damaged schools in Chimanimani and Chipinge Districts. Together with efforts from development partners, 214 storm damaged school infrastructure mainly classroom blocks and toilets have been rehabilitated and reconstructed.
163. As part of efforts towards upscaling the uptake of STEM subjects in schools, through mobile science laboratories in schools, resources amounting to ZWL\$106.3 million were availed for delivery and installation of 135 laboratories countrywide.
164. Works are also underway in the provision of water and sanitation services with 260 boreholes having been drilled whilst 955 boreholes were rehabilitated across all provinces.

Tertiary Education

165. An amount of ZWL\$266.7 million was channelled towards resumption of works at Bindura Female Students Hostel now at 98% completion.

Figure 39: Bindura Female Halls of Residence



Figure 40: Equipped Model Student Hostel Room



166. Support was also channelled towards construction of Kushinga Phikelela Female Students Halls of residence (ZWL\$11.9 million), medical school at Great Zimbabwe State University (ZWL\$237 million), Manicaland State University administration block and lecture theatre (ZWL\$205.5 million) as well as rehabilitation of facilities at Gwanda State University (ZWL\$130 million).

Figure 41: Great Zimbabwe: Medical School



Health and Wellbeing

167. In furtherance of the initiatives aimed at improving access and quality of health services, a total of ZWL\$2.5 billion was channelled towards health infrastructure development and upgrading, equipping and re-equipping of facilities with modern equipment.

168. An amount of ZWL\$419.4 million was availed to Mpilo Central Hospital to cater for the rehabilitation and upgrading works for three burnt doctors’ flats, one of which is already occupied whilst the other two are expected to be commissioned during the first half of 2022.

169. Works on the refurbishment and equipping of three surgical theatres at Parirenyatwa Group of Hospitals was completed, including renovation of wards and upgrading of the water supply reticulation system.

Construction and Rehabilitation of Clinics and Hospitals

170. Support towards provincial hospital services amounted to ZWL\$495.1 million, targeted at rehabilitation and construction works at Bindura, Masvingo, Victoria Chitepo, Gwanda and Lupane Hospitals. Major works including the upgrading of gas reticulation systems, water and sanitation facilities, roads resurfacing and buildings and mortuary refurbishments were completed at these institutions.
171. Progress was achieved on the 800 bedded new Lupane Provincial Hospital. Notable milestones were attained on the outpatient department (OPD), pharmacy section, administration building and doctors' accommodation, with the whole project expected to be complete in 2023.
172. With regards to district hospitals, significant progress was noted in the rehabilitation and upgrading of Kwekwe, Chivhu, Plumtree, Chipinge and Gokwe hospitals, including Morgenster, Gutu and Manama Mission hospital.
173. An amount of ZWL\$ 650.1 million was availed towards the Manyame Hospital. The superstructure is almost complete with specialist works such as plumbing, electricals, lifts and glazing expected to be completed during the first quarter of 2022.

Health Equipment

174. Government is expected to take delivery of 32 fully equipped ambulances following a disbursement of equivalent to ZWL\$207 million, which has unlocked further deliveries of additional 68 ambulances later during 2022.

175. In addition, the Minimum Standard Equipment Package for each level of care was unveiled and contracts worth US\$8.7 million were signed with logistical arrangements towards delivery of the equipment underway.
176. Furthermore, Government in partnership with NMS Infrastructure Company commenced works on the construction of three 120 bedded district hospitals and thirty 22 bedded health centres over a period of 18 months in order to increase access and coverage of health services for underserved and marginalised communities.
177. Already, work on 4 sites in Southlea Park (Harare), Cowdry Park (Bulawayo), Mberengwa and Chimanimani is ongoing and expected to be completed by year end with preparatory work underway on other 12 sites already handed over to the contractor.

DEVOLUTION

178. During the year 2021, resources amounting to ZWL\$6.3 billion were channelled towards projects and programmes under devolution, implemented by local authorities and targeting education, health, water and Sanitation and transport sectors. Specific interventions included construction, rehabilitation as well upgrading of infrastructure.
179. The status of the devolution disbursements as of 31 December 2021 is as summarized in the table below: -

Table 23: Disbursed Devolution Funds

Entity	2021 Estimates				Balance
	Operational (ZWL\$)	Capital (ZWL\$)	Total	Total (ZWL\$)	
PROVINCIAL COUNCILS					
Bulawayo Metropolitan	9,272,800	44,045,700	53,318,500	1,364,000	51,954,500
Manicaland	55,508,700	263,666,500	319,175,200	10,768,661	308,406,539
Mashonaland Central	35,974,800	170,880,500	206,855,300	7,634,437	199,220,864
Mashonaland East	44,303,200	210,440,200	254,743,400	8,860,496	245,882,905
Mashonaland West	50,426,700	239,526,700	289,953,400	10,271,985	279,681,415
Matabeleland North	29,426,200	139,774,500	169,200,700	7,182,985	162,017,715
Matabeleland South	37,292,500	177,139,500	214,432,000	8,088,660	206,343,340
Midlands	52,677,100	250,216,200	302,893,300	9,842,479	293,050,821
Masvingo	48,936,400	232,447,800	281,384,200	9,541,499	271,842,702
Harare Metropolitan	26,981,500	128,162,300	155,143,800	3,970,000	151,173,800
Total	390,799,900	1,856,299,900	2,247,099,800	77,525,201	2,169,574,600
LOCAL AUTHORITIES					
Bulawayo Metropolitan Province	16,952,700	483,152,400	500,105,100	130,312,313	369,792,787
Manicaland Province	71,230,200	2,030,058,600	2,101,288,800	631,791,312	1,469,497,488
Mashonaland Central	60,627,500	1,727,885,100	1,788,512,600	533,378,715	1,255,133,885
Mashonaland East	61,040,100	1,739,642,000	1,800,682,100	629,722,530	1,170,959,570
Mashonaland West	76,196,100	2,171,587,200	2,247,783,300	1,076,792,551	1,170,990,749
Matabeleland North	51,968,900	1,481,115,200	1,533,084,100	458,778,770	1,074,305,330
Matabeleland South	48,713,900	1,388,349,100	1,437,063,000	541,762,034	895,300,966
Midlands	79,071,600	2,253,536,400	2,332,608,000	1,084,876,004	1,247,731,996
Masvingo	62,565,100	1,783,102,400	1,845,667,500	668,220,835	1,177,446,665
Harare Metropolitan	57,834,000	1,648,271,700	1,706,105,700	491,760,517	1,214,345,183
Sub-Total	586,200,100	16,706,700,100	17,292,900,200	6,247,395,581	11,045,504,619
Total	977,000,000	18,563,000,000	19,540,000,000	6,324,920,782	13,215,079,219

Source: MoFED

180. Outlined below is picture collage of some of the projects that were completed in 2021 by sector

Figure 42: Nechibondo Primary School ECD Block: Hwange Local Board



Figure 43: Completed Mupakwa School- Bikita RDC



Gambiza Primary School-

Vungu RDC



Figure 44: Budzi Clinic: Bikita RDC



RDC

Benzi Clinic: Zaka



PUBLIC DEBT

Domestic Debt

181. Stock of domestic debt as at end December 2021 amounted to ZWL\$412.9 billion following the inclusion of compensation to former farm owners debt.

Table 24: Stock of Domestic Debt (ZWL\$ millions)

	2020	2021
Treasury bonds	11,085	13,551
Treasury bills	3,126	15,218
Compensation- Former Farm Owners	-*	380,331
Domestic arrears	2,490	3,822
	16,702	412,921
<i>of which per cent of GDP (%) *</i>	1.4	14

* Compensation of Former Farm Owners US\$3.5 billion was not included in the debt numbers in 2020

Source: MoFED, Zimbabwe Public Debt Management Office (ZPDMO),

More information on public debt is contained in the Annual Public Debt Bulletin published on the Treasury website

Budget Financing

182. Domestic financial and capital markets are the major source of budget financing as access to external sources remains constrained. In 2021, Treasury raised ZWL\$39.17 billion for budget financing through the Treasury bills auction system (24.33%) and private placement (75.67%), with the balance being financed by the SDRs.
183. The average cost of borrowing for the period under review was 15 to 21% with tenors of 180 to 365 days, mainly financed through the banking sector (99%).

Table 25: Budget Financing for the period January to December 2021 (ZWL\$ millions)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total	% Share
Auction	807	3,704	4,023	995	9,529	24.33
Private Placement	660	3,382	16,596	9,000	29,638	75.67
Total	1,467	7,086	20,619	9,995	39,167	
<i>of which</i>						
<i>Bank (%)</i>	100.00	98.90	99.27	100.00	99.42	
<i>Non-bank (%)</i>	-	1.10	0.73	-	0.58	

Source: MoFED, ZPDMO

184. In addition, Government concluded a domestic loan agreement with Fossil Mines amounting to US\$88 million for the construction of the Harare- Masvingo Road Interchange (Mbudzi).

External Debt

185. Total Public and Publicly Guaranteed (PPG) external debt stock as at end of December 2021 stood at US\$13.35 billion, of which 42 per cent is owed to bilateral creditors, 20 per cent to multilateral creditors and 37 per cent is RBZ external debt (including blocked funds).
186. Arrears of external debt estimated at US\$6.6 billion, remains a major challenge to debt sustainability and to the economy.

Table 26: Total PPG External Debt end December 2021 Including RBZ External Debt (US\$ millions)

	Non-Guaranteed			Guaranteed			Grand Total
	DOD	Arrears	Total	DOD	Arrears	Total	
External Debt	1,808	5,192	7,000	4,976	1,376	6,352	13,352
a. Bilateral Creditors	1,452	3,334	4,786	22	824	846	5,632
Paris Club	102	2,924	3,026	19	824	843	3,869
Non-Paris Club	1,350	410	1,760	3	0	3	1,763
b. Multilateral Creditors	245	1,858	2,103	0	552	552	2,655
World Bank	161	1,068	1,229	0	291	291	1,520
African Development Bank	30	595	626	0	85	85	711
European Investment Bank	13	169	182	0	176	176	358
Others	40	26	66	0	0	0	66
c. RBZ Assumed Debt (2015)	111	0	111	0	0	0	111
d. RBZ Balance sheet Debt				4,954		4,954	4,954
RBZ External Debt				1,421		1,421	1,421
Blocked Funds				3,533		3,533	3,533

Source: MoFED, ZPDMO

External Debt Service

187. During the period January to December 2021, Government made total external debt service amounting to US\$59.3 million comprising of US\$49.7 million to active portfolios and US\$9.6 million as token payments to the IFIs and Paris Club creditors.

Table 27: External Debt Service for the period January to December 2021 (US\$ millions)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
Active Portfolios					
China Exim Bank	9.00	3.00	3.00	3.00	18.00
Sinosure	1.00	3.00	3.00	3.37	10.37
India Exim Bank	1.33	1.33	-	1.30	3.96
OFID	2.08	0.94	-	1.61	4.63
BADEA	3.01	8.68	-	0.15	11.83

IFAD	0.21	-	0.20	-	0.41
Kuwait	-	-	0.24	0.26	0.50
	16.62	16.95	6.45	9.68	49.70
Token Payments					
World Bank	1.00	1.00	1.00	1.00	4.00
African Development Bank	0.50	0.50	0.50	0.50	2.00
European Investment Bank	0.10	0.10	0.10	0.10	0.40
Paris Club Creditors	-	-	1.6	1.6	3.20
	1.60	1.60	3.30	3.15	9.60
Total	18.22	18.55	9.75	12.83	59.30

Source: MoFED, ZPDMO

External Loan Disbursements

188. External on-lent loan disbursements for the period January to December 2021, from the China Eximbank for the Hwange 7 & 8 Thermal Power Station project and the India Exim Bank for the Deka Pumping Station and River Water Intake System project, amounted to US\$24 million and US\$3.9 million, respectively.
189. The OPEC Fund for International Development (OFID) also disbursed a total of US\$8 million for the three projects namely: Poverty Alleviation Project, First Education Project and Smallholder Irrigation Revitalisation Project as shown on table below.

Table 28: External Loan Disbursements January to December 2021 (US\$ millions)

Loan Facility	Lender	Loan Amount	2021 Disbursement
Hwange 7 & 8 Thermal Power Station	China Eximbank	997.7	24
Deka Pumping Station and River Water Intake System	India Eximbank	28.6	3.9
Poverty Alleviation Project	OFID	7.8	4.2
First Education Project	OFID	20	1.3
Smallholder Irrigation Revitalisation Project	OFID	15	2.5
Total			35.9

Source: Zimbabwe Public Debt Management Office

External Loans Concluded

190. Government signed a concessional loan with the IFAD amounting to US\$35.7 million for the rehabilitation of smallholder irrigation schemes.

Table 29: External Loans Concluded in 2021 (US\$ millions)

Borrower	Lender	Amount	Purpose	Interest (%)	Maturity (years)	Signature Date
GoZ	IFAD	35.7	Rehabilitation of smallholder irrigation schemes	1.5	40	11-Mar-21
Total		35.7				

Source: MoFED, ZPDMO

Contingent Liabilities

191. In 2021, Government approved and issued guarantees and borrowing power certificates to several public entities as shown in tables below. All borrowing requests go through a credit risk assessment to ensure that guarantees and borrowing power certificates are issued to credit worthy entities.
192. Government, issued an external guarantee to ZETDC amounting to US\$110.4 million to finance repayment of legacy debts for electricity importation.

Table 30: Guarantee to External Creditor

Borrower	Lender	(US\$ millions)	Purpose	Date of Signature
ZETDC	Afreximbank	110.40	To pay off legacy debts incurred for electricity importation	7-Nov-21

Source: MoFED, ZPDMO

193. During the period January to December 2021, Treasury issued guarantees to domestic creditors amounting to ZWL\$35.66 billion and US\$64.75 million, of which more than 90 per cent was towards the agricultural sector.

Table 31: Guarantees to Domestic Creditors

Borrower	Lender	(US\$m)	(ZWL\$m)	Purpose	Date of Signature	Date of Expiry
Mbano Hotels	Manor CBZ	-	10	Working capital expenditure	1-Feb-21	
Agribank and AMA	FBC and Stewart Bank	-	100	Financing of horticultural and oil seed production farmers for the 2020/21 Agricultural season	8-Mar-21	31-Dec-21
Luxafloor Roses	CBZ	0.75	-	To finance procurement of raw materials, intermediate goods and accessories for the production and export of roses and refinancing existing facility	11-Mar-21	
AMA	FBC and Stewart Bank	-	20 000	Grain procurement	8-Jun-21	8-Jun-22

IDBZ	Various	-	200	Second tranche for financing the development of a low-density residential area in Mt Pleasant	18-Aug-21	17-Aug-22
AFC Holdings	Various	-	15 000	Financing of the 2021/22 summer agricultural season	28-Oct-21	28-Oct-22
CBZ Agroyield	CBZ	64	-	Financing of the 2021 winter wheat agricultural season	28-Oct-21	
Silo Food Industries			350	Financing of working capital requirements	28-Oct-21	
Total		64.75	35 660			

Source: MoFED, ZPDMO

194. In addition, Treasury granted authority to borrow to six public entities amounting to US\$22.7 million and ZWL\$988.1 million for financing of working capital and capital expenditure requirements.

Table 32: Borrowing Power Certificates

Borrower	Lender	(US\$m)	(ZWL\$m)	Purpose	Date Signed
ZCDC	Hethmex	10		Revolving facility for capital expenditure	29-Mar-21
ZIMPOST	POSB		10	Financing of working capital requirements	8-Jun-21
ZIMPARKS	ZB Bank		300	Financing of working capital requirements	8-Jun-21
NRZ	CBZ		520	Financing of working capital requirements	28-Oct-21
ZETDC	Syndicated loan led by Afreximbank	12.7		Financing of capital expenditure	7-Nov-21
City of Mutare	BancABC		158.1	Financing of working capital requirements	20-Dec-21
Total		22.7	988.1		

Source: MoFED, ZPDMO

Arrears Clearance, Engagement and Re-engagement

195. The Arrears Clearance, Debt Relief and Restructuring Strategy has been formulated and was approved in November 2021 by Cabinet and Parliament as part of the 2022 National Budget. The Strategy outlines and explores possible debt resolution options under the Heavily Indebted Poor Countries (HIPC) Initiative and non- HIPC Initiative scenarios.
196. The HIPC Initiative option and process would allow the country to benefit from maximum debt relief. Should the HIPC Initiative option be not available, the Strategy also outlines a combination of use of own resources (where feasible) and bridge concessional financing to clear arrears to the International Financial Institutions (IFIs).

FINANCIAL SECTOR DEVELOPMENTS

Banking Sector

197. The banking sector remained safe and sound with demonstrable capacity to support the recovery of the economy. As at 31 December 2021, operating institutions in the banking sector were 13 commercial banks, five (5) building societies, and one (1) savings bank. In addition, there were 168 credit-only microfinance institutions, eight (8) licensed deposit-taking microfinance institutions and three (3) development financial institutions under the purview of the Reserve Bank.

Banking Sector Capitalisation

198. As at end of 2021, the banking sector was adequately capitalized, with an average capital adequacy and tier one ratios of 32.86% and 26.54%, respectively, above the regulatory minima of 12% and 8%, respectively.

199. The aggregate core capital increased by 147.44% from \$40.75 billion as at 31 December 2020 to \$100.83 billion as at 31 December 2021.

200. Banking institutions bolstered their capital positions through organic growth, including through re-capitalization of revaluation gains on investment properties, as well as capital injection by shareholders.

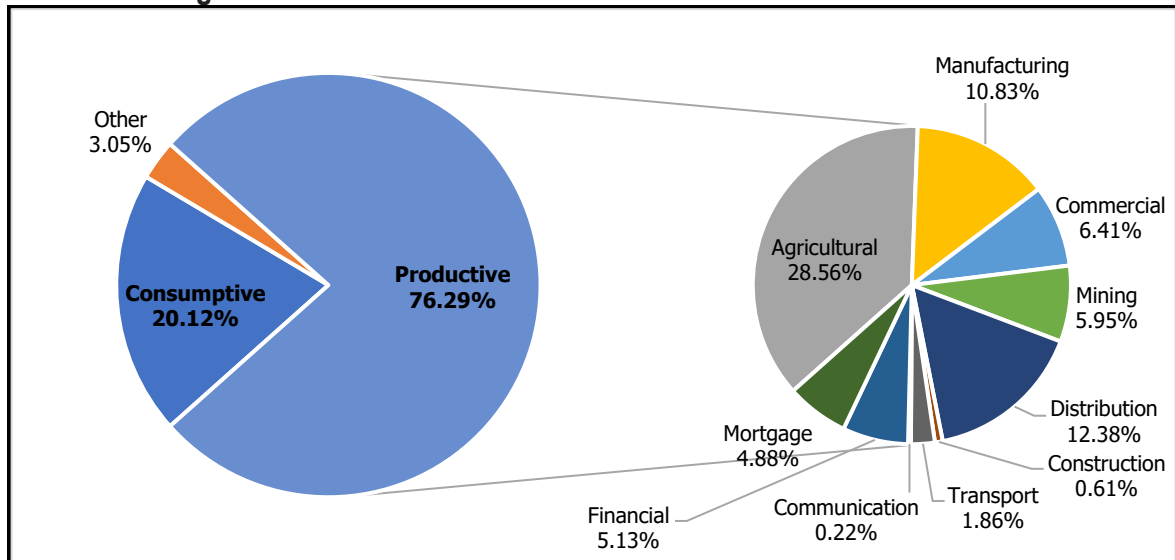
201. In terms of compliance with minimum capital requirements, 13 banking institutions complied out of the 18 operating banking institutions (excluding POSB with no statutory minimum capital requirement), as at 31 December 2021.

202. Non-complaint banking institutions were granted extensions up to 31 December 2022 to allow the consummation of capital raising initiatives, including merger proposals by some institutions.

Banking Sector Loans and Advances

203. The total banking sector loans and advances increased by 64.16% from \$82.41 billion as at 31 December 2020 to \$229.94 billion as at 31 December 2021, largely attributed to the conversion of foreign currency-denominated loans.
204. Banks continued to deploy idle foreign currency balances through the creation of foreign currency-denominated loans which constituted 36.87% of total banking sector loans as at 31 December 2021, compared to 30.16% reported as at 30 June 2021.
205. Financial intermediation improved from 39.45% recorded in 2020 to 48.27% as at 31 December 2021 with a bias towards the productive sectors, as shown in Figure 52 below.

Figure 45: Sectoral Distribution of Loans as at 31 December 2021



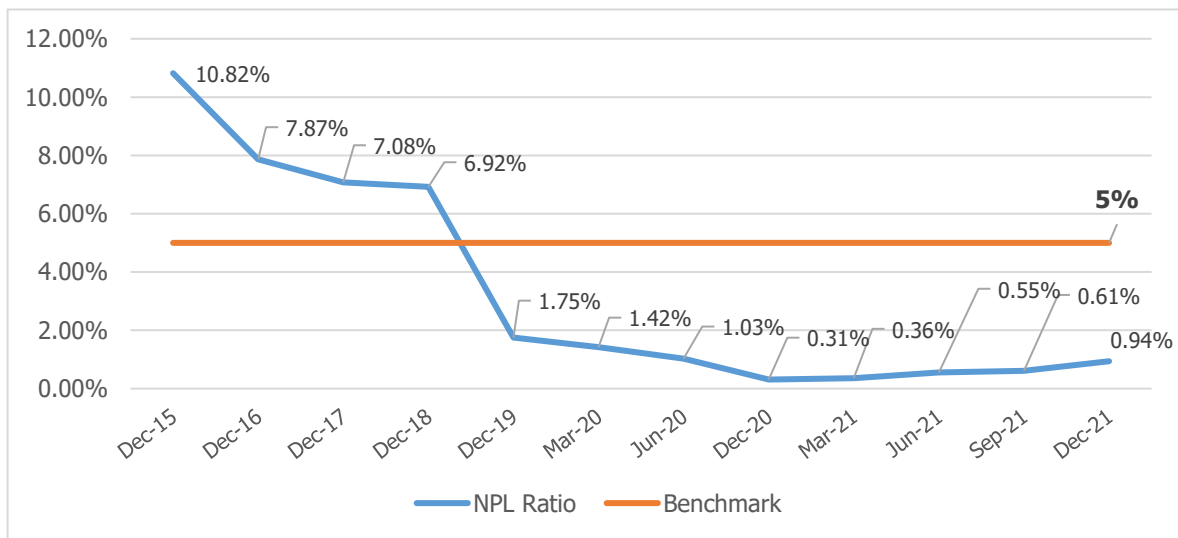
Source: RBZ

206. Credit creation is expected to continue improving in line with the incremental recovery of economic activity from the COVID-19 pandemic.

Asset Quality

207. The banking sector asset quality remains satisfactory with the average non-performing loans (NPLs) to total loans ratio of 0.94% as at 31 December 2021, against the generally international threshold of 5%.

Figure 46: Trend in Non-Performing Loans



Source: RBZ

208. The low NPL ratio is reflective of sound credit risk management systems and strong internal controls by banking institutions.

Banking Sector Profitability

209. During the year ended 31 December 2021, the banking sector reported an unaudited aggregate profit of ZWL\$59.29 billion, an increase of 69.63% from a profit of ZWL\$34.95 billion reported for the corresponding period in 2020. The main drivers of banking sector profitability were interest income from the core business of lending (34.99%), fees & commission (31.80%) and non-interest income (23.97%).

210. The banking sector earnings denominated in United States Dollars increased by 27.74% from USD419.06 million for the year ended 31 December 2020, to USD535.30 million during the corresponding period in 2021.

Microfinance

211. The microfinance sector maintained a positive trajectory over the review period, on the backdrop of increased economic activities following the relaxation of the COVID-19 restrictions.

Table 33: Microfinance Industry Key Performance Indicators

Indicator	Dec-20	Mar-21	June 21	Sept-2021	Dec-2021
Total Loans (\$m)	2 011.69	3 100.56	3 968.57	5 867.82	7 153.7
Total Assets (\$m)	3 752.39	5 542.91	6 810.38	9 357.41	11 533.34
Total Equity (\$m)	1 677.82	2 647.01	3 332.30	4 000.37	5 008.80
Net Profit (\$m)	384.77	596.71	1 033.77	1 175.06	1 984.88
Average Operational Self-Sufficiency (OSS)	111.9%	146.1%	187.2%	171.69%	168.63%
Total Deposits (DTMFIs) (\$m)	239.11	350.02	442.98	698.55	908.55
Portfolio at Risk (PaR>30 days)*	8.3%	10.6%	8.6%	11.48%	10.15%
Number of Outstanding Loans	279 909	343 199	319 843	361 773	318 007
Number of Active Loan Clients	288 561	318 864	268 136	335 946	307 655
Number of Female Borrowers	116 043	135 932	117 275	149 012	147 505
Loans to Female Borrowers (\$m)	673.22	1 188.41	1 664.38	2 467.30	2 296.32
Number of Branches	697	694	724	837	1 007

Source: RBZ

*Portfolio at Risk [30] days-The value of all loans outstanding that have 1 or more instalments of principal past due more than 30 days. This includes the entire unpaid principal balance, including both the past due and future instalments, but not accrued interest. It also includes loans that have been restructured or rescheduled.

212. The number of active microfinance clients increased by 6.62% over the year from 288,561 as at 31 December 2020, to 307,655 as at 31 December 2021, while the number of branches/agents registered a 44.48% increase from 697 to 1 007 over the same period.

213. The value of loans accessed by female borrowers registered a 241.1% increase over the year from ZWL\$673.2 million as at 31 December 2020, to ZWL\$2.3 billion as the sector continues to target the women that are currently financially excluded.

Lending and Portfolio Quality

214. The sector registered a 251.61% increase in the value of microfinance loans over the year from \$2.01 billion to \$7.15 billion as at 31 December 2021.

215. The portfolio quality declined over the year from 8.34% as at 31 December 2020 to 10.15%, largely driven by the poor or non-performance of some of the microfinance clients.

Profitability

216. The microfinance sector recorded an aggregate net profit of \$1.98 billion for the period ended 31 December 2021, up from \$384.77 million in the corresponding period in 2020. The increased profits were largely attributed to improved economic activities emanating from the opening up of the economy, following the relaxation of COVID-19 restrictions.

217. The microfinance sector is largely sustainable as evidenced by an improvement in the Operational Self Sufficiency (OSS) ratio of 168.63%, up from 111.86% as at 31 December 2020, against the international benchmark of 100%.

Compliance with Minimum Capital Requirements

218. As at 31 December 2021, a total of 28 credit-only microfinance institutions and all the six (6) operating deposit-taking microfinance institutions were non-compliant with the new minimum capital requirements.

219. The compliance date for both credit-only and deposit-taking microfinance institutions was, however, extended to 31 December 2022 having taken into account the impact of the COVID-19 pandemic on the microfinance sector.

Financial Inclusion

220. Government, with support of development partners, began the process of formulating a National Financial Inclusion Strategy II 2021-2025 (NFIS II). The formulation process is set to benefit from the FinScope Surveys, the Micro, Small and Medium Enterprises (MSME), and the Consumer Surveys which are currently underway and expected to be finalized by 31 May, 2022.

221. The second phase of the National Financial Inclusion Strategy II seeks to design strategies to upscale the usage of financial services and products by marginalised segments to facilitate improved livelihoods through sustainable participation in economic activities.

Financial Inclusion Indicators Developments

222. Notable increases were recorded both in terms of the nominal value and inflation-adjusted value of loans availed by banks and deposit-taking microfinance institutions to MSMEs, Women and the Youth.

223. Loans to MSMEs increased over the year from ZWL\$3 billion as at 31 December 2020, to ZWL\$10.3 billion, and the inflation adjusted value of loans over the same period increased from \$8.7 million to ZWL\$169.3 million reflecting a 1,856.8% real growth in loans to the MSMEs.

224. Loans to the women increased over the same period in nominal terms from ZWL\$3.28 billion to ZWL\$14.67 billion, with inflation-adjusted figures of ZWL\$9.41 million as at 31 December 2020, to ZWL\$241.46 million, representing a 2,266% real growth in loans to women.

225. Loans to youth increased in nominal terms over the year from ZWL\$1.95 billion as at 31 December 2020, to ZWL\$6.25 billion and the inflation-adjusted figures from ZWL\$5.59 million to ZWL\$102.90 million reflecting a 1,740.79% growth in real terms over the year.
226. The table below shows the trend in the movement of the financial inclusion indicators during the review period.

Table 34: Financial Inclusion Indicators

Indicator	Dec 2020	Mar 2021	Jun 2021	Sept 2021	Dec 2021
Number of Loans to MSMEs	11 452	24,129	24 681	35 224	35 224
Nominal Value of loans to MSMEs (ZWL\$ Million)	3 013.85	3 967.00	5 511.15	7 164.95	10 280.92
Inflation-adjusted - Value of loans to MSMEs (ZWL\$ Million)	8.65	16.49	51.68	138.99	169.26
Average loans to MSMEs as % of total bank loans	3.66	3.79	3.85	3.89	3.90
Number of Loans to Women	521 018	514 492	486 672	523,550	173 810
Nominal Value of Loans to Women (ZWL\$ Million)	3 280.61	5,039	6 716.62	11 905.96	14 666.06
Inflation-adjusted Value of Loans to Women (ZWL\$ Million)	9.41	20.95	62.98	230.96	241.46
Average loans to women as a % of total bank loans	3.98	4.82	4.69	6.47	5.57
Number of Loans to Youth	71 832	68 452	72 924	77,446	75 188
Nominal Value of Loans to Youth (ZWL\$ Million)	1 947.52	2 719	3 825.46	5 488.16	6 249.97
Inflation-adjusted Value of Loans to Youth (ZWL\$ Million)	5.59	11.30	35.87	106.46	102.90
Average loans to the youth as a % of total bank loans	2.36	2.60	2.67	2.98	2.37
Total number of Active Bank Accounts (Million)	8.64	9.06	7.17	6.69	8.18
Number of Low Cost Bank Accounts (Million)	5.85	5.82	4.41	4.45	4.78

Source: RBZ

227. Loans to the MSMEs, women, and youth, while on an upward trend, remain low given the total value of loans by banks and microfinance institutions, with loans to MSMEs, women and youth accounting for 3.90%, 5.57% and 2.37%, respectively.

Credit Infrastructure

Collateral Registry

228. The Collateral Registry, expected to benefit households and MSMEs by enabling them to leverage their movable assets to access funding from formal financial institutions is expected to go live during the second quarter of 2022.

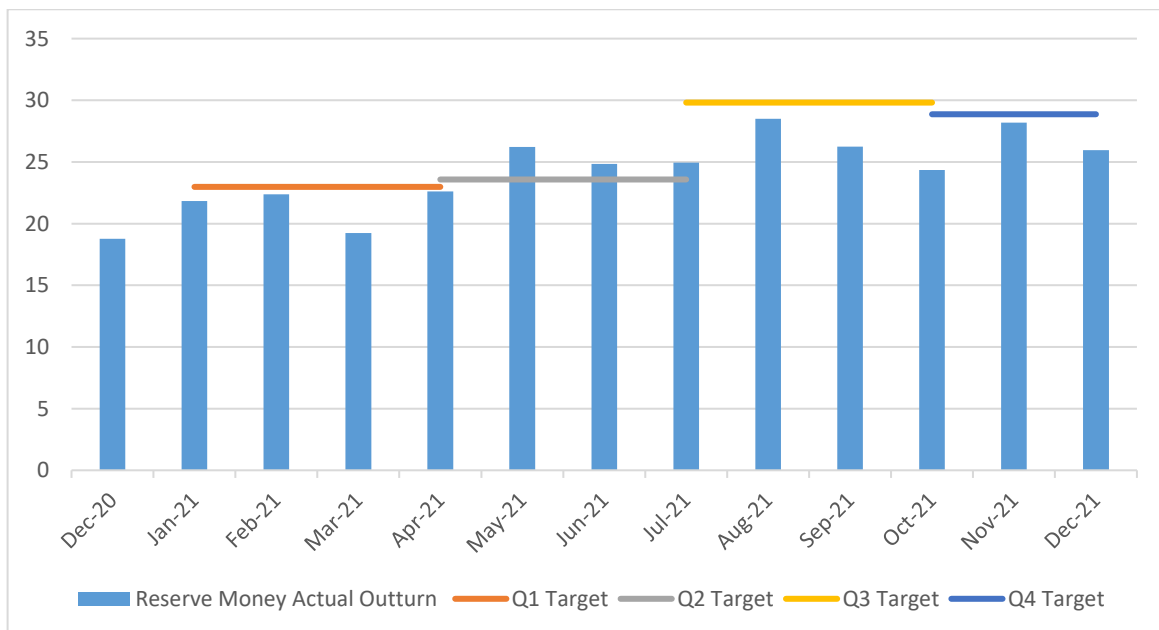
229. The first user acceptance tests conducted in December 2021 provided another opportunity for the Reserve Bank to validate the system’s functionalities ensuring that it is fit for purpose. To this end, arrangements are underway for the second and final user acceptance testing.

Reserve Money Developments

230. The Central Bank implemented a conservative monetary targeting framework to contain money supply growth and avert attendant pressures on the exchange rate and inflation. Quarter on quarter reserve money growth target for 2021 was progressively reduced from 22.5% during the first two quarters of 2021, to 20% in the third quarter, and further down to 10% in the fourth quarter.

231. The downward revision was necessitated by the need to further tighten monetary policy in response to the resurgence of inflationary pressures and exchange rate depreciation. The successive revisions saw reserve money closing the year at ZW\$25.94 billion, well within the fourth quarter target of ZW\$28.9 billion.

Figure 47: Reserve Money Developments (ZWL\$ Billions)



Source: Reserve Bank of Zimbabwe, 2021

232. The year-end reserve money stock of ZW\$25.94 billion translated to a year-on-year growth of 38.26%, which was a decline of 43.44 percentage points from 81.70% recorded in 2020.

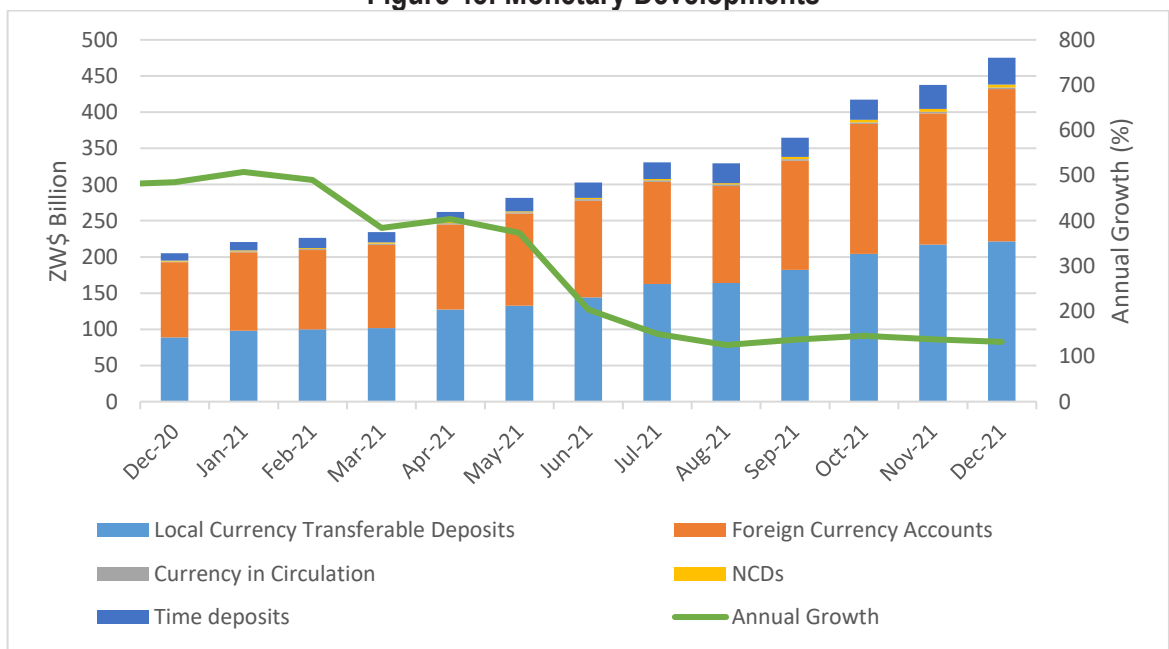
Money Supply Developments

233. Broad money (M3) rose from ZW\$204.9 billion in December 2020, to ZW\$475.4 billion by end-December 2021. Year on year growth in M3, however, fell from 485.2% in December 2020 to 132% by December 2021. The annual growth in M3 largely reflected increases of 277.55% in time deposits; 157.37% in certificates of deposits; and 149.20% in local currency transferable deposits.

234. Local currency transferable deposits accounted for the largest share of broad money, at 46.54%; followed by foreign currency deposits, 44.33%; time deposits, 7.87%; negotiable certificates of deposits, 0.78%; and currency in circulation, 0.49%.

235. Growth in broad money was also partly attributed to the exchange rate movements over the year, which resulted in increases in the local currency equivalent of the foreign currency deposits.

Figure 48: Monetary Developments



Source: Reserve Bank of Zimbabwe, 2021

236. Domestic credit registered a year-on-year growth of 218.18%, from ZW\$106.95 billion in December 2020 to ZW\$340.29 billion in December 2021.

Protection of Foreign Currency Denominated Accounts (FCAs)

237. Government through the DPC implemented an explicit deposit protection scheme for the Foreign Currency Denominated Accounts (FCAs) with effect from 31 December 2021.

238. The FCA maximum cover level is US\$1 000.00 (one thousand United States dollars) per deposit class per each banking institution and US\$500.00 (five hundred United States dollars) per deposit class per deposit-taking microfinance institution with effect from 1 January 2022.

239. There are no extra costs being imposed on banking institutions as premium contributions were being levied on the same deposits during the multi-currency system.

Strengthen Anti-money Laundering, Counter-financing Of Terrorism And Proliferation Financing Framework

240. Zimbabwe was placed on the Financial Action Task Force (FATF) list of countries with strategic deficiencies (grey list) in October 2019, following a mutual evaluation process that identified several key deficiencies in our implementation of Anti-Money Laundering and Counter Financing of Terrorism (AML/CTF) Standards. The country was thus given a two-year action plan to address the deficiencies.

241. During the year 2021, Government and other relevant stakeholders, worked tirelessly to strengthen implementation of the AML/CFT standards. Significant progress was thus registered in addressing the action plan in the following areas;

242. Government availed resources for coordinated capacity-building programmes countrywide to promote and enhance awareness and understanding of money laundering and terrorism financing risks among both public and private sector players. The programmes have resulted in improved coordination among all institutions involved in combating money laundering and terrorism financing.

Risk Based Supervision of Financial Institutions and Designated Non-Financial Businesses and Professions

243. Financial sector supervisors managed to put in place rigorous systems for the risk-based supervision of financial institutions in the banking, securities and insurance sectors, to enforce compliance with AML/CFT legislative and regulatory requirements. The risk based approach has enabled regulators to focus their supervisory and monitoring resources to areas of higher risk, thus improving the overall effectiveness of the country's AML/CFT regime.

244. International standards require implementation of AML/CFT measures, not just by financial institutions, but also by designated non-financial businesses and professions (DNFBPs), including lawyers, accountants, estate agents, car dealers, casinos and precious stone and precious metal dealers. These designated businesses and professions are prone to be misused as money laundering and terrorism financing conduits, hence the need for them to strengthen their AML/CFT defences.

245. While progress was recorded in improving awareness on AML/CFT issues among DNFBPs, more effort is still required to effectively supervise and monitor AML/CFT implementation by various entities.

Implementation of United Nations Sanctions to Combat Financing Of Terrorism

246. The FATF Standards require countries to implement measures to identify and freeze bank accounts and other assets of individuals and entities that are under United Nations sanctions on combating terrorism financing and financing of proliferation of weapons of mass destruction.
247. In line with the FATF action plan, Zimbabwe managed to address gaps in the relevant legislation. In the course of the year, various training workshops were conducted to educate financial institutions, DNFBPs and other stakeholders on the effective implementation of the UN sanctions.

Ongoing Measures to Instil Market Discipline and Compliance

248. In line with its mandate to enforce market discipline and safeguard the integrity of the country's financial system, the Financial Intelligence Unit (FIU) continued to monitor the market, in the process, identifying and taking action against individuals and entities that engage in illicit financial transactions.
249. In 2021, at least 200 companies were penalised by the FIU for various breaches of the Bank Use Promotion Act [Chapter 24:24], the Exchange Control Act [Chapter 22:05] among other financial laws. Action taken by the FIU included:
- Imposition of monetary fines;
 - Freezing of bank accounts and suspension of access to financial services;
 - Barring from participating in the foreign exchange auction; and
 - Referral to law enforcement agencies for investigation and prosecution.
250. Government will ensure that the FIU's capacity to spearhead the fight against financial crime is strengthened through increasing its human resources and acquisition of modern transaction monitoring and analytical tools.

Insurance

251. The pensions industry had 985 registered pension funds as at 31 December 2021, up from 967 funds as at 31 December 2020, following approval of 18 applications during the year under review.

Table 35: Pension Fund and Membership Statistics

Type of Funds	Pension Funds as at 31 December		Total Membership as at 31 December	
	2020	2021	2020	2021
Insured	786	799	355,079	353,345
Self- Administered	166	171	118,860	148,246
Stand- Alone	15	15	407,397	415,400
Total	967	985	881,336	916,991

Source: IPEC:2021 Annual Report. Note: total membership does not include beneficiaries.

252. As shown in the table above, there was an increase of 4.1% in membership of the pensions industry from 881,336 members the previous year to 916,991 as at 31 December 2021. However, there was a decline in membership for insured funds, from 355,079 members to 353,345 members during the same period on account of member exits, which were largely due to full commutation of pension benefits by some members.

253. On the other hand, the stand-alone and self-administered sub-sectors recorded increases in membership compared to the previous period on account of new entrants and reinstatement of members for the allocation of revaluation gains.

254. The breakdown of membership for the period 2021 and 2020 is shown in table below: -

Table 36: Pension Membership

Membership Class	Membership as at 31 December...		
	2020	2021	Change (%)
New Entrants	9,379	6,587	-30%
Active members (excluding new entrants)	316,576	342,556	+8%
Pensioners (excluding beneficiaries)	33,208	35,569	+7%
Deferred pensioners	350,537	368,933	+5%
Suspended pensioners (excluding beneficiaries)	12,773	12,093	-5%

Number of unclaimed benefits	158,863	151,253	-4.7%
Total members excluding beneficiaries	881,336	916,991	+4%
Total number of beneficiaries	23,374	27,170	+17%
Total members including beneficiaries	904,701	944,161	+4%

Source: IPEC

255. Active members and deferred pensioners constituted 36.8% and 40.23%, respectively, as at 31 December 2021.

256. Members with unclaimed benefits declined from 158,863 in 2020 to 151,253 as at 31 December 2021. The decline could be attributed to the awareness efforts to claim their benefits through various platforms. Pensioners receiving benefits, excluding beneficiaries, increased from 33,208 to 35,569 during the same periods.

Table 37: Key Industry Performance Highlights

Indicator	Insured Funds	Self-Administered Funds	Stand-Alone Self-Administered Funds	Total
Number of Funds	799	171	15	985
Members	353,345	148,246	415,400	916,991
Share of total membership	39%	16%	45%	100.00%
Total Income (Billion ZW\$)	58.57	68.91	47.09	174.57
Total Contributions (Billion ZW\$)	3.72	5.55	7.14	16.41
Rental Income (Billion ZW\$)	0.01	0.36	2.09	2.46
Investment Income (Billion ZW\$)	55.41	51.04	34.81	141.26
Investment Income/Total Assets	55.43%	46.59%	31.80%	44.29%
Total Expenditure (Billion ZW\$)	4.49	5.42	7.86	17.77
Total Benefits Incurred (Billion ZW\$)	3.42	3.88	2.68	9.98
Pension benefits per pensioner (Thousand ZW\$)	77.93	83.80	48.59	58.65
Expenses/Contributions	28.39%	25.01%	68.03%	44.48%
Expenses/Total Income	1.80%	2.02%	10.31%	4.18%
Income/ Surplus (Deficit) Billion ZW\$	54.08	63.49	39.23	156.80
Total Assets (Billion ZW\$)	99.96	109.53	109.47	318.96
Total Assets per member	282,105	717,433	250,907	337,825
Share of Total Assets	31.34%	34.34%	34.32%	100.00%
Prescribed Assets (Billion ZW\$)	3.66	8.18	1.16	13.00
Prescribed Assets Ratio	3.66%	7.47%	1.06%	4.08%
Contribution Arrears (Billion ZW\$)	0.39	0.72	3.16	4.27
Arrears Pension Benefits	-	117,908,680	489,412,685	607,321,365

Source: IPEC

257. The industry monthly pension average of ZW\$5,235.14 was above the minimum pension of ZW\$3,000 which is determined in terms of Circular 25 of 2021.

Table 38: Average Monthly Pension Benefits by Sector

Sector	Average Monthly Pension (ZWL\$)
Insured Funds	4,572.37
Self-Administered Funds	7,027.12
Stand Alone Funds	4,105.94
Industry Average	5,235.14

Source: IPEC

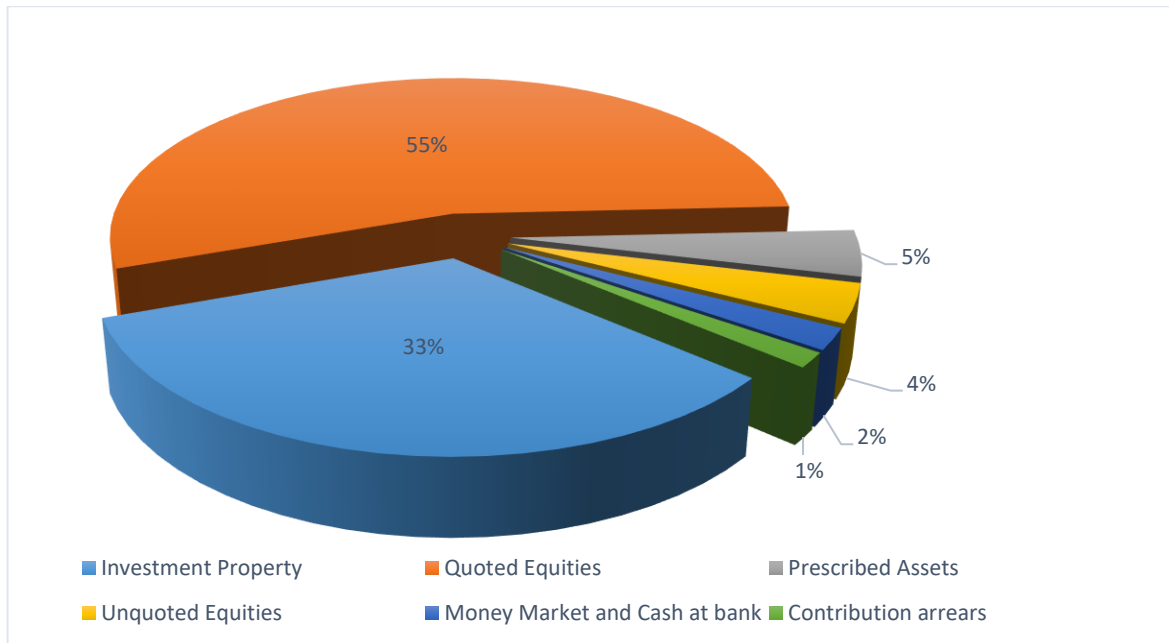
258. Going forward, the minimum pension will be revised in line with economic fundamentals.

Assets

259. The industry had an asset base of ZW\$318.96 billion (or US\$2.94 billion converted at the then prevailing official foreign exchange auction market rate), as at 31 December 2021, compared to US\$1.35 billion reported in 2020. Whilst the statistics indicate a significant growth of 117.78%, the growth is attributed mostly to revaluation gains, which constituted 44.23% of total income for the year to 31 December 2021.

260. The total industry's asset base translates to a penetration rate of 13% of the GDP, a 10.3% increase from the previous year showing that the pensions industry continues to play an important role in the country's economic development.

Figure 49: Distribution of Industry Assets



Source: IPEC

261. The industry's assets are concentrated in investment property and quoted equities, mainly because the two asset classes have proven to be preserving value in a hyperinflationary environment.
262. As at end of year 2021, the industry had ZW\$13 billion invested in prescribed assets, constituting 4.08% of the industry total assets, which was below the regulatory minimum threshold of 20%.

Table 39: Industry Uptake on Approved Prescribed Assets for the Year 2021

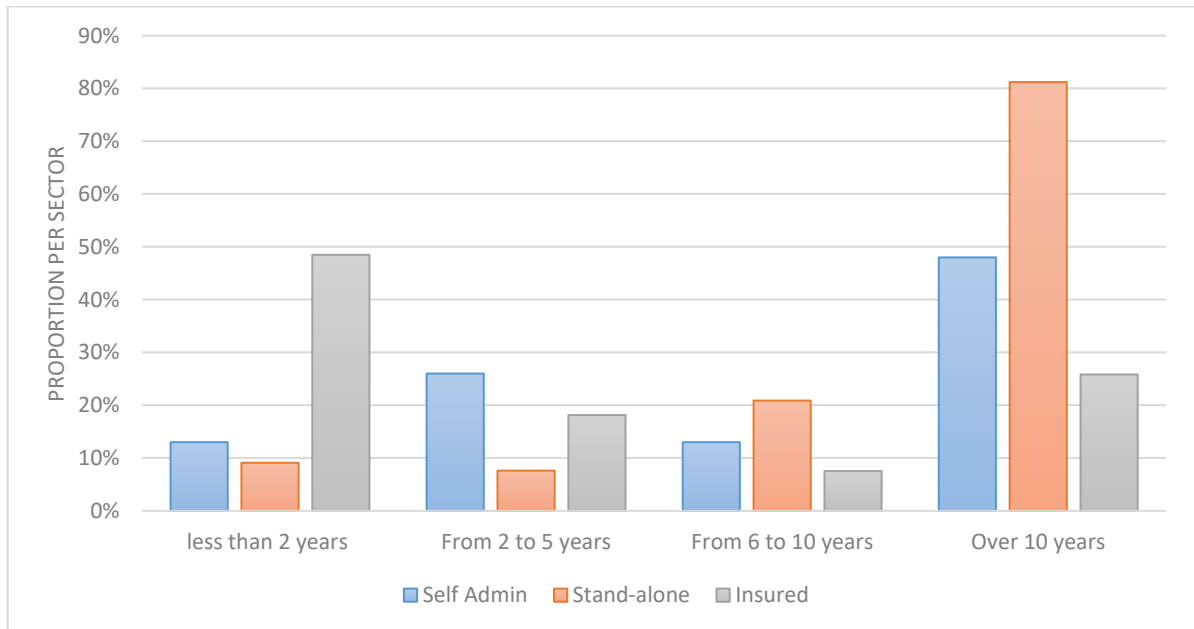
Instrument	Issue Size (million)	Sector	Industry % Uptake
First Mutual Microfinance	ZWL200	Financial	35.55%
Silo Food Industry	ZWL350	FMCG	0.28%
Sahwira Agriculture	USD20	Agricultural	6.66%
Mangwana Opportunities Private Limited	ZWL500	Financial	28.49%
CICADA	ZWL300	Agricultural	63.51%
Tynwald	USD11.5	Infrastructure Development	100%
CBZ AMA Bills	ZWL20,000	Agricultural	0.16%
Great Zimbabwe Hydro	USD5	Energy and Power	100%
Growth	ZWL 650	Agricultural	53.13%

Source: IPEC

Liabilities

263. The insurance industry had liabilities amounting to ZW\$216.22 billion as at 31 December 2021 whilst reserves amounted to ZW\$172.51 billion, constituting 95.74% of the total liabilities. Benefit provisions for active members and pensioners accounted for ZW\$2 billion, thus constituting 2.47% of total liabilities.
264. There was an increase in the unclaimed benefits, from ZW\$0.62 billion in 2020 to ZW\$2.97 billion in 2021, largely due to the revaluation of the supporting assets.
265. The proportion of the industry's aged unclaimed benefits across the three (3) sectors is shown in figures below: -

Figure 50: Proportion of Unclaimed Benefits by Sector



Source: IPEC

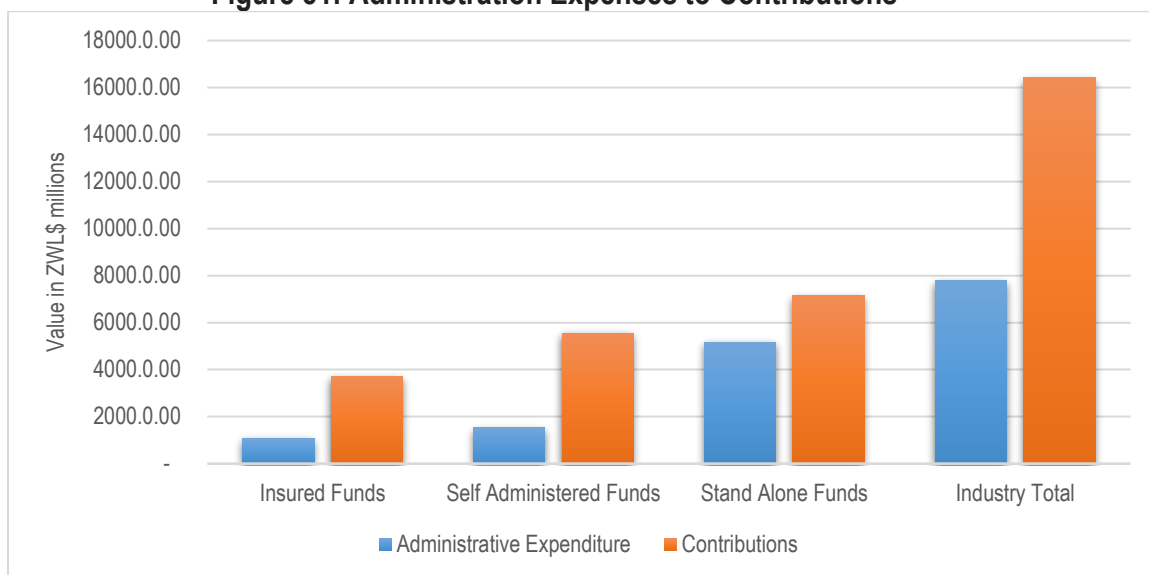
266. The high record of unclaimed benefits over 10 years indicates that some administrators are failing to meet the Know Your Customer (KYC) requirements. In line with pensions regulations, when

unclaimed benefits have been held for at least five (5) years, they should be remitted to the Guardian Fund.

Earnings

267. Total income for the year 2021 amounted to ZW\$174.57 billion, a nominal increase of 120.36% from ZW\$79.21 billion reported in the previous year. Income was mainly driven by fair value gains and interest on investment, which amounted to ZW\$77.22 billion and ZW\$53.75 billion, respectively.
268. Total expenditure amounted to ZW\$17.77 billion from ZW\$5 billion reported in 2020 and was mainly driven by benefit payments and administrative expenses, which accounted for ZW\$9.98 billion and ZW\$7.79 billion, respectively.
269. Administrative expenditure of the Stand-Alone sector was the largest within the industry at 72.52% of the contributions in comparison to the insured and self-administered sectors, which reported 28.85% and 27.69%, respectively against an industry average of 47.44%.
270. High expense ratios are a cause for concern as this leaves pension funds with insignificant residual income for investment from new inflows, prompting IPEC to issue an Expenses Guideline, which put some caps on some expenditure items and changed the basis of charging some costs as measures to contain costs in the industry.

Figure 51: Administration Expenses to Contributions



Source: IPEC

Insurance Industry Gross Written Premium

271. The Insurance Industry wrote gross premium amounting to ZW\$49.19 billion during the year-ended 31 December 2021, an increase of 165% from ZW\$18.56 billion for the year-ended 31 December 2020.

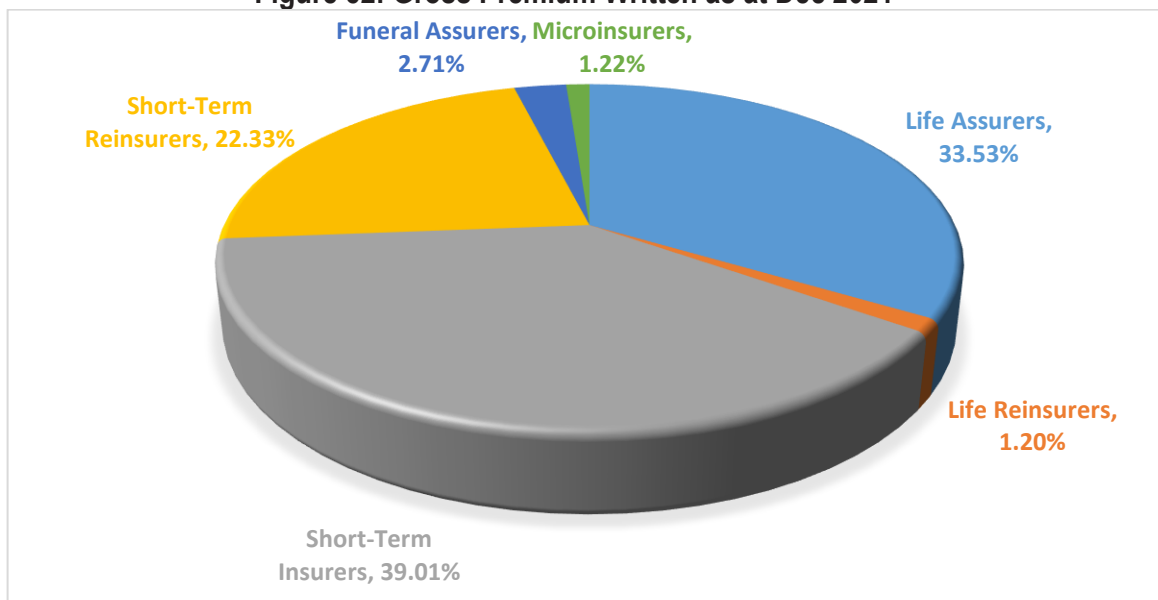
Table 40: Gross Written Premium

Class of Business	Dec 2020 (ZW\$ Million)	Dec 2021 (ZW\$ Million)	Nominal Growth %
Life Assurers*	3 651.58	16 496.75	352%
Life Reinsurers	153.08	589.15	285%
Short-Term Insurers	9 107.00	19 191.43	111%
Short-Term Reinsurers	5 299.00	10 982.95	107%
Funeral Assurers	274.14	1 334.73	387%
Micro Insurers	79.26	598.23	655%
Total	18 564.06	49 193.23	165%

*This excludes Heritage Life, which failed to submit its 2021 4th Quarter return.

272. Short term insurers wrote the highest gross premium (39.01%), whilst life reassurers wrote the lowest premium (1.20%) as shown in Figure below.

Figure 52: Gross Premium Written as at Dec 2021



Compliance with Minimum Capital Requirements (MCR)

273. The industry's average compliance level with the Minimum Capital Requirements was 96% as at 31 December, 2021. The reinsurance brokers, life assurers, short-term insurers, reinsurance companies and micro-insurers sectors had 100% compliance, insurance brokers were 96% compliant, whilst the funeral assurance companies had the lowest compliance level at 75%.

Table 41: Compliance with Minimum Capital Requirements (MCR)

Class of Business	MCR (ZWS\$M)	No of Entities	No of Compliant Entities	Compliance (%)
Life Assurers*	75	12	11	92%
Funeral Assurers	62.5	8	6	75%
Short-Term Insurers	37.5	19	19	100%
Composite Reinsurers	112.5	4	4	100%
Non-composite Reinsurers	75	5	5	100%
Micro Insurers	4.5	5	5	100%
Insurance Brokers	1.5	28	27	96%
Reinsurance Brokers	1.5	8	8	100%
Average Compliance Level				96%

Source: IPEC

*Heritage Life failed to submit 2021 4th Quarter returns.

Insurance Industry Assets

274. Total assets for the insurance industry grew by 159% (in nominal terms) from ZW\$ 50.17 billion as at 31 December 2020 to ZW\$ 129.90 billion as at 31 December 2021.

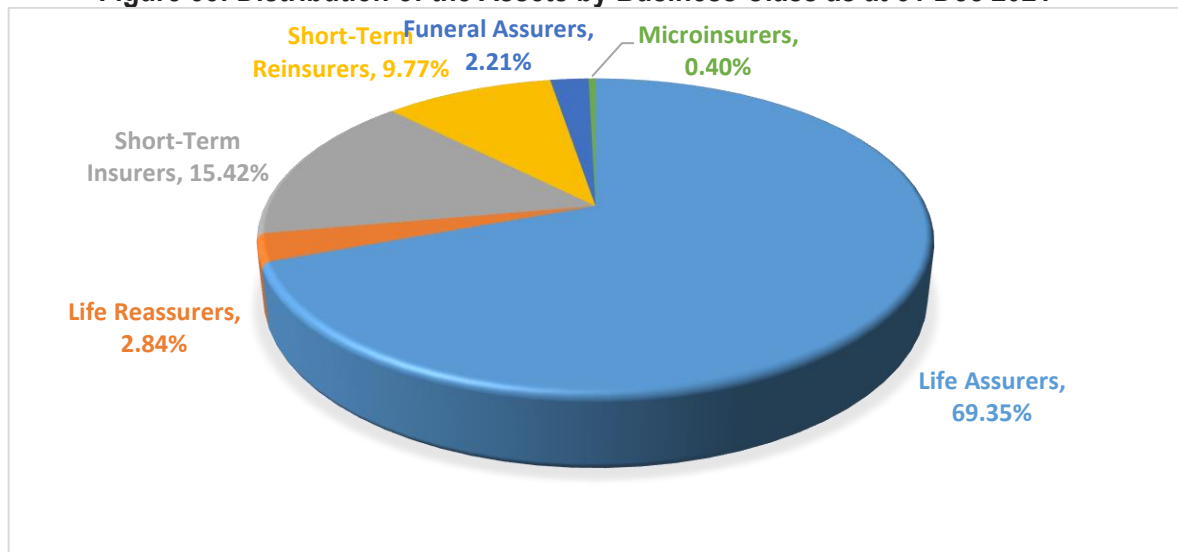
Table 42: Assets for the Insurance Industry as at 31 December...

Class of Business	Dec 2020 (ZW\$ M)	Dec 2021 (ZW\$ M)	Nominal Growth%
Life Assurers*	32 600	90 089	176%
Life Reassurers	1 297	3 688	184%
Short-Term Insurers	8 869	20 031	126%
Short-Term Reinsurers	6 403	12 696	98%
Funeral Assurers	868	2 875	231%
Micro Insurers	131	517	295%
Total	50 169	129 895	159%

Source: IPEC

*This excludes Heritage Life, which failed to submit its 2021 4th Quarter return.

Figure 53: Distribution of the Assets by Business Class as at 31 Dec 2021



Source: IPEC

275. Life Assurers dominated the insurance sector in terms of assets as they held, 69.35% of the sector's total assets as shown in Figure 8 above. Micro insurers held the least assets (0.40% of sector's total assets).

Implementation of Justice Smith Compensation Framework

276. In 2021, Government made significant strides in finalising compensation for the 2009 loss of value as recommended by the Justice Smith-led Commission of Inquiry (COI). IPEC set up a Working Group, consisting of key stakeholders, whose main mandate was to review the relevant sections of the Commission of Inquiry Report on the recommended compensation frameworks and suggest and recommend any improvements.
277. The proposed adjustments to the COI recommendations were shared with the Commission in December 2021 and these will be included in the final compensation framework that will be shared with industry during the first half of 2022. It is expected that the matter will be concluded in 2022.

Update on the 2019 Currency Reforms Compensation

278. Following decision by Government to compensate pensioners as well as small and vulnerable depositors for the loss of value due to the 2019 currency reforms, IPEC and DPC were each allocated US\$ 400,000 for distribution to pensioners and vulnerable depositors during the period under review. The source of funds being the 5% shareholding in Kuvimba Mining House, allocated to both DPC and IPEC.
279. To date, the DPC, in collaboration with the Deposit Taking Micro Finance Institutions (DTMFIs) have embarked on various awareness initiatives through various media channels including the newspaper, radio, television, social media advertising, emails sending bulk text messages, phone calls, exhibitions and DPC website, among others.
280. The Deposit Protection Corporation (DPC) has since commenced the compensation process, targeting pensioners and depositors who had balances of US\$1 000 and below in their accounts.

281. With respect to IPEC, 3,855 eligible pensioners were identified, and will each receive US\$100 as pension enhancements from the US\$400 000 allocation. Future dividend declarations will target other cohorts of pensioners.

ZIMBABWE STOCK EXCHANGE PERFORMANCE

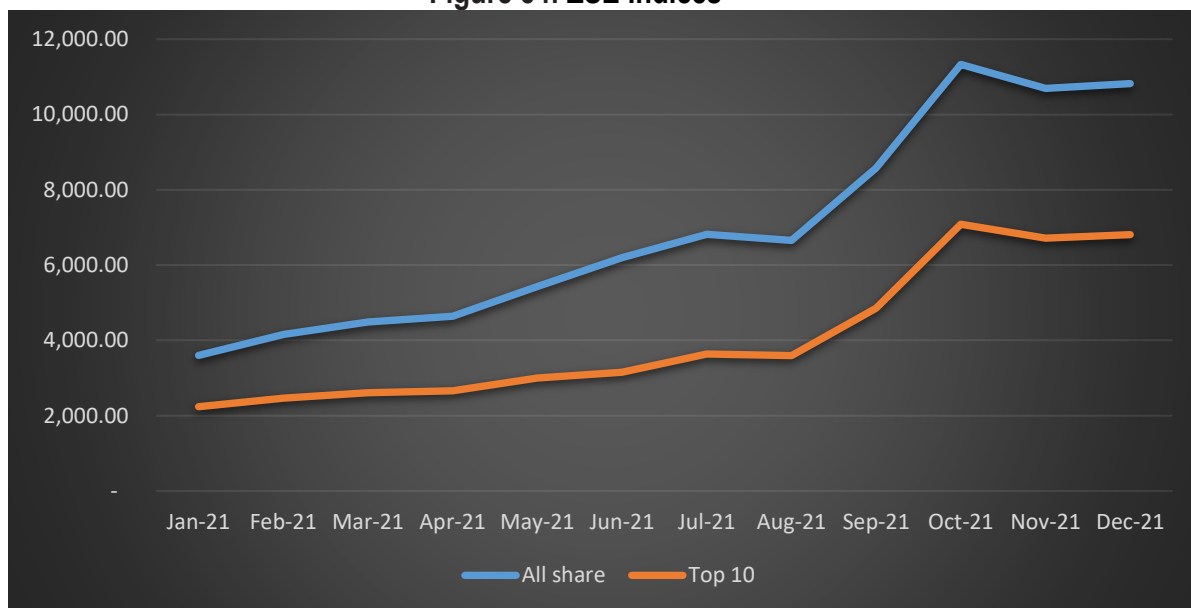
282. The ZSE All Share Index was up 310.51% in 2021 driven by gains in heavyweight counters especially the Top 10 counters.

Table 43: ZSE Indices

Index	31/12/2020	31/12/21	Change
All share	2,636.34	10,822.36	310.51%
Top 10	1,671.47	6,811.43	307.51%

Source: ZSE

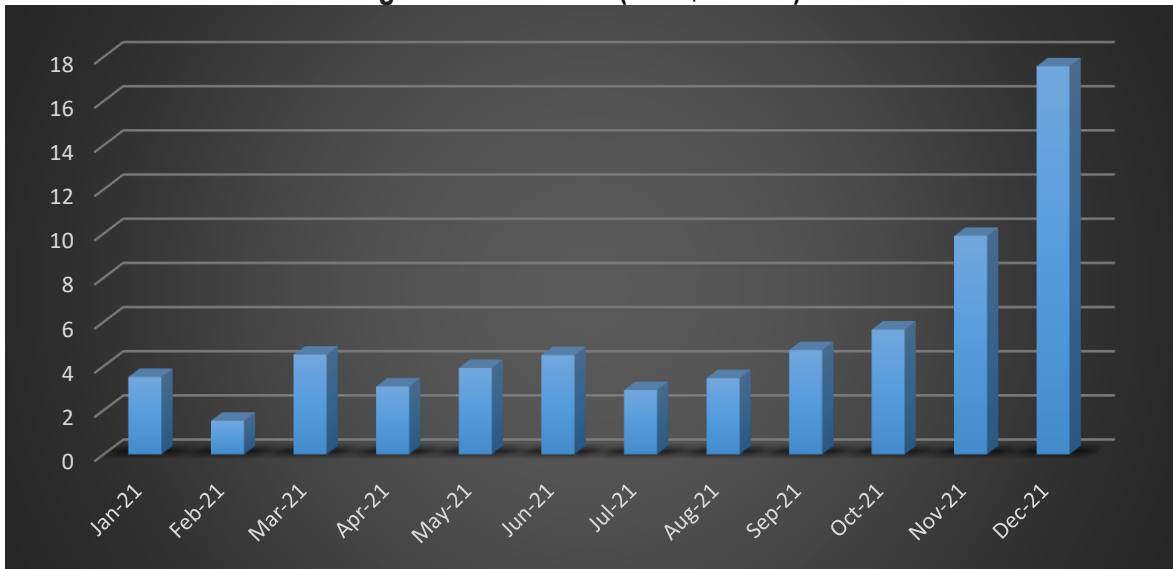
Figure 54: ZSE Indices



Source: ZSE

283. Turnover in 2021 was ZWL\$65.27 billion compared to ZWL\$17.32 billion in the same period the previous year.

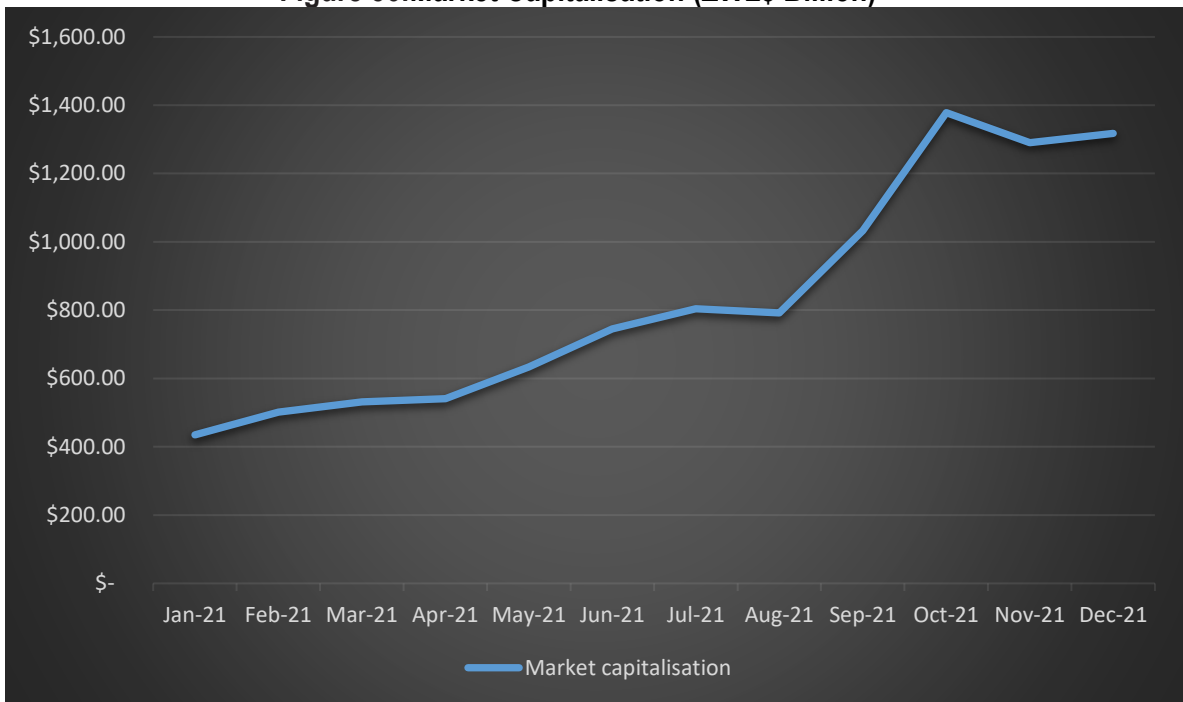
Figure 55: Turnover (ZWL\$ Billion)



Source: ZSE

284. Market capitalisation was ZWL\$1.32 trillion in December 2021 compared to ZWL\$317 billion in December 2020.

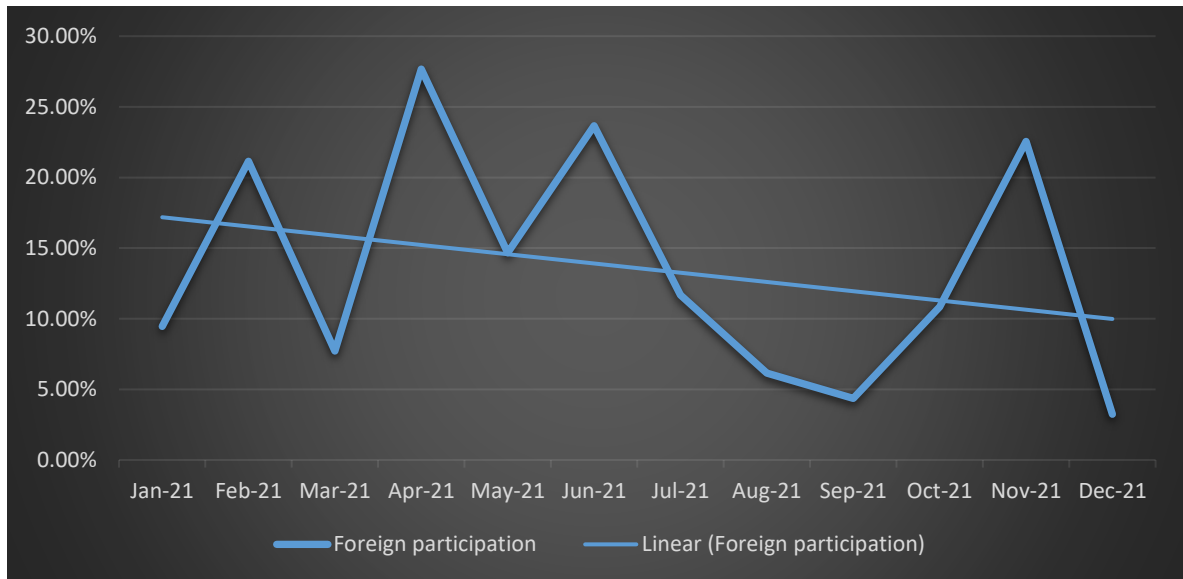
Figure 56: Market Capitalisation (ZWL\$ Billion)



Source: ZSE

285. Foreign participation has been fluctuating with the highest foreign participation being recorded in April 2021 accounting for 27.67% of total market turnover. The average foreign participation in 2021 was 13.59%.

Figure 57: Foreign Participation



Source: ZSE

Listings

286. There are 55 companies listed on the ZSE and 3 Exchange Traded Funds (ETF). However, Dawn Properties Limited delisted from the ZSE in the first quarter of 2021 following the acquisition of the entity’s controlling stake by African Sun Limited. Padenga Holdings Limited also delisted in the third quarter of 2021 while Bindura Nickel Corporation delisted in the fourth quarter of 2021 from the ZSE, both companies now listed on the Victoria Falls Stock Exchange.

EXTERNAL SECTOR

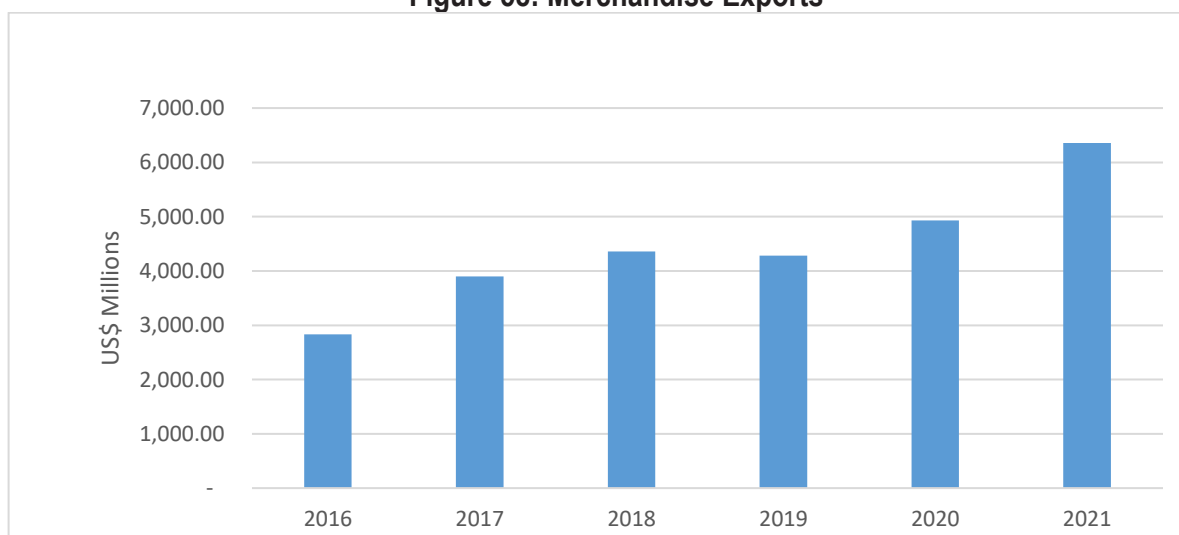
287. The country’s external sector fundamentals continued to show resilience as evidenced by strong current account performance in 2021. Estimates point to a current account surplus position of US\$348.2 million in 2021, representing a 48.7% decrease from US\$678.3 million recorded in 2020. The resilient secondary income flows and strong merchandise export growth, supported the

current account surplus during 2021. The surplus position is important as it sustains currency stability in ensuring price stability.

Merchandise Exports

288. Merchandise exports are estimated to have increased by 30.6% to US\$6.4 billion in 2021 from US\$4.9 billion recorded in 2020. This surge was spurred by increases in mineral and agriculture exports. Minerals underpinned merchandise export growth in 2021, with earnings increasing by 39.2% from US\$3 654.1 million in 2020 to US\$5 085.4 million in 2021, on account of higher production and boom commodity prices for key commodities, as the global economy recovered from COVID-19 pandemic induced recession.
289. On the global front, COVID-19 induced expansionary monetary and fiscal policies, have led to increase in demand for gold as a safe-haven, which has supported a surge in international gold prices and other precious minerals. Additionally, supply disruptions for Platinum Group of Metals (PGMs) in the first half of 2021, notably in Russia and South Africa, on account of COVID-19 pandemic restrictions and on the back of strong demand has helped to strengthen global PGM prices.

Figure 58: Merchandise Exports



Source: ZIMSTAT & MoFED calculations

290. Agriculture exports were mainly dominated by horticulture, tobacco, cotton and crocodile skins and black tea, among others. However, in 2021, exports of tobacco slightly increased by 5.3% and manufactured tobacco increased by 4.5%, compared to 2020. Manufactured exports dominated by tobacco products, sugar, fruit juices, cotton yarn, among others.

Table 44: Exports by Product (US\$ M)

	2020	2021	YoY Change (%)
Agricultural Exports	871.7	966.0	10.8
Tobacco	741.4	780.5	5.3
Horticulture	39.4	51.6	30.8
Macadamia Nuts	13.7	13.6	-0.5
Citrus	7.8	10.9	39.6
Flowers	2.9	3.2	13.2
Vege & Other Fruits	13.9	23.0	65.0
Hides	29.6	28.8	-2.7
Mineral Exports	3 654.1	5 085.4	39.2
Gold	982.3	1 612.8	64.2
PGMs	1 964.4	2 277.5	15.9
High Carbon Ferrochrome	129.3	315.9	144.3
Diamonds	150.7	227.6	51.0
Chrome Ores & Concentrates	54.2	51.2	-5.6
Nickel	42.0	61.9	47.4
Black Granite	25.1	33.1	32.0
Manufactured Exports	406.1	307.6	-24.2
Manufactured Tobacco	53.6	56.0	4.5
Electricals	24.5	32.7	33.2
Metal Products	13.1	18.2	39.4
Wood Manufacture	15.7	17.3	10.3
Refined Sugar	65.1	7.8	-88.0
Jewellery	84.7	3.6	-95.8
Total Merchandise Exports	4 931.8	6 359.1	28.9

Source: ZIMSTAT & MoFED calculations

291. During the year, the country 's main exports were destined for South Africa (48.7%), United Arab Emirates (28.6%), Mozambique (8.4%), China (4.2%), and Belgium (2.2%) whilst the other countries absorbed the remainder of 7.6%.

Table 45: Exports by Destination

Country	Exports (US\$)	Share %
South Africa	2 940 827 310	48.7
United Arab Emirates	1 725 322 538	28.6
Mozambique	508 641 042	8.4
China	256 069 091	4.2
Unspecified	196 272 262	3.3
Other countries	140 982 820	2.3
Belgium	134 108 769	2.2

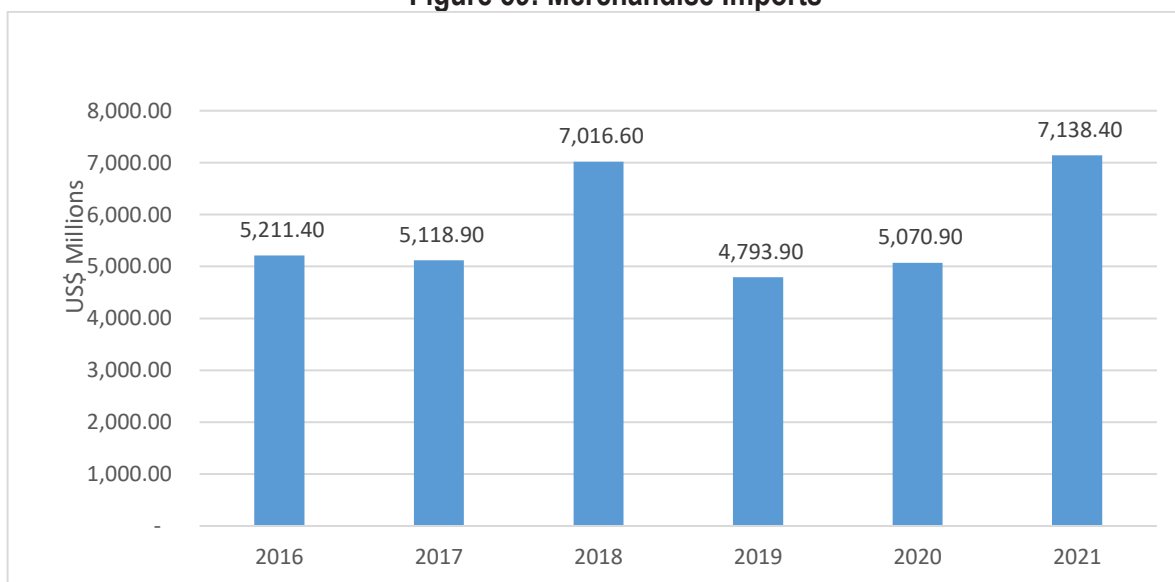
Zambia	60 108 685	1.0
Botswana	36 079 989	0.6
Ukraine	16 064 852	0.3
France	10 937 795	0.2
Tanzania	7 701 755	0.2
Total	6 033 116 908	

Source: ZIMSTAT & MoFED calculations

Merchandise imports

292. The country's imports increased by 40.8% to US\$7.1 billion in 2021 from US\$5.1 billion recorded during the same period in the previous year, mainly driven by fuel, raw materials and machinery imports. The increase in imports is a reflection of a growing economy, whose imports adoptive capacity is on an upward trajectory. Increasing crude oil prices, crude soya bean oil prices, fertilizer prices and edible oil prices also drove imports higher. A good agricultural season has contributed to a greater extent to the decrease of food imports on account of reduced maize imports.

Figure 59: Merchandise Imports



Source: ZIMSTAT & MoFED calculations

293. The continued ravaging effect of COVID-19 pushed up the importation vaccines for human medicine during the period under review.

294. There was a surge in imports of raw materials used in the manufacture of fertilizers due to anticipated favourable 2020/21 rainfall season. These include ammonium dihydrogen orthophosphate, sulphuric acid, Urea and potassium chloride.
295. Diesel, which was major import in 2021 increased by 2.6% to US\$715.3million, while petrol imports surged by 20% to US\$340.6 in the same period.

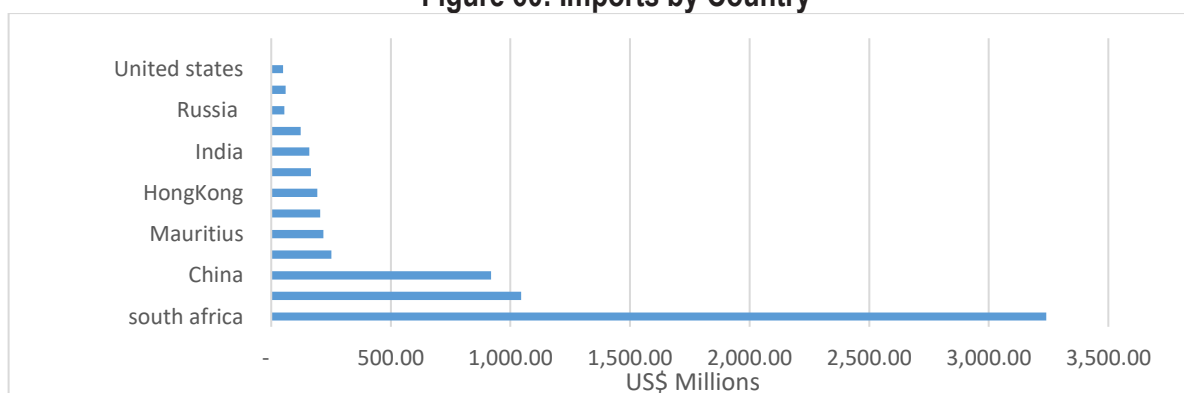
Table 46: Merchandise Imports by Product

	2020	2021	YoY Change
Food	633.8	446.6	-29.5
Maize	298.9	112.0	-62.5
Wheat	102.7	80.6	-21.5
Rice	106.1	129.6	22.1
Non-food	4 437.0	6 691.8	50.8
Fuel	1 036.8	1 190.6	14.8
<i>Diesel</i>	697.0	715.3	2.6
<i>Petrol</i>	283.9	340.6	20.0
Raw Materials	1 676.1	2 867.8	71.1
Machinery	824.5	1 369.0	66.0
Manufactured Goods	385.2	592.8	53.9
Commercial Vehicles	278.1	402.1	44.6
Oils and Fats	165.8	280.3	69.1
Electricity	153.9	148.5	-3.5
Passenger Motor Cars	117.3	131.7	12.3
Imports (F.O.B)	5 070.9	7 138.4	40.8

Source: ZIMSTAT & MoFED calculations

296. The major sources of import during the period under review were South Africa (43%), Singapore (14%), China (12%), Mozambique (3%), and Mauritius (3%), among others.

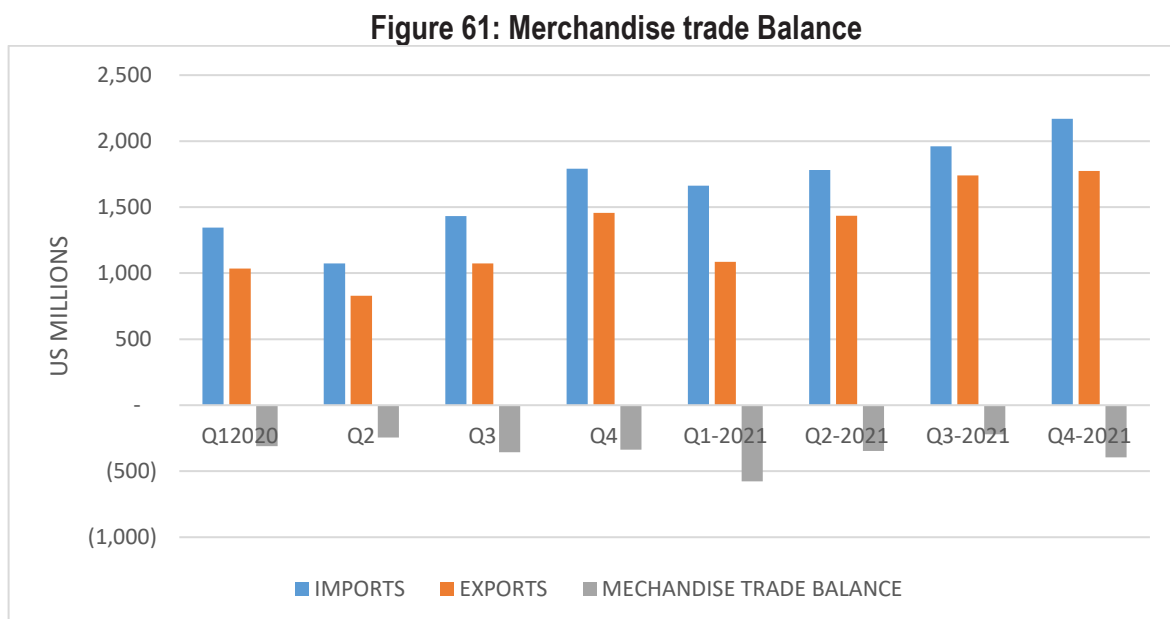
Figure 60: Imports by Country



Source: ZIMSTAT & MoFED calculations

Trade Balance

297. In 2021, merchandise trade deficit grew by 25% to US\$1.5 billion compared to US\$1.2 billion recorded during the same period in 2020.



Source: ZIMSTAT & MoFED calculations

298. Trade balance was lower during lockdown periods between January, February and September, while significant recovery was witnessed during second and third quarter of the year as the economy gradually opened.

Table 47: Merchandise Trade US\$ Millions (Jan -Dec 2021)

	Merchandise Exports	Merchandise Imports	Trade Balance
January	282.9	528.4	-245.5
February	340.8	529.0	-188.2
March	461.8	605.3	-143.6
April	444.7	566.7	-122.0
May	486.8	591.5	-104.7
June	502.5	622.3	-119.8

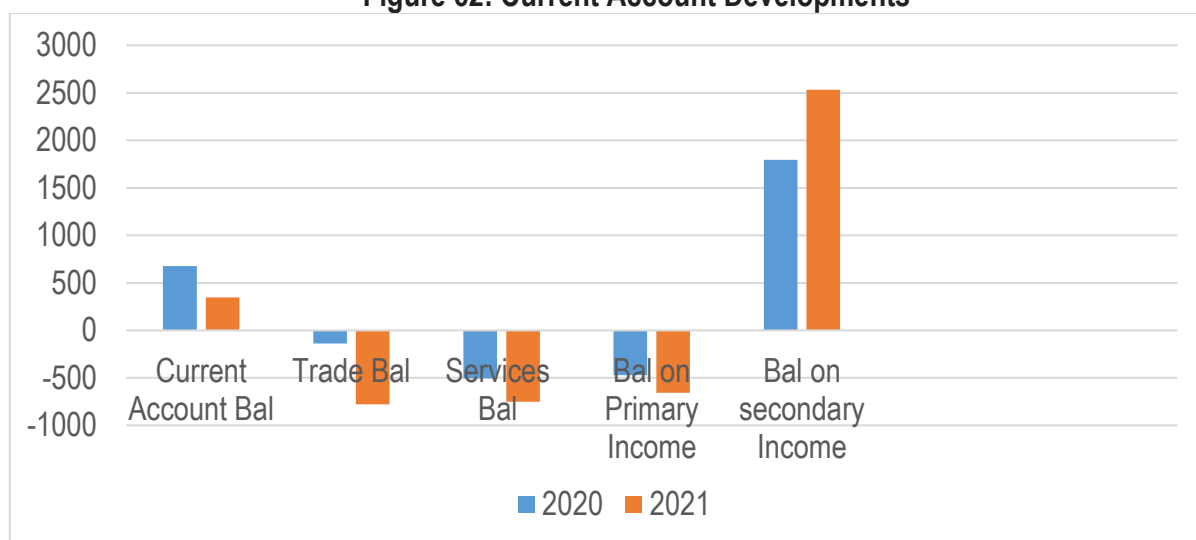
July	628.5	667.6	-39.1
August	597.2	628.8	-31.5
September	514.3	665.2	-150.9
October	535.4	712.9	-177.5
November	647.2	683.1	-35.9
December	590.9	771.1	-180.2
Total	6,033	7,574	-1,541

Source: ZIMSTAT & MoFED calculations

Current Account

299. The country's current account continued to improve, with estimates pointing to a current account surplus position of US\$348.2 million in 2021, representing a 48.7% decrease from US\$678.3 million. Current account surplus during 2021 was supported by buoyant secondary income flows and strong merchandise export growth.

Figure 62: Current Account Developments



Source: RBZ

300. The current account surplus is driven by growing international remittances which stood at US\$2.4 billion, an increase of 46% from US\$1.650 billion that was recorded in 2020. Of this, diaspora

remittances amounted to US\$1.4 billion, a 43% increase from US\$1 billion received during the same period in year 2020.

Table 48: Diaspora Remittance (US\$)

Month	Year 2021	Year 2020	% Change
January	81 920 000	60 607 249	35%
February	93 424 551	69 230 034	35%
March	125 389 958	61 172 535	105%
April	110 381 374	30 920 048	257%
May	115 575 293	66 815 291	73%
June	123 810 002	85 815 291	44%
July	121 095 703	91 853 269	32%
August	122 909 525	92 838 172	32%
September	128 879 170	98 384 807	31%
October	126 889 665	103 084 503	23%
November	128 155 750	104 241 599	23%
December	151 705 297	137 106 271	11%
Total	1 430 136 278	1 002 100 086	43%

Source: RBZ

301. The capital account remained on a positive trajectory during 2021, this was due to continued official capital transfers from the development partners. Preliminary estimates indicate that approximately US\$301.4 million was received from development partners through official capital transfers, represented a marginal increase from US\$299.7 million received in 2020.

302. The economy is estimated to have recorded net portfolio investment outflows of approximately US\$73.9 million in 2021. The financial account is estimated to have closed the year 2021 in a net lending (surplus) position of US\$438.9 million.

Table 49: BOP Summary (US\$ Millions)

	2019	2020	2021 Est
A. Current Account	920.5	678.3	926.8
Balance on Goods	174.4	-139.1	-210.2
Exports	4663.7	4931.9	6315.2
Imports	4489.3	5070.9	6525.3
Balance on Services	-305.9	-504.9	-740.3
Exports	603.2	331.4	215.7
Imports	909.1	836.3	956.1
Balance on Primary Income	-338.8	-472.9	-655.7
Credits	15.4	7.6	6.6
Debits	354.2	480.5	662.3
Balance on Secondary Income	1390.7	1795.2	2533.0
Credits	1413.4	1828.3	2569.8
Debits	22.7	33.1	36.8
B. Capital Account	314.5	299.7	301.4
Credits	314.5	299.7	301.4
Debits	0.0	0.0	0.0
Net Lending(+)/Net Borrowing(-)(Balance from CA & KA)	1235.0	978.0	1256.6
C. Net Lending(+)/Net Borrowing(-)(Balance from FA)	30.9	496.6	438.9
Direct Investment ²	-247.1	-153.9	-108.5
Portfolio Investment	-3.7	81.6	73.9
Other Investment	317.0	656.5	-655.9
Special Drawing Rights	0.0	0.0	961.0
Reserve assets	-35.3	-87.6	1129.5
D. Net Errors and Omissions	-1204.1	-481.4	-658.4

Source: RBZ

CONCLUSION

303. Notwithstanding the difficult economic environment characterised by COVID-19 pandemic and the attendant counter-productive mitigatory measures, the economic performance was generally in line with NDS1 2021 targets.
304. The successful implementation of NDS1 objectives and targets was attributable to a favourable 2020/21 rainfall season, timely preparations and improved farming methods as well Government's decisive interventions to bring the COVID-19 situation under control through the mass vaccination programme and other mitigatory measures.
305. The positive economic developments recorded in 2021 consolidated the gains achieved under TSP reform initiative, setting a sound footing for long term economic growth to meet the objectives and targets of NDS1 and ultimately Vision 2030.
306. However, signs of exchange rate and inflation instability emerged during the last half of the year 2021 requiring necessary policy interventions.

END