



**ZIMBABWE**

## **BORROWING PLAN AND ISSUANCE CALENDAR**

**2022**

**MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT**

**Zimbabwe Public Debt Management Office**

## **PREFACE**

This Borrowing Plan and the Issuance Calendar was prepared by the Zimbabwe Public Debt Management Office (ZPDMO) as a general statement of its public debt management. It contains forecasts and statements of intentions which may be subject to change in line with domestic and international market conditions.

Neither the Ministry of Finance and Economic Development nor the ZPDMO accepts any responsibility for, or obligation to publish any revisions to, the information, forecasts or statements in this plan to reflect changing market conditions after the date of publication.

This publication does not constitute an investment advice and we hereby inform you that this communication should not be considered as a solicitation or offer to sell or purchase any securities, deal in any product or enter into any transaction.

## TABLE OF CONTENTS

PREFACE .....	1
INTRODUCTION .....	3
<i>Objectives of Debt Management</i> .....	3
<i>Scope of the Borrowing Plan and the Issuance Calendar</i> .....	3
<i>Review and Updates</i> .....	3
BORROWING STRATEGY .....	4
<i>Key success factors</i> .....	4
<i>Potential constraints and challenges</i> .....	4
BORROWING PLAN .....	5
ISSUANCE CALENDAR .....	7
TBS AUCTION DAYS 2022 .....	10

## INTRODUCTION

### ***Objectives of Debt Management***

1. The objectives of public debt management in Zimbabwe are provided for in section 3 of the Public Debt Management Act as:

*“to ensure that Government’s needs and payment obligations are met at the lowest possible cost over the medium to long term, with a prudent level of risk, and to promote development of the domestic debt market.”*

2. The primary objectives require an assessment of cost and risk in relation to Government borrowings and debt service. The secondary objective aims at developing an efficient and robust domestic debt market.

### ***Scope of the Borrowing Plan and the Issuance Calendar***

3. This Borrowing Plan and the Issuance Calendar is based on marketable domestic instruments for the period 1 January to 31 December 2022.

### ***Review and Updates***

4. This Plan will be reviewed semi-annually while the Issuance Calendar will be reviewed quarterly to ensure consistence with the changing market trends. A separate quarterly Issuance Calendar will be published at the beginning of each quarter.

## **BORROWING STRATEGY**

5. The domestic capital and financial markets remain the major source of budget financing as access to external sources is limited due to the accumulation of external arrears. During the period up-to end December 2021, tenors for domestic instruments were short-term as investors were reluctant to invest in medium- and long-term term instruments due to high inflation. The strategy in the medium term, is to shift from short term to medium and long-term Government securities. The projected stable macroeconomic environment, characterised by low stable inflation, as well as stable exchange rate is expected to spur the uptake of medium to long-term Government securities by investors.
  
6. The main policy thrust is to ensure development of the domestic debt market by continued use of the Treasury bills auction system and development of the secondary market through issuance of medium to long-term Treasury bonds as well as enforcing compliance of the prescribed asset status. Treasury is going to continuously engage with investors in Zimbabwe through meetings and roadshows including publications. Lengthening maturity of debt securities and diversification of investor base are key targets for 2022.

### ***Key success factors***

- Stable macroeconomic conditions;
- Sound banking system;
- Market confidence;
- Continued use of the auction system; and
- Transparency- publication of borrowing plan and issuance calendar.

### ***Potential constraints and challenges***

- High cost of borrowing;
- Refinancing risk; and
- Shallow investor base.

## BORROWING PLAN

7. During the 2022 National Budget formulation process, the 2022 Borrowing Plan was developed, with a total borrowing of ZWL\$91.54 billion (*Table 1, published in the 2022 National Budget Statement*). The major assumption of the BP was to issue Treasury bills through the auction system for competitive pricing, as well as to improve on accountability and transparency.

**Table 1: 2022 Borrowing Plan (ZWL\$ millions)**

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total Borrowing
<b>Total Treasury Bills</b>	<b>7,303</b>	<b>14,606</b>	<b>21,908</b>	<b>29,211</b>	<b>73,028</b>
180 days	2,922	-	-	5,842	8,764
270 days	2,922	7,303	10,954	11,684	32,863
365 days	1,461	7,303	10,954	11,684	31,402
<b>Treasury Bonds (2-7 years) *</b>	-	<b>3,703</b>	<b>7,407</b>	<b>7,407</b>	<b>18,517</b>
<b>Total</b>	<b>7,303</b>	<b>18,309</b>	<b>29,315</b>	<b>36,618</b>	<b>91,545</b>

*Source: The 2022 National Budget Statement*

8. However, during the period January to February 2022, Treasury could not conduct the Treasury bills auction system. The delay was as a result of developing the yield curve given the market developments with respect to interest and inflation rates. The development of the yield curve was guided by the interest rate policy in the 2022 Monetary Policy Statement, which was announced on 7 February 2022
9. Meanwhile, and due to the need to finance the budget, Treasury had to use private placement to raise the resources while waiting for the resumption of the Treasury bills auction system. During the period January to February 2022, Treasury raised, through private placement, about ZWL\$16.06 billion against a 1<sup>st</sup> quarter target of ZWL\$7.3 billion.
10. Given the above market developments, the 2022 BP was therefore updated to reflect these changes. The updated 2022 BP is shown in Table 2 below.

**Table 2: Updated 2022 Borrowing Plan (ZWL\$ millions)**

	<b>Jan-Mar</b>	<b>Apr-Jun</b>	<b>Jul-Sep</b>	<b>Oct-Dec</b>	<b>Total Borrowing</b>
<b>Total Treasury Bills</b>	<b>18,300</b>	<b>19,500</b>	<b>20,000</b>	<b>15,228</b>	<b>73,028</b>
180 days	-	-	-	-	-
270 days	9,100	7,700	6,300	4,156	27,256
365 days	9,200	11,800	13,700	11,072	45,772
<b>Treasury Bonds (2-7 years)</b>		<b>3,700</b>	<b>7,400</b>	<b>7,417</b>	<b>18,517</b>
<b>Total</b>	<b>18,300</b>	<b>23,200</b>	<b>27,400</b>	<b>22,645</b>	<b>91,545</b>

Source: Zimbabwe Public Debt Management Office

11. The updated BP increases the first quarter issuances from ZWL\$7.3 billion to ZWL\$18 billion and redistribute the issuances in the other three quarters to avoid bunching of issuances in the 4<sup>th</sup> quarter. The annual total borrowing remains the same at ZWL\$91.54 billion

## ISSUANCE CALENDAR

12. The Issuance Calendar is part of Government's efforts to improve market transparency in the issuance of Government securities.
13. The Calendar is based on the Net Domestic Financing requirements as indicated in the 2022 National Budget.
14. The amounts stated in the Calendar are indicative to guide the market and may be revised when transaction advertisements are published. In addition, the Calendar takes into consideration of recent market developments and debt management objective of lengthening the maturity profile of domestic public debt instruments.
15. The Issuance Plan for 2022 comprises of short-, medium- and long-term instruments. The instruments will be structured as follows:
  - Short term instruments: - 270- and 365-days treasury bills;
  - Medium term instruments: - 2-, 3- and 5-years treasury bonds; and
  - Long term instruments: - 7-years treasury bonds.
16. The 2022 Issuance Calendar is shown in Table 3 below.

**Table 3: 2022 Issuance Calendar \*(ZWL\$ millions)**

Month	270-days	365-days	2-7 years	Monthly Totals	Quarterly Totals
<b>1st Quarter</b>					
6-Jan					
13-Jan		2,000			
20-Jan	2,000				
27-Jan		1,000			
<b>Total January</b>	<b>2,000</b>	<b>3,000</b>		<b>5,000</b>	
3-Feb		2,000			
10-Feb	2,000				
17-Feb		1,000			
24-Feb	1,000				
<b>Total February</b>	<b>3,000</b>	<b>3,000</b>		<b>6,000</b>	
3-Mar		2,000			
10-Mar	2,000				
17-Mar		1,200			
24-Mar	2,100				
<b>Total March</b>	<b>4,100</b>	<b>3,200</b>		<b>7,300</b>	<b>18,300</b>
<b>2nd Quarter</b>		<b>2,000</b>			



Month	270-days	365-days	2-7 years	Monthly Totals	Quarterly Totals
7-Apr	1,000				
14-Apr		1,000	1,100		
21-Apr	1,000				
28-Apr		2,000			
<b>Total April</b>	<i>2,000</i>	<i>3,000</i>	<i>1,100</i>	<i>6,100</i>	
5-May		2,000			
12-May	1,000		1,300		
19-May		2,000			
26-May	1,000				
<b>Total May</b>	<i>2,000</i>	<i>4,000</i>	<i>1,300</i>	<i>7,300</i>	
2-Jun		2,000			
9-Jun	2,000		1,300		
16-Jun		2,000			
23-Jun	1,700				
30-Jun		800			
<b>Total June</b>	<i>3,700</i>	<i>4,800</i>	<i>1,300</i>	<i>9,800</i>	<i>23,200</i>
<b>3rd Quarter</b>					
7-Jul		2,000			
14-Jul	1,000		2,500		
21-Jul		2,000			
28-Jul	1,000				
<b>Total July</b>	<i>2,000</i>	<i>4,000</i>	<i>2,500</i>	<i>8,500</i>	
4-Aug		2,000			
11-Aug	1,500		2,500		
18-Aug		2,000			
25-Aug	1,300				
<b>Total August</b>	<i>2,800</i>	<i>4,000</i>	<i>2,500</i>	<i>9,300</i>	
1-Sep		2,000			
8-Sep	1,000		2,400		
15-Sep		2,000			
22-Sep	500				
29-Sep		1,700			
<b>Total September</b>	<i>1,500</i>	<i>5,700</i>	<i>2,400</i>	<i>9,600</i>	<i>27,400</i>
<b>4th Quarter</b>					
6-Oct		2,000	2,500		
13-Oct					
20-Oct		2,000			
27-Oct	1,000				
<b>Total October</b>	<i>1,000</i>	<i>4,000</i>	<i>2,500</i>	<i>7,500</i>	
3-Nov		2,000	2,500		
10-Nov	1,000				
17-Nov		2,000			
24-Nov	1,000				
<b>Total November</b>	<i>2,000</i>	<i>4,000</i>	<i>2,500</i>	<i>8,500</i>	
1-Dec		2,000			
8-Dec	1,156		2,417		

<b>Month</b>	<b>270-days</b>	<b>365-days</b>	<b>2-7 years</b>	<b>Monthly Totals</b>	<b>Quarterly Totals</b>
15-Dec		1,072			
22-Dec					
29-Dec					
<b>Total December</b>	<b>1,156</b>	<b>3,072</b>	<b>2,417</b>	<b>6,645</b>	<b>22,645</b>
<b>Grand Total</b>	<b>27,256</b>	<b>45,772</b>	<b>18,517</b>	<b>91,545</b>	

Notes:

\* The amounts stated in the Calendar are indicative to guide the market and may be revised when transaction advertisements are published

Source: Zimbabwe Public Debt Management Office

**TBS AUCTION DAYS 2022**

**Auction Day**

**Public Holiday**

January						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

February						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

March						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

April						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

May						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

June						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

July						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

August						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

September						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

October						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

November						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

December						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

**Published in March 2022 by:**

Zimbabwe Public Debt Management Office  
Ministry of Finance and Economic Development  
Mgandane Dlodlo Building  
Samora Machel Avenue/S.V. Muzenda Street  
Private Bag 7705,  
Causeway, Harare  
Tel: 0242 794572-8  
Website: [www.zimtreasury.gov.zw](http://www.zimtreasury.gov.zw)