ZIMBABWE

THE 2024 NATIONAL BUDGET

"Consolidating Economic Transformation"

Presented to the Parliament of Zimbabwe

by

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INTRODUCTION

1. The formulation of the 2024 National Budget follows the electoral mandate bestowed on the Second Republic by the people of Zimbabwe through the August 2023 Harmonised Elections. This, coming after the Mid-Term Review of the National Development Strategy 1, allows Government to refine policy actions at the level and scale required to accelerate the realisation of the country's vision of becoming an *Upper Middle-Income Society by 2030.*

2. The mid-term review of NDS1 has identified the variance between what was targeted, as well as achieved under each of the 14 thematic areas of the Strategy. This will inform interventions during the second half of NDS1 and beyond, as the Nation strives to build a resilient, inclusive and sustainable economy, that integrates every citizen in the country's development process.

3. In this regard, the 2024 National Budget presents an opportunity to deepen and implement reforms that will ensure progress towards the achievement of the nation's Vision, as reiterated by His Excellency, the President, Cde E. D. Mnangagwa's inaugural address on 3 September 2023, hence the theme '*Consolidating Economic Transformation'*.

4. The President’s people centred development philosophy, *“Nyika inovakwa, igotongwa, igonamatigwa nevene vayo/ Ilizwe lakhiwa, libuswe, likhulekelwe ngabanikazi balo”,* enjoins all levels of Government and citizens to provide new impetus to the country’s transformation agenda, by enhancing production and productivity across all sectors of the economy, one that builds a stronger economy and a fairer society, where everyone can fulfil their dreams in dignity, peace and security.

5. When Government and the public genuinely collaborate, rapid progress is inevitable and economic transformation across all sectors of the economy is achievable. It is a commitment to deliver broad-based growth and development, *leaving no one and no place behind,* one that extends opportunities to the majority of citizens and in every corner of the country.

6. It is a determination to ensure the full range of knowledge, creativity and solutions from everyone in society is tapped into, and an acknowledgement that where a segment of society, let alone economic or social group, is excluded or left behind, development is neither sustainable nor durable.

7. The Second Republic’s increased focus on the economy and the commitment from the highest office in the land, provides impetus to us all to undertake the necessary but difficult reform

measures that will stabilise the economy and fully exploit the country's potential for rapid inclusive growth and development.

8. The crafting of the 2024 National Budget benefitted from contributions from a wide range of stakeholders during the budget consultative process as mandated by the Public Finance Management Act [*Chapter 22:19*] and other applicable regulations, in line with the *'whole of society'* and *'whole of Government'* approach to national development.

9. As part of these consultations, the 2nd Zimbabwe Economic Development Conference, was held in Victoria Falls from 1 to 3 October, 2023, under the theme, *"Public and Private Resource Mobilisation for Sustainable Development"*. Stakeholders debated and proffered policy recommendations and strategies to upscale mobilisation of resources for development, from both the public and private sectors.

10. Stakeholders stressed the need to fully implement macroeconomic stabilisation measures that address exchange rate and inflation volatility, as an anchor to the transition towards a mono-currency in the medium term.

11. Furthermore, the National Economic Consultative Forum, in October 2023, organised the 2nd Infrastructure Summit and

Expo, in Victoria Falls, under the theme '*Accelerating Transport Infrastructure Development Projects in Zimbabwe: Towards World Class Transport Networks by 2030*', where participants discussed sustainable infrastructure funding models, among other issues.

12. Parliament also undertook the Annual Pre-Budget Seminar at the New Parliament Building in Mt Hampden, during the period 1 to 4 November, 2023, where submissions from the various Portfolio Committees and Hon. Members enhanced the quality of this National Budget. In particular, the difficult task of allocating the limited fiscal resources among the many competing demands on the Budget was extensively discussed.

13. The key messages from these stakeholder engagements have shaped policy proposals contained in this 2024 National Budget.

14. Broadly, the focus areas and priorities from stakeholders revolve around the following issues:

- Macro-economic stabilisation measures that will entrench price and currency stability;
- Structural reforms aimed at improving the business environment and promote private sector led sustainable and inclusive growth;

- Interventions that facilitate structural economic transformation and promote diversification, value addition and domestication of value chains;
- Strengthening the capacity of public institutions and governance systems to ensure that they provide quality essential services, as well as respond to the needs of citizens;
- Effective social protection programmes that cushion vulnerable groups against shocks, including empowerment of youths, women and marginalised groups;
- Upscale delivery of quality public infrastructure services and security of supply for key enablers. This includes provision of efficient technological infrastructure and services necessary for a digital economy; and,
- Engagement and Re-engagement efforts that build confidence and goodwill with external development partners, as well as resolving the external debt arrears, including debt restructuring.

15. Fiscal outlays, as well as prioritisation of programmes and projects by MDAs have largely embraced the above focus areas, which also form the basis of policy proposals that have been included in this 2024 National Budget.

16. This section provides the context to the 2024 National Budget Macroeconomic Fiscal Framework, by reviewing global and domestic economic developments and outlook prospects.

Global Economic Outlook

17. The global economy is expected to continue to recover unevenly from the negative impact of the COVID-19 pandemic, and the cost-of-living crisis. The unprecedented tightening of global monetary conditions in response to decades-high inflation levels has slowed the pace of the recovery of the global economy. In that light, prospects for global growth are anticipated to be at risk over the medium term.

18. Consequently, the International Monetary Fund (IMF), *World Economic Outlook (WEO)* forecast for October 2023 projects global growth to slow down from 3.5% estimated in 2022, to 3% during 2023 and 2.9% for 2024.

Table 1: Global Economic Growth Projections

	2022	2023 Proj.	2024 Proj
World	3.5	3.0	2.9
Advanced economies	2.6	1.5	1.4
United Kingdom	4.1	0.5	0.6
United States	2.1	2.1	1.2
European Union	3.3	0.7	1.5
Emerging market	4.1	4.0	4.0

	2022	2023 Proj.	2024 Proj
*China**	3.0	5.4*	4.6*
India	7.2	6.3	6.3
Sub-Saharan Africa	4.0	3.3	4.0
Nigeria	3.3	2.9	3.1

Source: IMF World Economic Outlook (October 2023)

19. Growth in advanced economies is projected at 1.5% in 2023 from 2.6% in 2022, with the 2024 growth maintained at the July 2023 projection of 1.4%, mainly as a result of stronger than expected growth in the United States and weaker than expected growth in the Euro Area. About 93% of advanced economies are projected to see a decline in growth in 2023.

20. On the other hand, growth prospects for emerging markets and developing economies are projected to marginally decline, from 4.1% in 2022 to 4% in both 2023 and 2024, reflecting a slowdown in growth in China.

Sub-Saharan Africa

21. Economic activity in the Sub-Saharan African countries during 2023 has been difficult, mainly due to tight financial conditions, elevated spreads, and ongoing exchange rate pressures. As a result, growth in 2023 is expected to fall to 3.3% from 4% last year, 2022.

22. Growth in the Sub-Saharan Africa is projected to pick up to 4% in 2024, mainly driven by strong performances in non-resource intensive countries.

23. Most economies, however, continue to grapple with elevated levels of inflation and exchange rate pressures, which have necessitated high central bank policy rates and the continuation of tight financial conditions. In addition, growth is being undermined by decline in global demand, security issues in the oil producing countries and power shortages in the Southern African region, among other factors.

24. The geopolitical tensions, coupled with recurrent climate change related shocks are also hampering economic activity within the Sub-Saharan Africa.

Table 2: Selected Sub-Saharan African GDP Growth (%)

	2022	2023 Prj	2024 Prj
Sub-Saharan	4.0	3.3	4.0
Fuel Exporters	3.2	2.6	3.1
Nigeria	3.3	2.9	3.1
Angola	3.0	1.3	3.3
Middle-Income Countries	3.4	2.6	3.3
South Africa	1.9	0.9	1.8
Mauritius	8.7	5.1	3.8
Low Income Countries	5.6	5.3	5.7
Ethiopia	6.4	6.1	6.2
Zambia	4.7	3.6	4.3
Malawi	0.8	1.7	3.3

Source: IMF REO October 2023 Update

25. Growth in the region continues to be uneven, in particular, the divergence between resource-intensive and non-resource-intensive countries. Both groups of economies are expected to recover next year, but at different paces.

26. Subdued commodity prices will continue to weigh down on export growth for most resource-intensive economies, but overall growth is expected to improve from 2.6% in 2023, to 3.2% in 2024, mainly on account of private consumption and in some cases, a number of new (or repaired) hydrocarbon projects coming on stream (Niger and Senegal), and mining projects starting production (Democratic Republic of the Congo, Liberia, Mali and Sierra Leone).

27. Growth in non-resource intensive countries, on the other hand, will be supported by both consumption and investment and is expected to improve from 5.3% in 2023, to 5.9% in 2024.

Southern African Region

28. The real GDP growth rate of the Southern African Development Community (SADC) is projected to decelerate to 1.6% in 2023 from 2.7% in 2022, before recovering to 2.7% in 2024 as shown in the Table below.

Table 3: Selected SADC Countries GDP Growth Projections

	2022 Est	2023 Prj	2024 Prj
SADC*	**2.7**	**1.6**	**2.7**
Botswana	5.8	3.8	4.1
Lesotho	2.1	2.1	2.3
Madagascar	4.0	4.0	4.8
Mozambique	4.2	7.0	5.0
Namibia	4.6	2.8	2.7
Eswatini	3.6	3.1	3.3
Tanzania	4.7	5.2	6.1
Zimbabwe**	**6.5**	**5.5**	**3.5**

Source: AfDB African Economic Outlook, July 2023 Estimates/ **ZIMSTAT/ MoFEDIP/ RBZ Estimates, IMF REO October 2023 Update*

29. Growth in the region is being weighed down by intense adverse weather events, coupled with the external debt burden, which is forecasted to remain high. In addition, major economies such as South Africa continue to face a number of challenges, particularly power shortages and weak domestic demand, owing to tightening global financial conditions.

Global Inflation

30. Declining international commodity prices and monetary policy tightening have dampened headline inflation during 2023. Nearly three-quarters of economies are expected to see lower headline inflation in 2023. The pace of disinflation is especially pronounced for advanced economies that have stronger monetary policy frameworks, which facilitate disinflation, as well as their lower exposure to shocks to commodity prices and volatile exchange rates.

31. In this regard, global headline inflation is projected to decelerate to 4.8% in 2024 on a year-over-year basis, from 8.7% and 5.9% recorded in 2022 and 2023, respectively.

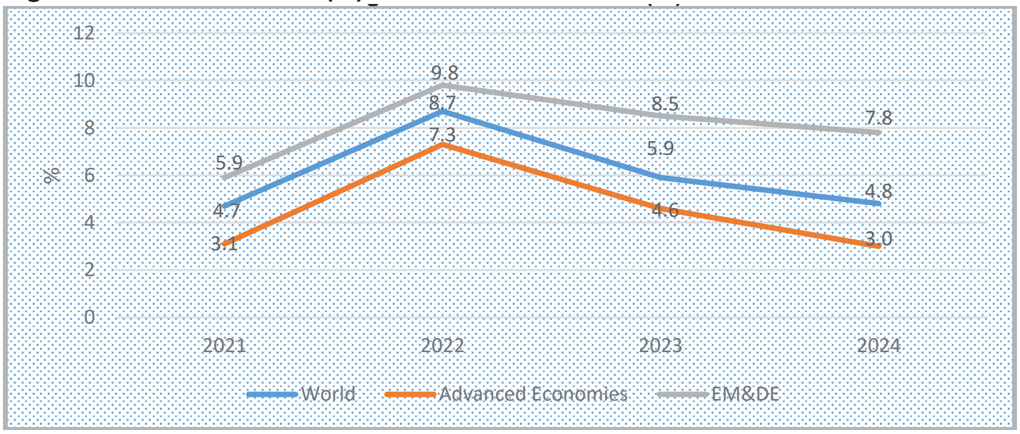
Table 4: Global Inflation (%)

	2022	2023	2024
World	8.7	5.9	4.8
Advanced Economies	7.3	4.6	3.0
Emerging Market and Developing Economies	9.8	8.5	7.8

Source: IMF World Economic Outlook (October 2023)

32. Global core inflation, excluding food and energy prices, is also projected to decline, albeit more gradually than headline inflation, to 4.5% in 2024.

Figure 1: Global Inflation (%)



Source: WEO October 2023

International Commodity Prices

33. International commodity prices have declined from their record levels of 2022, but remain well above their pre-pandemic (2015-2019) average. In the outlook period, commodity prices are expected to remain broadly unchanged over the remainder of 2023 and into 2024, amid improved supply prospects and weakening global demand.

Table 5: International Commodities Indices

	2020	2021	2022 Oct	2023	2024
Energy	52.7	95.4	152.6	108.6	103.7
Non-Energy	84.1	112.5	124.4	111.5	108.0
Agriculture	87.1	108.3	122.7	113.9	112.2
Beverages	80.4	93.5	106.3	106.3	100.9
Food	93.1	121.8	143.7	131.1	129.1
Oils & Meals	89.8	127.1	145.2	120.4	117.3
Grains	95.3	123.8	150.4	133.4	129.6
Other Food	95.5	113.1	135.6	142.9	144.1
Raw Materials	75.8	82.9	80.3	76.0	76.9
Timber	86.4	90.4	80.1	79.9	81.2
Other Raw Materials	64.2	74.8	80.5	71.8	72.2
Fertilizers	74.6	152.3	235.7	156.5	132.4
Metals & Minerals	79.1	116.4	115.0	101.4	96.6
Base Metals	80.2	117.7	122.4	107.8	102.3
Precious Metals	133.5	140.2	136.8	138.4	145.1

Source: WEO October 2023

34. Natural gas prices significantly declined from their August 2022 peak and wheat prices had a similar decline from their May 2022 peak, both reflecting improved supply prospects and the redirection of trade.

35. Energy price forecasts have been downgraded sharply and the energy price index is expected to fall by 28.8% and 4.5% in 2023 and 2024, respectively. Brent crude oil prices are forecast to average US$84 per barrel in 2023. Weaker global demand has already caused these prices to drop 15% below the 2022 average, and are projected to remain at that level during 2024.

36. The base metal price index surged in the second and third quarter of 2022, before retreating due to slowing down global economic growth, with prices expected to fall by 5.5% on average in 2022, and decreasing by a further 12% in 2023.

37. Metals and minerals prices, which briefly increased in January 2023, are expected to fall by 11.8% in 2023, relative to 2022 and a further 4.8% in 2024. The decrease is a result of the anticipated weak global demand in manufacturing and China's recovery which is expected to be heavily services-oriented. Strong supply growth is projected over the forecast horizon, supported by a recovery from production outages and new mines coming on stream for key metals (copper, nickel, and zinc).

38. On the contrary, precious metals prices are expected to increase by 1.2% in 2023 and a further 5% in 2024, as safe-haven demand rises amid elevated global risks, with respect to future growth prospects, ongoing concerns about inflation, and financial stress in the first quarter.

39. International food prices are expected to fall by 8.8% in 2023 and by a further 1.5% in 2024, assuming that grain and oilseed exports from the Black Sea region will remain stable. Nevertheless, real food prices in 2023 will remain at their second highest levels since 1975, exceeded only in 2022.

40. Price surges on the global food markets has contributed to increase in domestic inflation, limiting the effectiveness of monetary policy tools and strategies, especially in countries where food accounts for a large portion of the total food consumption basket.

Domestic Economic Developments and Outlook

41. The domestic economy is now projected to grow by 5.5% in 2023, a slight upward revision from the August projection of 5.3%, on account of better-than-expected output in agriculture, in particular, tobacco, wheat and cotton.

42. However, economic growth is expected to slow down to 3.5% in 2024, mainly owing to the anticipated impact of the El-Nino phenomenon being forecasted for the 2023/24 summer cropping season on agricultural output, as well as declining mineral commodity prices attributable to the global economic slowdown.

43. The positive growth of 3.5% in 2024 will be driven by mining (+7.6%) and accommodation and food services (+6.9%), while the agriculture sector is projected to contract by (-4.9%).

Table 6: Sectoral GDP Growth Rate (%)

	Weight	2022	2023	2024	2025	2026
Agriculture, Hunting and Fishing and forestry	12.0	6.2	11.1	-4.9	10.1	5.2
Mining and quarrying	13.2	10.5	4.8	7.6	4.9	4.8
Manufacturing	11.2	1.6	2.2	1.6	2.7	2.5
Electricity, gas, steam and air conditioning supply	3.4	3.5	-4.9	17.4	5.3	4.6
Water supply; sewerage,	0.3	1.7	3.8	3.7	5.8	0.1
Construction	2.8	1.9	4.0	3.4	3.8	4.3
Wholesale and retail trade; repair of motor vehicles	18.7	4.6	5.5	4.2	4.4	7.4
Transportation and storage	1.9	6.6	6.6	4.4	7.8	4.3
Accommodation and food service activities	1.6	23.7	12.1	6.9	4.2	4.2
Information and communication	6.2	14.1	9.4	4.8	6.4	5.4
Financial and insurance activities	8.2	15.6	6.1	4.5	3.9	4.4
Real estate activities	2.9	0.1	3.9	2.7	1.1	3.5
Professional, scientific and technical activities	1.0	-0.3	2.6	3.7	5.9	7.2
Administrative and support service activities	1.1	1.7	2.1	0.9	3.7	4.8
Public administration and defence	2.3	4.3	2.1	0.9	3.7	4.8
Education	2.8	5.5	4.7	4.8	2.1	2.0
Human health and social work activities	2.6	-1.7	7.0	5.6	6.5	6.2
Overall Growth Rate		**6.5**	**5.5**	**3.5**	**5.0**	**5.0**

Source: MOFED, ZIMSTAT, RBZ

44. In the main, industry and services sectors are expected to drive economic activities in 2024, with growth rate of 6.3% and 4.1%, respectively, which will, however, be weighed down by the 4.9% contraction in the agriculture sector.

Table 7: Selected Economic Indicators (Growth %)

	2021	2022	2023e	2024f	2025f
Real GDP Growth (Production)	**8.4**	**6.4**	**5.5**	**3.5**	**5**
Agriculture	17.5	6.2	11.1	-4.9	10.1
Industry	6.6	5.9	2.6	6.3	3.7
Services	7.5	6.7	5.7	4.1	4.6
Real GDP Growth (Expenditure)	**8.5**	**6.5**	**5.5**	**3.5**	**5**
Household Consumption	3.5	1.1	3.0	3.4	6.5
Government Consumption	30.5	70.7	13.0	3.9	4.7
Gross Capital Formation	-3.8	22.5	3.8	2.7	3.8
Exports, Goods and Services	41.1	29	13.2	5.4	4.5
Imports, Goods and Services	54.8	40.4	5.5	3.5	5.0
Current Account Balance (% of GDP)	**1**	**1**	**0.7**	**0.1**	**-0.1**
Fiscal Balance (% of GDP)	-2	0.2	-1.2	-1.5	-1.2
Primary Balance (% of GDP)	-1.9	0.3	-1	-1.1	-0.9

Source MOFED, ZIMSTAT, RBZ

45. From the expenditure side, household consumption and gross fixed capital formation are projected to grow by 3.4% and 2.7%, respectively.

46. The 2024 GDP projections are underpinned by the following broad assumptions:

- Normal to below normal rainfall season due to the El-Nino effect;
- Slowdown in global economic growth and continued geo-political tensions;
- Declining international commodity prices;
- Continued use of the multicurrency regime; and
- Tight fiscal and monetary policies.

47. In terms of the composition of GDP in 2024, agriculture, mining and manufacturing contribute 11.6%, 13.7% and 10.6%, respectively.

Table 8: Sectoral Contribution to GDP (%)

	2021	2022	2023	2024
Agriculture, Hunting and Fishing and forestry	12.0	12.0	12.6	11.6
Mining and quarrying	12.8	13.2	13.2	13.7
Manufacturing	11.7	11.2	10.8	10.6
Electricity, gas, steam and air conditioning supply	3.5	3.4	3.1	3.5
Water supply; sewerage, waste management	0.3	0.3	0.3	0.3
Construction	2.9	2.8	2.8	2.8
Wholesale and retail trade;	19.1	18.7	18.8	18.9
Transportation and storage	1.9	1.9	2.0	2.0
Accommodation and food service activities	1.4	1.6	1.7	1.7
Information and communication	5.8	6.2	6.5	6.6
Financial and insurance activities	7.5	8.2	8.2	8.3
Real estate activities	3.1	2.9	2.8	2.8
Professional, scientific and technical activities	1.1	1.0	1.0	1.0
Administrative and support service activities	1.1	1.1	1.0	1.0
Public administration and defence; compulsory social security	2.4	2.3	2.3	2.2
Education	2.8	2.8	2.7	2.8
Human health and social work activities	2.8	2.6	2.7	2.7
GDP at Market Prices	**100.0**	**100.0**	**100.0**	**100.0**

Source: MoFEDIP

Sectoral Developments and Outlook

48. In 2024, the agriculture sector is projected to contract by -4.9% due to the anticipated normal to below-normal rainfall pattern during the forthcoming 2023/24 farming season. The El-Nino phenomena which is associated with extreme weather patterns, is expected to undermine agriculture production, especially for maize.

Table 9: Agriculture Sector Output (000 tonnes)

	Weights	2023 Initial	2023 Rev	2024 Proj.
Overall Growth		4	11.1	-4.9
Tobacco (flue-cured)	*22.86*	220	297	300
Maize	*17.18*	2000	2298	1100
Beef	*3.79*	98	103	109
Cotton	*3.71*	65	90	90
Sugar cane	*7.45*	4551	4653	4650
Horticulture	*11.72*	101	106	100
Poultry	*1.03*	174	174	170
Groundnuts	*5.23*	100	163	112.4
Wheat	*12.39*	365	400	400
Dairy (m lt)	*1.92*	116	115	116
Soybeans	*1.85*	85	106	108
Tea	*1.90*	39	39	39
Pork	*0.26*	15	16	18
Sorghum	*3.10*	148	161	217
Barley	*0.40*	25	42	42
Sheep & goats	*0.57*	9	9	10
Sunflower seeds	*0.18*	15	73	78

Source: MOFEDIP, RBZ & ZIMSTAT

49. To mitigate the impact of the El-Nino phenomenon on the country's food security situation, the following measures are being implemented:

- Distribution of seed varieties appropriate for each ecological region, with farmers being encouraged to stagger the planting of crops;
- Early importation of grain when prices are still low;
- Maximise utilisation of available irrigable land for the production of strategic crops; and
- Implement an aggressive cloud seeding programme.

50. The mining sector is expected to grow by 7.6% in 2024, driven mainly by ongoing investment in PGMs, gold, coal and lithium. The growth will also be sustained by expected relatively stable electricity supply on account of increased domestic electricity production, complemented by direct import initiatives by large scale miners and private sector investment initiatives in renewable energy, especially solar.

51. The sector, however, faces risks related to declining mineral commodity prices, particularly for PGMs which have the potential of scaling down ongoing expansion projects in the medium to long term.

Table 10: Mining Sector Output (000 tonnes)

	Weights	2022	2023 Initial	2023 Rev	2024 Proj
Overall Growth		12.4	9.1	4.8	7.6
Black Granite \t	*0.2*	392.4	420.0	420	449
Chrome \t	6.8	1,109.8	1,500.0	1,500	1,530
Coal \t	*4.1*	4,185.4	4,200.0	4,353	5,500
Cobalt \t	*0.2*	211.2	387.0	350	580
Copper \t	*1.4*	10,168.1	9,684.0	10,473	10,200
Gold \kg	*44.4*	37,265.2	40,000.0	36,000	39,000
Lithium \t	*0.3*	102,420	881,709	881,709	1,113,965
Iridium \t	*0.5*	601.2	672.0	619	637
Nickel \t	*5.4*	14,259.7	14,300.0	14,300	14,690
Palladium \kg	*16.1*	13,934.6	13,481.0	14,214	14,639
Phosphate \t	*0.2*	21,910.2	25,000.0	22,129	42,000
Platinum \kg	11.3	16,459.9	16,500.0	16,954	17,462
Rhodium \kg	*3.6*	1,461.1	1,551.0	1,505	1,550
Ruthenium \kg	*0.3*	1,341.5	1,373.0	1,382	1423
Vermiculite\t	*0.1*	26,380.3	26,908	26,908	30,406
Diamonds (Carats)	*5.0*	4,844.0	5,500.0	5,500	5,900

Source: MoFEDIP, ZIMSTAT & RBZ

52. Lithium output is expected to increase to 1.1 million tonnes, benefiting from various mines such as Zulu mine and others that have already been commissioned in 2023, together with additional companies expected to be commissioned in 2024.

Table 11: Lithium Producing Companies

	Mining Company	
1.	SINOMINE BIKITA MINERALS	Petalite
		Spodumene Concentrate
2.	SABI STAR	Lithium Concentrates
3.	PROSPECT LITHIUM ZIMBABWE	Petalite
		High Ferrous Content Petalite Concentrate
		Spodumene Concentrate
4.	ZULU LITHIUM (REGENT RESOURCES)	Spodumene Concentrate
5.	SANDAWANA (KUVIMBA)	Lithium Ore
6.	KAMATIVI	Lithium Ore

53. In terms of beneficiation, Prospect Resources Zimbabwe, Bikita Minerals and Zulu Lithium have successfully constructed lithium processing plants to beneficiate ore to the second stage of concentrate level. The aim is to beneficiate lithium up to carbonate level, fourth state of beneficiation in the medium term. The ultimate objective is the local manufacturing of lithium batteries for electric vehicles.

54. With regards to the manufacturing sector, growth is expected to slow down to 1.6% during 2024, mainly due to the anticipated lower agriculture output and the impact of the credit crunch. The lower positive growth, however, will be driven by improved electricity supply and continued investments in the sector.

Table 12: Volume of Manufacturing Index

	Weights	2022	2023	2024
Overall Growth (%)		**1.6**	**2.2**	**1.6**
Foodstuffs	*379*	395.4	397.0	402
Drinks, Tobacco and Beverages	*200*	391.7	396.0	400
Textiles and Ginning	*25*	38.5	39.0	41.0
Clothing and Footwear	*9*	265.7	260.0	258.0
Wood and Furniture	*8*	369.8	372.3	374.5
Paper, printing and Publishing	*40*	569.3	650.0	600
Chemical and Petroleum Products	*116*	80.4	84.0	84.7
Non-metallic mineral products	*116*	329.7	350.0	370.0
Metals and Metal products	*72*	338.3	330.0	360.8
Transport, Equipment	*1*	128.0	128.0	129.0
Other manufactured goods	*35*	45.8	55.0	55.0
Manufacturing Index 1	1000.0	330.8	338.0	343.4

Source: MoFEDIP, ZIMSTAT, RBZ

55. In 2024, electricity generation is expected to recover by 17.4%, on account of expected full commercialisation of Hwange 7 & 8 and upscaling of maintenance programmes, as well as expected new solar IPP projects. However, electricity generation at Kariba and Hwange 1-6 will remain constrained by low water levels and the ongoing life extension programme, respectively.

56. Notwithstanding the enhanced electricity generation, a supply gap of about 400 MW/h is expected, and will be partly met through imports.

Table 13: Electricity Supply and Demand

	Average MW 2023	Average MW 2024
Hwange 1-6	260.0	350
Hwange 7 & 8	300.0	600
Kariba	404.0	250
IPPs	33.0	80
Total Domestic	**1,026.0**	**1,280.00**
Imports	300.0	200
Total supply	1,326.0	1,480.00
National Demand	**1,700.0**	**1,866.70**
Short Fall	**-374.0**	**-386.70**

Source: MoFEDIP, ZIMSTAT, RBZ

57. Sustainability of electricity supply to the economy going forward will be dependent on progress being made on the restructuring of ZESA, complemented by critical governance reforms, including charging of commercially viable tariffs, as well as promotion of private investment in renewable energy sources.

58. The tourism industry is experiencing a resurgence and is expected to grow by 6.9% in 2024, driven by growing interest from international tourists, increased travel and trade in the region, the ongoing global tourism recovery and improved accessibility to Zimbabwe made possible by improved infrastructure and the entry of new airlines into the country. These developments indicate promising prospects for the country's tourism sector.

59. During the period January to September 2023, tourist arrivals increased by 52%, reaching 1,087,445 from 714,621 during the same period in 2022. Most source markets saw an increase in arrivals, notably the Middle East (153%) and Africa (76%). As a result, tourism receipts increased by 18%, to US$724 million, up from US$615 million realised in the same period in 2022.

60. Other sectors are also projected to contribute positively to economic growth, with information and communication projected to grow by 4.8%, transport 4.2% and construction 3.4% in 2024.

61. Growth in the information and communication sector will be driven by a renewed focus on digitalisation, increased data-centric services and the transition from PSTN to VoIP, whilst the construction sector will be sustained mainly by private sector construction activities.

Balance of Payments

62. Merchandise exports rose by 1.5% from US$5.1 billion during the first nine months of 2022, to US$5.2 billion in the corresponding period in 2023. Mineral exports, which constitute about 80% of the country's merchandise exports,

however, declined by 2.3% to US$4.1 billion from US$4.2 billion in the first nine months of 2022, primarily driven by the ongoing retreat of key commodity prices, mainly PGMS.

63. To year end, merchandise exports are projected to increase by 4.3%, from US$7 billion in 2022 to US$7.3 billion in 2023, on account of higher tobacco, lithium, and diamond exports.

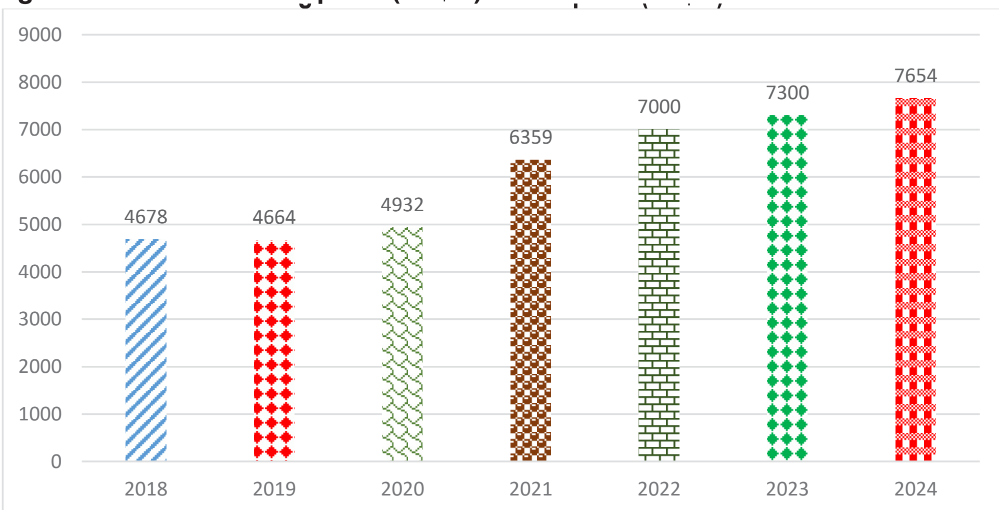
Table 14: Merchandise Exports (US$M)

	2023	2024	22/23 Change (%)	23/24 Change (%)
Agricultural Exports	**1,240.1**	**1,316.3**	**16.2**	**6.1**
Tobacco	1,090.8	1,172.0	*17.8*	*7.4*
Horticulture	41.6	46.0	*0.7*	*10.6*
Mac Nuts	7.4	7.6	-4.6	3.0
Citrus	9.3	9.1	-3.5	-2.3
Flowers	3.9	3.5	12.8	-9.7
Fresh Produce	20.4	25.0	1.9	22.5
Hides	29.0	29.9	*26.1*	*3.0*
Mineral Exports	**5,628.8**	**5,891.5**	**1.0**	**4.7**
Gold	1,871.1	1,818.8	*-6.3*	*-2.8*
PGMs	1,403.6	1,328.4	*-36.8*	*-5.4*
Chrome & HCF	455.8	480.1	*3.1*	*5.3*
Diamonds	476.8	290.4	*222.5*	-39.1
Coke	185.7	209.6	*28.2*	*12.9*
Lithium	717.9	1,216.2	*917.0*	*69.4*
Nickel	58.6	61.3	*-8.2*	*4.6*
Manufactured Exports	**430.7**	**446.5**	**19.1**	**3.7**
Refined Sugar	28.3	33.0	*46.3*	*16.6*
Cigarettes	105.9	109.0	*64.0*	*3.0*
Wood & Timber	10.5	10.8	*-20.7*	*3.0*
Metal Products	16.5	17.0	*3.4*	3.0
Electricals Products	39.7	40.9	*12.6*	*3.0*
Merchandise Exports	**7,299.7**	**7,654.3**	**4.3**	**4.9**

Source: RBZ

64. In 2024, despite the softening of commodity prices of key minerals, in particular PGMs, exports are projected to remain on the increase sustained by growth in output from lithium, coke and tobacco to US$7.7 billion.

Figure 2: Merchandise Exports (US$M)



Source: RBZ

65. Merchandise imports registered a 4.7% increase, from US$6 billion in the first nine months of 2022, to US$6.3 billion during the same period in 2023, driven by growth in fuel, machinery, and electricity imports. In 2023, merchandise imports are projected at US$8.5 billion, 4.9% up from US$8.1 billion in 2022.

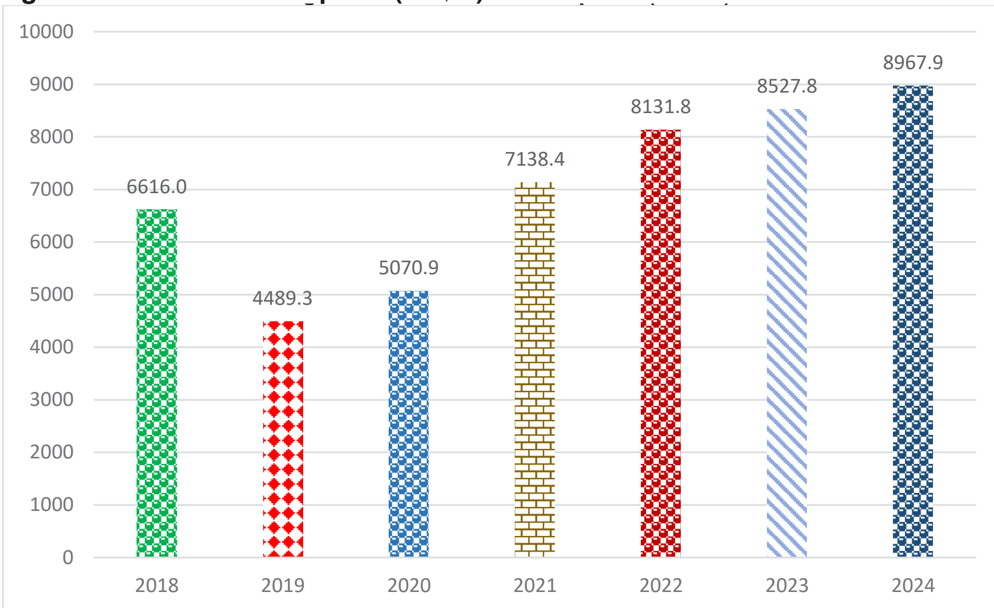
Table 15: Merchandise Imports (US$M)

	2023	2024	22/23 Change (%)	23/24 Change (%)
Food	**597.9**	**586.1**	**15.0**	**-2.0**
Maize	96.8	120.1	*169.5*	*24.1*
Wheat	120.8	83.7	*20.1*	*-30.7*
Rice	158.0	158.8	*2.2*	*0.5*
Other	222.3	223.5	*-2.8*	0.5
Non-food	**7929.9**	**8381.8**	**4.2**	**5.7**
Fuel	1530.6	1581.2	*14.1*	*3.3*
Diesel	916.7	959.4	*16.8*	*4.7*
Petrol	438.3	450.9	*10.4*	2.9
Raw Materials	2852.1	3023.2	*-1.4*	*6.0*
Machinery	2005.9	2126.2	*11.4*	*6.0*
Manufactured Goods	585.1	620.2	*-0.3*	*6.0*
Vehicles	665.3	708.2	*4.4*	6.5
Oils and Fats	279.9	285.4	*-24.1*	*2.0*
Electricity	195.2	210.2	*-4.5*	*7.7*
Merchandise Imports	**8527.8**	**8967.9**	**4.9**	**5.2**

Source RBZ

66. Imports are projected to increase to US$9 billion in 2024, on account of higher imports of grain, energy, raw materials and machinery imports.

Figure 3: Merchandise Imports (US$M)



Source: RBZ

67. Services trade is recovering from the Covid-19 pandemic shock with travel, passengers transport and other key services beginning to trend up.

68. Services exports are projected to increase from US$453.3 million in 2022, to US$456.7 million in 2023, and are projected to further increase to US$481.5 million in 2024, driven by travel and transport services.

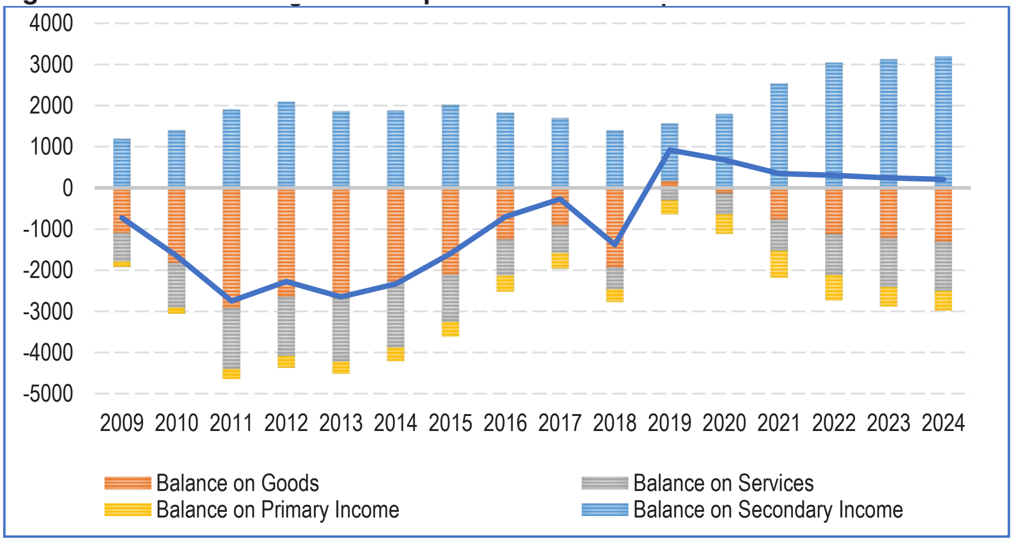
69. Services imports are expected to increase to US$1.6 billion, driven by travel, transport and other business services.

70. Secondary income inflows, specifically remittances, are projected to continue driving the current account surplus and are projected to close 2023 at US$2.1 billion before rising further to US$2.2 billion in 2024.

Current Account

71. The current account surplus is projected to close the year 2023 at US$244.4 million, slightly lower than the US$305 million registered in 2022. In 2024, the current account surplus is projected to narrow to US$204.5 million, reflecting a wider trade deficit, as imports accelerate at a faster pace than exports.

Figure 4: Current Account Developments



Source: RBZ

Inflation Developments

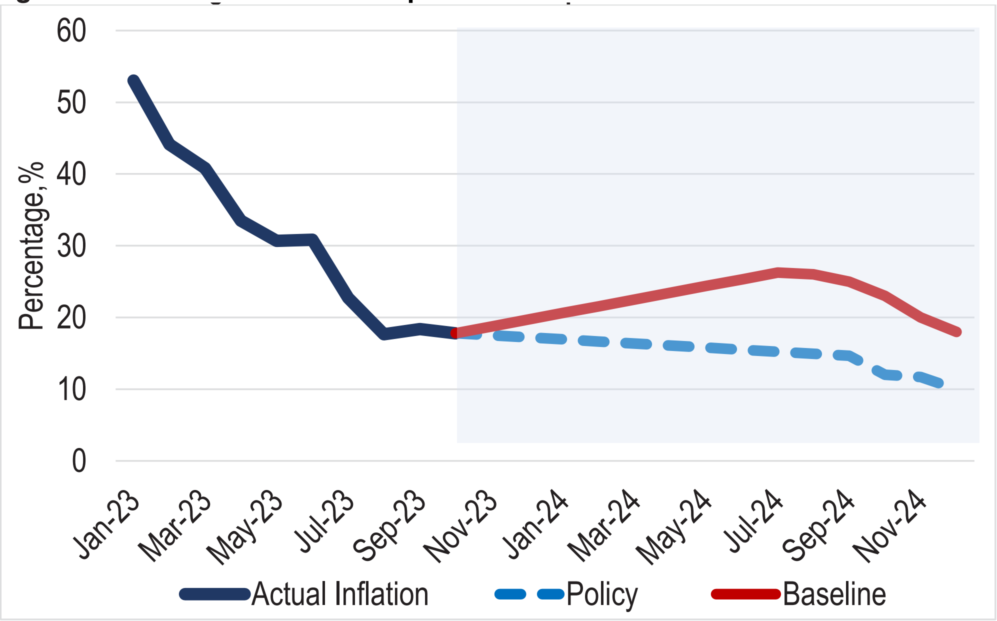
72. Domestic prices have relatively been stable since the third quarter of the year, as reflected by month-on-month inflation which declined from 12.1% in June 2023, to 4.5% in November 2023.

73. Concomitantly, the annual headline inflation declined from 30.9% in June 2023 to 21.6% in November 2023.

74. In the outlook, annual inflation is expected to remain on the decline and is projected to end the year 2023 slightly below 20%.

75. In 2024, annual inflation is anticipated to end the year slightly above 10%, reflecting continued tight monetary and fiscal policies.

Figure 5: Annual Inflation Developments and Outlook



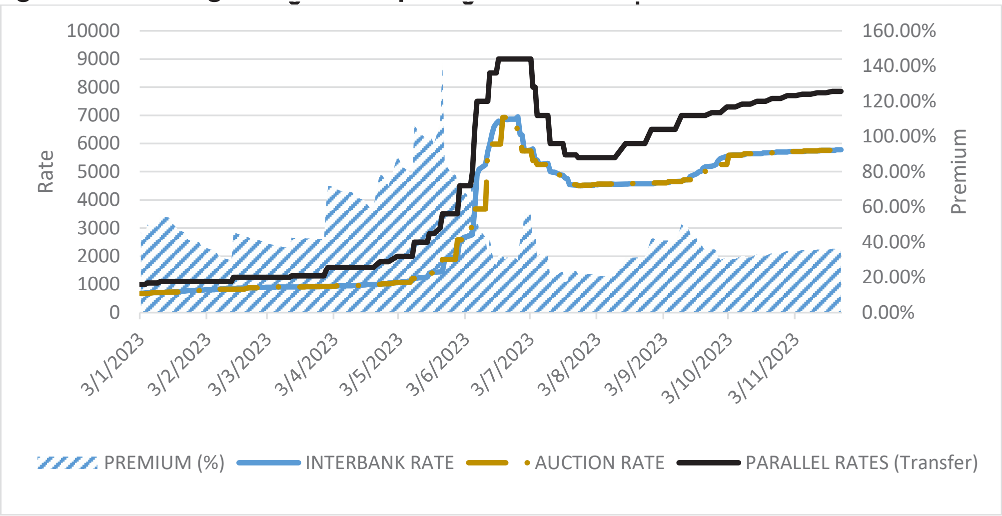
Source: ZIMSTAT & RBZ

Exchange Rate Developments

76. The introduction of the wholesale foreign exchange auction on the back of the recent liberalization of the exchange rate, saw the parallel market premium declining from a peak of over 140% in May 2023 to around 35% in November 2023.

77. The Z$/US$ exchange rate depreciated from Z$5 466.75 on 29 September 2023, to Z$5 776.23 on 24 November 2023.

Figure 6: Exchange Rate Developments



Source RBZ

78. Government, through the Central Bank, will continue to refine the foreign exchange market moving towards market determined exchange rate regime.

Public Finance Developments

79. The 2023 National Budget was premised on total annual revenue collections of Z$3.9 trillion (18% of GDP), expenditures of Z$4.2 trillion (19.5% of GDP) and a targeted budget deficit of Z$336.9 billion (1.5% of GDP).

80. During the first nine months of the year, exchange rate and inflation movements resulted in both revenue and expenditures performing way above the targets in nominal terms.

81. Notwithstanding, expenditures by MDAs were still within the available revenue inflows and compliant with the fiscal rule of a budget deficit of not more than 3% of GDP. Government is, therefore, exercising fiscal discipline even under volatile macro-economic conditions.

82. Revenue collections for the period January to September 2023 amounted to Z$11.4 trillion, against expenditures of Z$12.3 trillion, resulting in a budget deficit of Z$0.9 trillion.

Table 16: Public Finance Performance (Z$B)

	Jan to Sept 2023
Total Revenues	**11,418.1**
Tax Revenues	11,185.5
Non-Tax Revenues	232.6
Total Expenditures & Net Lending	**12,317.9**
Recurrent Expenditure	9,373.4
Transfers to Provincial Councils and Local Authorities	140.7
Capital	2,944.5
Deficit	**-899.8**

Source: MoFEDIP

Revenue Developments

83. Cumulative revenue collections for the period January to September 2023 amounted to Z$11.4 trillion, comprising of tax revenue of Z$11.2 trillion (97.5% of total revenue), and non-tax revenue of Z$232.6 billion.

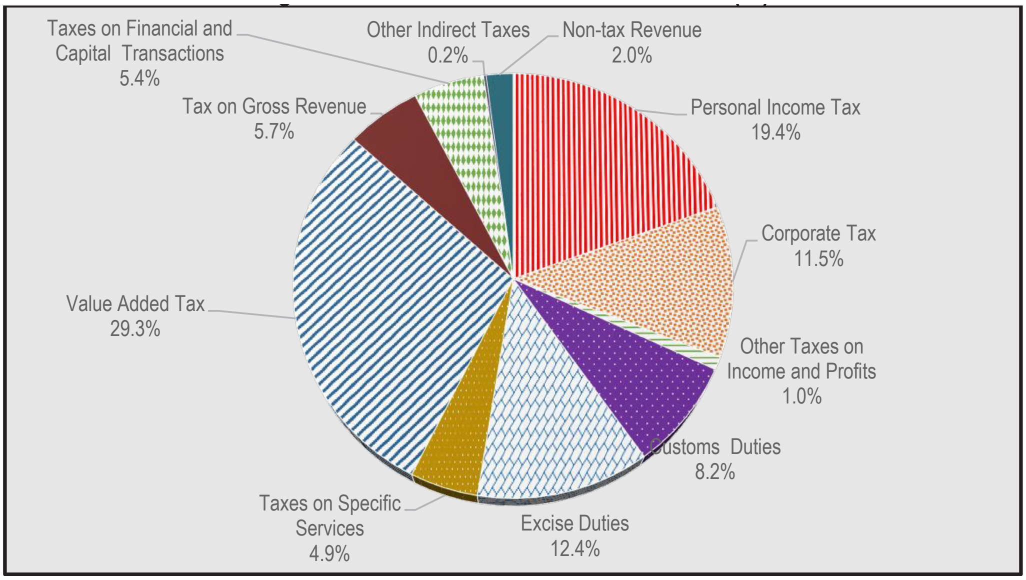
Table 17: Revenue Performance

Revenue Head	Jan to Sept 2023 (Z$)
Total Revenue	11.4
Tax Revenue	11.2
Non-tax	0.2

Source: MoFEDIP

84. The increase in revenue collection was due to higher-than-expected receipts from all tax heads. Value Added Tax (VAT) accounted for 29.3% of total revenue, Personal Income Tax (PIT) (19.4%), Excise Duty (12.4%), Corporate Income Tax (CIT) (11.5%), Customs Duty (8.2%), and Intermediate Money Transfer Tax (IMTT) (5.4%).

Figure 7: Contribution to Total Revenue (%)



Source: MoFEDIP (2023)

85. To year end, revenue collections are projected at Z$21.2 trillion.

Expenditure Developments

86. During the period January to September 2023, cumulative expenditure amounted to Z$12.3 trillion.

Table 18: Expenditure Outturn (Z$B)

	Jan to Sept 2023
Total Expenditures & Net Lending	**12,317.9**
Recurrent Expenditure	**9,373.4**
Compensation of Employees	4,420.3
Use of Goods and Services	4,453.6
Social Benefits	171.0
Subsidies	88.1
Interest	51.8
Other expenses	47.9
Transfers to Provincial Councils and Local Authorities	140.7
Capital Expenditure	**2,944.5**

Source: MoFEDIP

87. Recurrent expenses amounted to Z$9.4 trillion, driven by compensation of employees at Z$4.4 trillion and use of goods and services amounting to Z$4.5 trillion.

88. Cumulative expenditure on social protection programmes for the period January to September 2023 amounted to Z$457 billion towards the following;

- Presidential Input Support Scheme Z$320 billion

- Basic Education Assistance Module (BEAM) Z$87 billion
- Food Deficit Mitigation Z$12 billion
- Harmonised Cash Transfer Z$5 billion

89. Capital expenditure during the period January to September 2023 amounted to Z$2.9 trillion, whilst transfers to Provincial Councils and Local Authorities amounted to Z$140.7 billion.

90. Expenditures to year end is projected at Z$22.6 trillion, comprising of compensation of employees of Z$10.9 trillion, operations and maintenance amounting to Z$7.5 trillion and capital expenditure of Z$4 trillion.

Deficit

91. During the first nine months, the fiscal deficit stood at Z$0.9 trillion, and is projected to end the year at Z$1.4 trillion (1.2% of GDP).

92. Government issued Treasury bills amounting to Z$305.9 billion to partly finance the budget deficit and to mop up excess liquidity in the market, as well as for cashflow smoothening.

Table 19: Government Borrowing (Z$M)

Tenor	Jan-Mar		April-June		Jul-Sep		Total (Jan- Sep)	
	Target	Actual	Target	Actual	Revised Target	Actual	Target	Actual
90-day	-	60,550	-	61,705	52,000	108,900	52,000	231,155
180-day	-	16,100	3,200	16,100	65,000	5,433	68,200	37,633
270-day	2,200	15,000	4,900	4,300	65,000	-	69,900	19,300
365-day	6,100	16,100	8,200	1,750	78,000	-	86,200	17,850
Total Treasury Bills	8,300	107,750	16,300	83,855	260,000	114,333	276,300	305,938

Source: MOFEDIP

93. The issuances were done through private placement, with 90-day and 180-day having an average coupon rate of 81% and 82%, while 270-day and 365-day had average coupon rates of 83% and 88%, respectively.

94. Most of the resources were raised from the banking sector (99%), while the non-banking sector provided the remaining 1%. This is notwithstanding the requirement that pension funds should comply with the prescribed asset status of 20% of their investable resources, against the current levels of 7%.

95. In addition, the budget deficit was also partly financed through a trade finance structure of US$400 million from AFREXIMBANK and US$9 million disbursement from active loans.

96. To year end, if necessary, Government will raise additional resources from domestic and external borrowing to finance the deficit.

Public Debt

97. The total Public and Publicly Guaranteed (PPG) debt stock as at end September 2023, amounted to Z$96.71 trillion, (81.3% to the GDP). The debt is comprised of an external debt amounting to Z$69.36 trillion and domestic debt of Z$27.4 trillion.

Table 20: Total Debt Stock (Z$B)

	DOD	PRA	IRA	Penalties	PRA+IRA+ Penalties	Total
Total PPG Debt (a+b)	58,433	16,163	9,120	12,998	38,281	96,714
a.PPG External Debt (1+2+3)	31,256	15,990	9,120	12,998	38,108	69,364
Bilateral and Multilateral External Debt (1+2)	11,815	15,990	9,120	12,998	38,108	49,923
1.Bilateral Creditors	8,556	9,573	3,016	11,706	24,295	32,851
Paris Club	447	7,310	2,512	11,113	20,935	21,382
Non-Paris Club	8,109	2,263	504	593	3,360	11,469
2.Multilateral Creditors	3,259	6,417	6,104	1,292	13,813	17,072
World Bank	624	3,936	3,876	-	7,812	8,435
African Development Bank	140	1,514	2,070	-	3,584	3,724
European Investment Bank	53	780	126	*1,292*	2,198	2,251
Afreximbank	*2,187*	-	-	-	-	2,187
Others	256	187	33	-	219	475
3. Liabilities on the RBZ Balance Sheet	19,441	-	-	-	-	19,441
To be assumed by Treasury 2023	9,933				-	9,933
Other Liabilities on the RBZ Balance Sheet	9,508				-	9,508
b. Domestic Debt	27,177	172	-	-	172	27,349
Government Securities	*8,043*	-	-	-	-	8,043
Of which Blocked Funds	7,984	-	-	-	-	7,984
Domestic Arrears (to Service Providers)	-	172	-	-	*0.17*	0.17
Compensation of Former Farm Owners	*19,134*	-	-	-	-	19,134

DOD: Disbursed Outstanding Debt PRA: Principal Arrears INA: Interest Arrears

Source: MOFEDIP

98. In US$ terms, total PPG debt amounted to US$17.7 billion, as at end September 2023, of which external debt amounted to US$12.7 billion and domestic debt of US$5 billion.

Table 21: Total Debt Stock (US$M)

	DOD	PRA	IRA	Penalties	PRA+IRA+ Penalties	Total
Total PPG Debt (a+b)	**10,689**	**2,957**	**1,668**	**2,378**	**7,002**	**17,691**
a.PPG External Debt (1+2+3)	**5,717**	**2,925**	**1,668**	**2,378**	**6,971**	**12,688**
Bilateral and Multilateral External Debt (1+2)	**2,161**	**2,925**	**1,668**	**2,378**	**6,971**	**9,132**
1.Bilateral Creditors	**1,565**	**1,751**	**552**	**2,141**	**4,444**	**6,009**
Paris Club	82	1,337	459	2,033	3,830	3,911
Non-Paris Club	1,483	414 92	108	615	2,098	
2.Multilateral Creditors	**596**	**1,174**	**1,117**	**236**	**2,527**	**3,123**
World Bank	114	720	709	-	1,429	1,543
African Development Bank	26	277	379	-	656	681
European Investment Bank	10	143	23	236	402	412
Afreximbank	400	-	-	-	-	400
Others	47	34	6	-	40	87
3. Liabilities on the RBZ Balance Sheet	**3,556**	**-**	**-**	**-**	**-**	**3,556**
To be assumed by Treasury 2023**	1,817					
Other Liabilities on the RBZ Balance Sheet	1,739					
b. Domestic Debt	**4,971**	**32**	**-**	**-**	**32**	**5,003**
Government Securities	1,471	-	-	-	-	1,471
Of which Blocked Funds	1,461					1,461
Domestic Arrears (to Service Providers)	-	32	-	-	32	32
Compensation of Former Farm Owners	3,500	-	-	-	-	3,500

***The assumption is in line with the policy announcement of May 2023, on measures to stabilise the economy*
Source: MOFEDIP

Domestic Debt Stock

99. The stock of total domestic debt, as at end September 2023 amounted to Z$27.4 trillion, comprising of Government securities of Z$8 trillion, domestic arears to service providers of Z$172 billion and compensation of former farm owners of Z$19.1 trillion.

Table 22: Total Domestic Debt (Z$B)

Category	2023
Government securities	8,043
Domestic arrears to service providers	172
Compensation of Former Farm Owners**	19,134
Total	27,349

***Interim relief payments to FFOs will be netted off to final compensation*
Source: MOFEDIP

External Debt Stock

100. Total external debt stock as at end September 2023 amounted to US$12.7 billion, including liabilities on the RBZ balance sheet assumed by Treasury. Of the total external debt stock, the bilateral and multilateral debt amounted to US$9.1 billion, of which 76% are principal arrears, interest arrears and penalties.

Table 23: Public External Debt (US$M)

	DOD	PRA	IRA	Penalties	PRA+IRA+ Penalties	Total
.PPG External Debt (1+2+3)	**5,717**	**2,925**	**1,668**	**2,378**	**6,971**	**12,688**
Bilateral and Multilateral External Debt (1+2)	**2,161**	**2,925**	**1,668**	**2,378**	**6,971**	**9,132**
1.Bilateral Creditors	**1,565**	**1,751**	**552**	**2,141**	**4,444**	**6,009**
Paris Club	82	1,337	459	2,033	3,830	3,911
Non-Paris Club	1,483	414	92	108	615	2,098
2.Multilateral Creditors	**596**	**1,174**	**1,117**	**236**	**2,527**	**3,123**
World Bank	114	720	709	-	1,429	1,543
African Development Bank	26	277	379	-	656	681
European Investment Bank	10	143	23	236	402	412
Afreximbank	400	-	-	-	-	400
Others	47	34	6	-	40	87
3. Liabilities on the RBZ Balance Sheet	**3,556**	**-**	**-**	**-**	**-**	**3,556**
To be assumed by Treasury 2023**	1,817					
Other Liabilities on the RBZ Balance Sheet	1,739					

***The assumption is in line with the policy announcement of May 2023, on measures to stabilise the economy*
Source: MOFEDIP

101. Government made external debt service payments amounting to USD$55.6 million over the period January to end September 2023, for the active portfolio, legacy debts and token payments.

102. In addition, as a sign of its commitment to the international engagement and re-engagement thrust, Government made token payments to all International Financial Institutions and Paris Club creditors amounting to USD$10.7 million over the same period.

Table 24: External Debt Service (US$M)

	Jan-Mar	Apr-Jun	Jul-Sep	Total
Active Portfolio				
China Eximbank	2.0	4.0	2.0	8.00
India Eximbank	-	2.3	-	2.27
Kuwait	-	0.3	0.2	0.47
Sinosure	2.0	4.0	-	6.00
Afreximbank	-	-	7.0	7.00
BADEA	-	0.6	-	0.64
OFID	-	1.8	-	1.79
IFAD	-	0.2	-	0.19
	4.00	13.14	9.21	26.36
Legacy Debts	8.83	8.83	0.89	18.55
Token Payments				
World Bank Group	2.00	1.00	1.00	4.00
African Development Bank Group	1.00	0.50	0.50	2.00
European Investment Bank	0.20	0.10	0.10	0.40
Paris Club	2.96	0.10	1.26	4.33
	6.16	1.70	2.86	10.73
Grand Total	18.99	23.67	12.97	55.63

Source: MOFEDIP

Financial Sector Developments

103. The financial sector has remained sound and stable, with strong capital and liquidity positions, as well as strong risk management practices on the back of proactive, holistic and supportive stabilisation measures by the authorities.

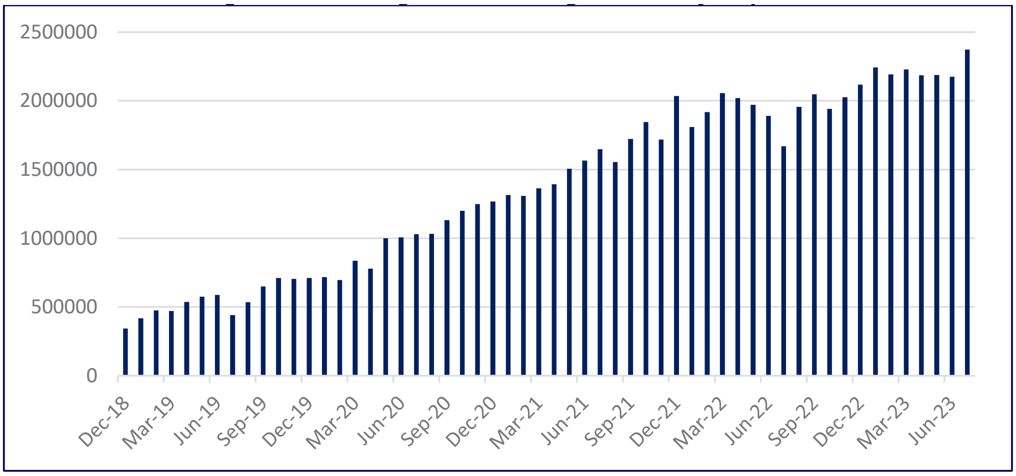
104. To sustain the financial stability and inclusive growth, Government in collaboration with relevant stakeholders has commenced the formulation of the Financial Sector Development Strategy. It is envisaged that the Strategy will be launched during 2024.

Banking Sector

105. The banking sector is comprised of 14 commercial banks, 4 building societies and 1 savings bank. In addition, there are 219 credit-only microfinance institutions, 8 deposit-taking microfinance institutions (DTMFI) and 4 development financial institutions.

106. Confidence in the banking sector continues to improve as evidenced by growth in foreign currency deposits from around US$300-400 million in 2018, to US$1.6 billion, as of the end of September 2023.

Figure 8: Banking Sector Foreign Currency Deposits



Source: RBZ

Banking Sector Capitalisation

107. As at 30 September 2023, all banking institutions were in compliance with prudential capital ratios, that is, the prescribed minimum capital adequacy ratio of 12% and the tier 1 ratio of 8% at 43.2% and 27.3%, respectively.

108. Banking sector core capital increased from Z$803.08 billion as at 31 March 2023, to Z$5.09 trillion as at 30 September 2023, largely attributed to the capitalisation of retained earnings emanating from the revaluation of investment properties and foreign currency-denominated assets.

109. In light of the need to hedge institutions' capital against potential exchange rate shocks, banking institutions are adopting a number of capital preservation strategies which include investing in gold coins and Gold-Backed Digital Tokens (ZiG), investment properties, as well as keeping a portion of the capital in US$.

110. A total of 15 out of 18 banking institutions (excluding POSB with no prescribed minimum capital requirement), reported core capital levels that complied with minimum regulatory requirements. Non-compliant banking institutions are implementing various initiatives to bolster their capital and

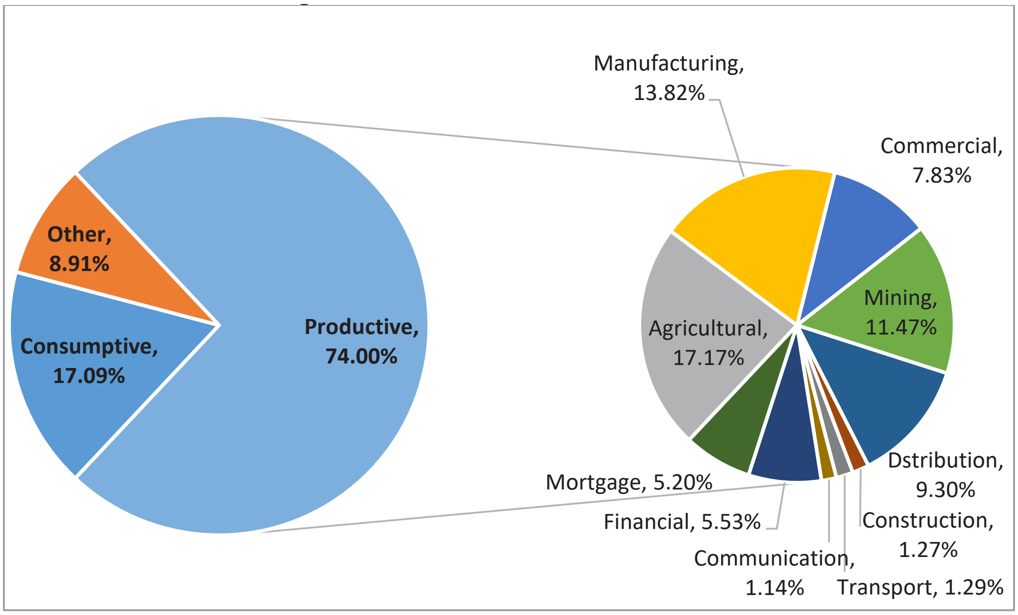
ensure compliance with the minimum capital requirements by 31 December 2023.

Banking Sector Loans and Advances

111. Aggregate banking sector loans and advances increased from Z$1.97 trillion as of 31 March 2023, to Z$9.70 trillion as at 30 September 2023. The growth in banking sector loans was largely due to growth in foreign currency-denominated loans, whose proportion increased from 78% as at 31 March 2023, to 88% as at 30 September 2023.

112. The banking sector continued to support the funding requirements of the productive sectors of the economy as evidenced by loans to the productive sectors, which constituted 74% of total loans as at 30 September 2023, as shown in the Figure below.

Figure 9: Sectoral Distribution of Loans



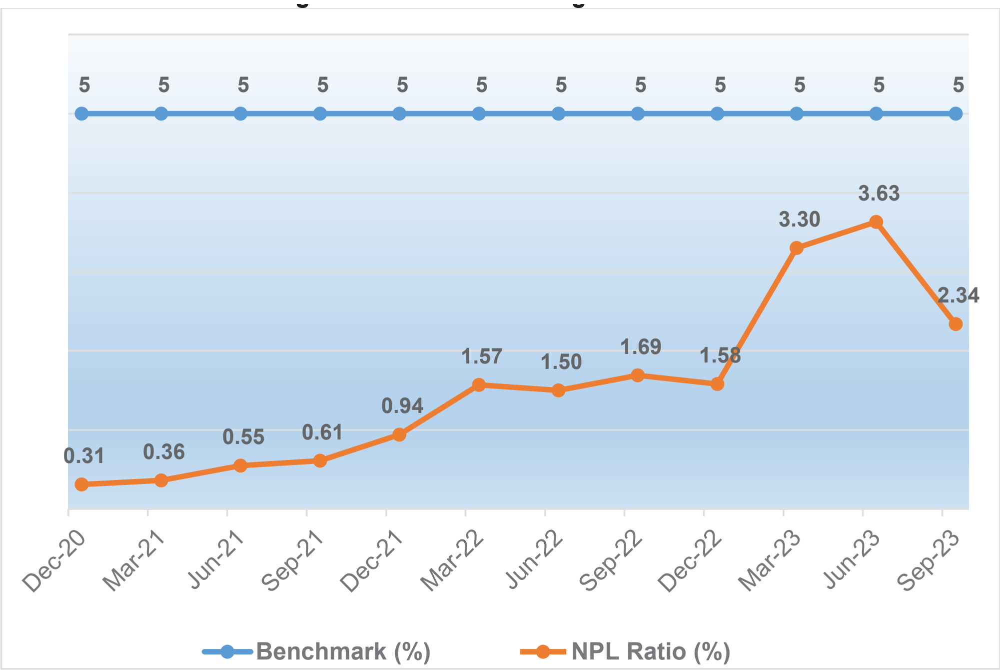
Source: RBZ

113. In the outlook period, the banking sector is expected to continue to play an even greater role in supporting sustainable and inclusive economy.

Asset Quality

114. The banking sector asset quality remained low, as reflected by an aggregate non-performing loans ratio (NPL) of 2.34% as at 30 September 2023. The ratio remains within the Bank's risk appetite limit and the acceptable international threshold of 5%, as shown in the Figure below.

Figure 10: Non-Performing Loans Ratio



Source: RBZ

115. The low NPL ratio reflects robust credit risk management systems and strong internal controls by banking institutions.

Banking Sector Deposits and Liquidity

116. Banking institutions have sufficient liquidity to intermediate utilising the foreign currency and Z$ deposits, as well as external lines of credit.

117. Aggregate banking sector deposits continued on an upward trajectory from Z$3.17 trillion as at 31 March 2023, to Z$16.08 trillion as at 30 September 2023, dominated by foreign currency-denominated deposits which accounted for 80.49% of total deposits.

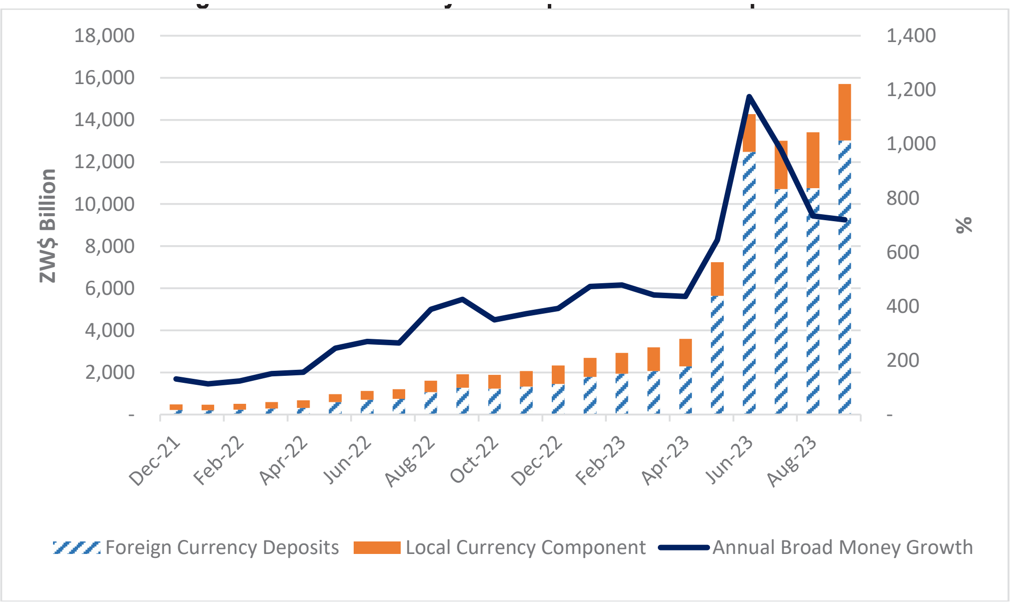
118. Further, banking institutions continued to maintain robust liquidity positions, providing a key source of strength in the face of a dynamic macroeconomic environment. As at 30 September 2023, the sector's average prudential liquidity ratio was 61.74%, reflecting a high stock of liquid assets in the sector.

Monetary Developments

119. Growth in both the reserve money (M0) and broad money (M3) has significantly slowed down, having peaked in June 2023. The reserve money and broad money annual growth rates declined from 3 074.25% and 1 174.94% in June 2023, to 1 406.81% and 719.66%, in September 2023, respectively.

120. The phenomenal growth in foreign exchange deposits in the banking sector and revaluation effects on foreign exchange balances, in line with exchange rate movements remain the economy's two biggest drivers of money supply growth. As at September 2023, foreign currency deposits accounted for 83% of total money supply, compared to 62% in December 2023.

Figure 11: Broad Money Developments and Composition



Source: RBZ

121. The decline in monetary aggregates was largely due to the combined effect of tight monetary policy and prudent fiscal policy measures. The exchange rate remained relatively stable over the period from June 2023 to September 2023. Resultantly, the pass-through effects of exchange rate depreciation, which fuelled both money supply growth and hence, inflation in the period to June 2023, subsided.

122. The term structure of interest rates in the economy has generally followed developments in the Bank Policy rate, which was maintained at 150% since June 2023 and reviewed downwards to 130% in October 2023.

123. The Monetary Policy Committee is expected to continue to review interest rates in line with inflation developments.

Anti-Money Laundering/Combating the Financing of Terrorism Monitoring

124. The banking institutions have robust systems in place to prevent and detect illicit fund flows and other financial crimes. Recognising the significance of strong frameworks for Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) to the preservation of financial stability, Government will continue to enforce compliance with AML/CFT standards within the financial sector on an ongoing basis.

125. Additional measures will be put in place to ensure effectiveness of implementing AML/CFT/PF laws and regulations, in line with the regional and international set standards.

Securities Market

Zimbabwe Stock Exchange

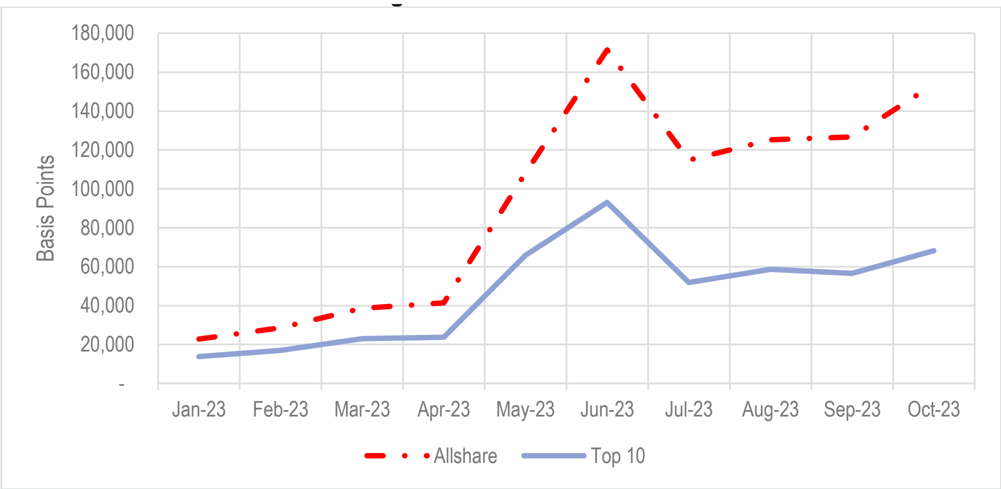
126. The number of listed companies on the Zimbabwe Stock Exchange (ZSE) stood at 48, as at October 2023, as well as 5 Exchange Traded Funds (ETFs) and 1 Real Estate Investment Trust. The ZSE All Share Index gained 688% up to 30 October 2023.

Table 25: All Share

Index	30 October, 2023	31 December, 2022
All share	153,756.06	19,493.85
Top 10	68,275.17	12,311.13

Source: ZSE

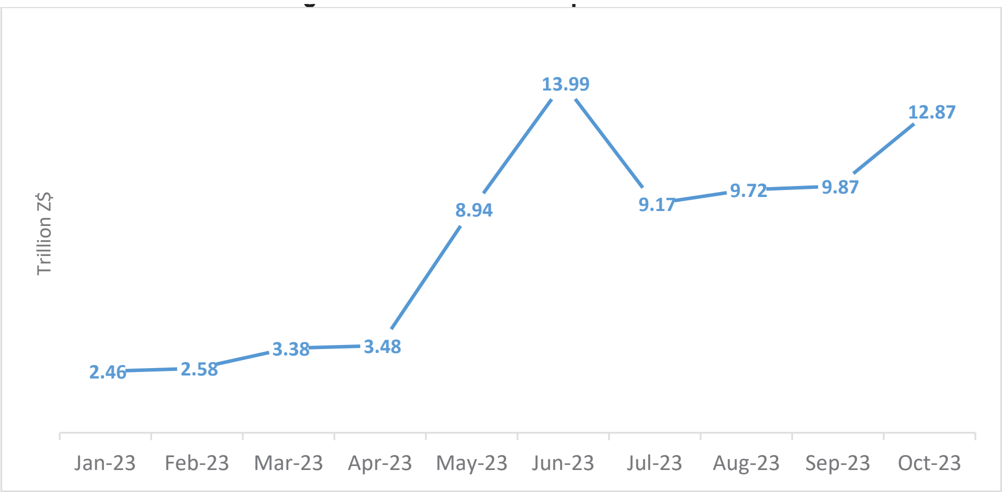
Figure 12: ZSE indices



Source: ZSE

127. The ZSE market capitalisation peaked at Z$13 trillion in June 2023, as shown in the Figure below.

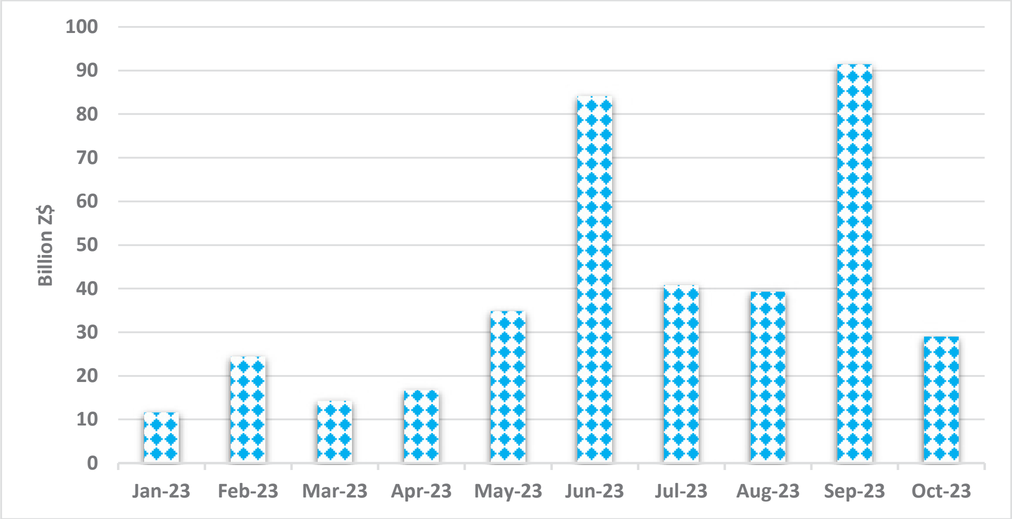
Figure 13: ZSE Market Capitalisation



Source: ZSE

128. Market turnover for the period from 1 January, 2023 to 30 October, 2023 was Z$357 billion, compared to Z$94 billion during the same period in 2022.

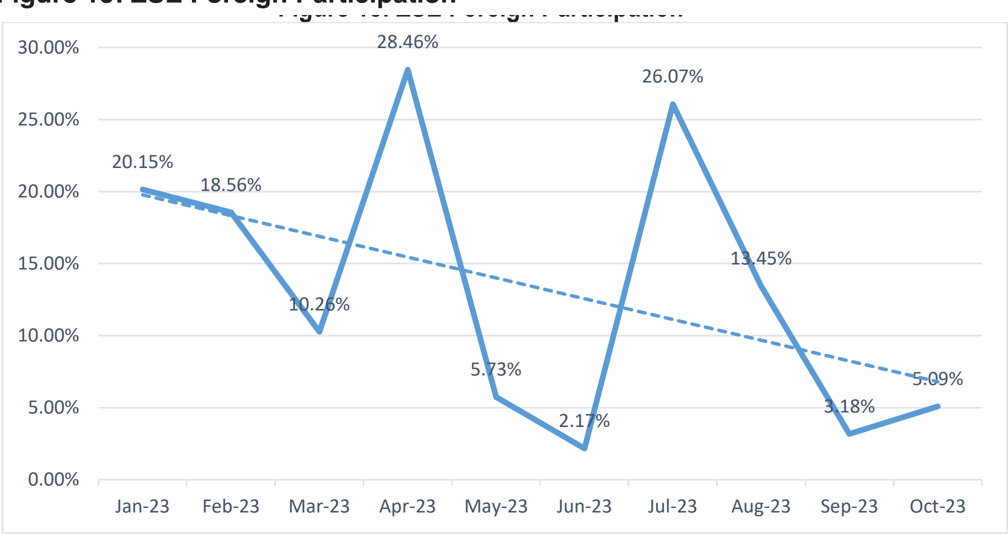
Figure 14: ZSE Turnover



Source: ZSE

129. The highest level of foreign investor participation in 2023 was recorded in April at 28.6%, whilst the average participation for the period stood at 13.31%.

Figure 15: ZSE Foreign Participation



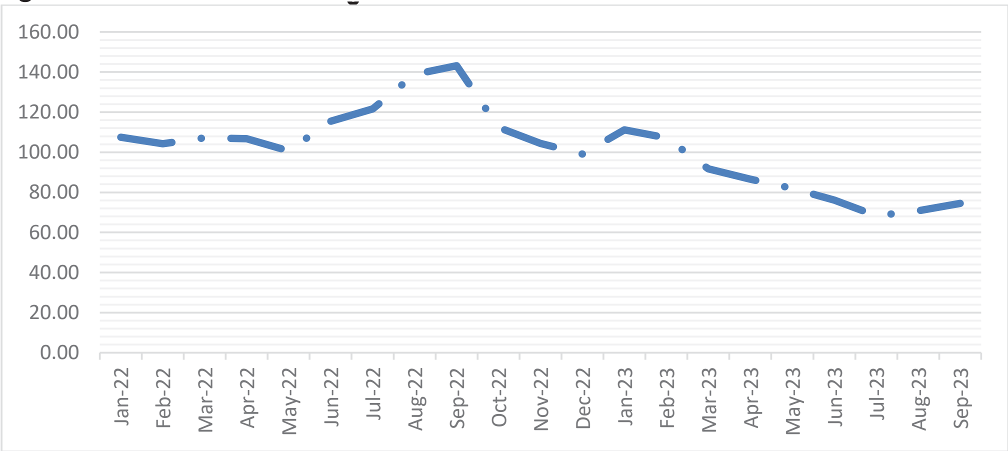
Source: ZSE

Victoria Falls Stock Exchange

130. The number of listed companies on the Victoria Falls Stock Exchange increased from 4 in 2022, to 14 in 2023.

131. The VFEX All Share Index has maintained a downward trend easing 24.8% since the beginning of the year, as subdued liquidity conditions continued.

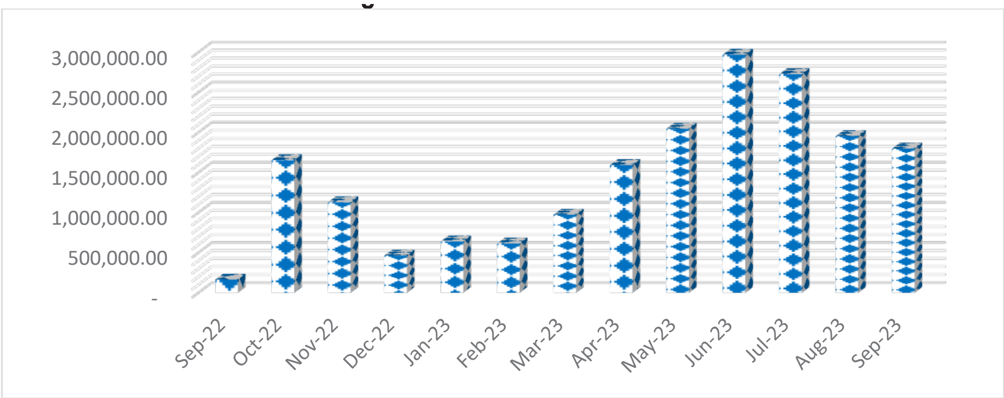
Figure 16: VFEX All Share Index



Source: VFEX

132. VFEX year to date turnover at US$15.3 million was at 69% as at September 2023, ahead of the same period in 2022, attributed to an increase in the total number of listings and trades.

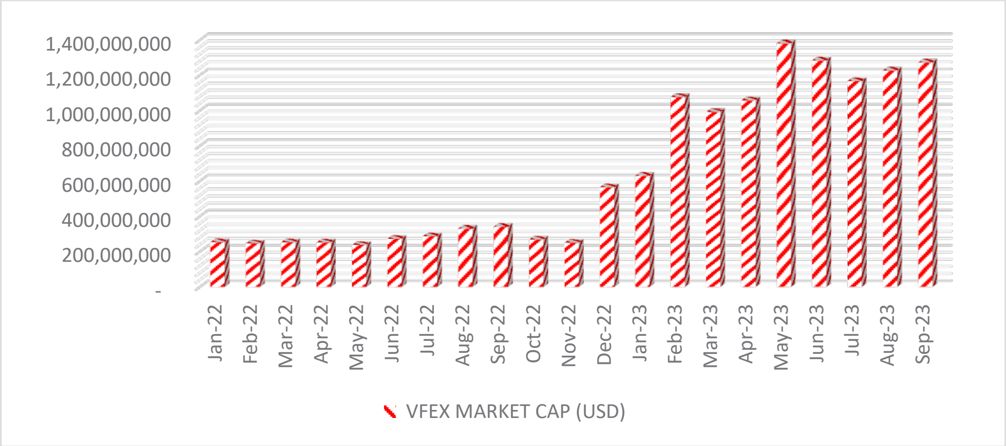
Figure 17: VFEX Turnover



Source: VFEX

133. VFEX market capitalisation as at the end of September, 2023 stood at US$1.2 billion, 125% up, compared to the same period in 2022.

Figure 18: VFEX Market Capitalisation



Source: VFEX

International Financial Services Centre

134. In 2021, through the 2022 Finance Act, Government designated the Victoria Falls Special Economic Zone, as an International Financial Service Centre (IFSC) with the aim of attracting investments locally and across the Globe.

135. It is envisaged that the Centre will create business opportunities in securities, insurance and banking sectors, with VFEX already operational.

136. To fully operationalise the IFSC, the 2024 National Budget has made a provision of Z$20 billion for finalisation of the governance framework and regulatory environment, as well as operational costs.

Pension and Insurance

137. The pensions industry had 968 registered pension funds as at 30 September 2023, down from 981 for the period ending 31 December 2022. The decline in the number of funds is attributed to the transfer of some self-administered funds into umbrella funds and dissolutions.

138. The value of the pension industry assets stood at Z$10.67 trillion as at 30 September, from Z$1.11 trillion as at 31 December, 2022. The increase in the asset base was mainly driven by property investment and quoted equities which constituted 76% of the industry's total assets.

Pre-2009 Pension Compensation

139. Government undertook to compensate pensioners whose contributions lost value due to currency reforms in 2009 guided by the Justice Smith Commission of Inquiry Report. A US$175 million envelope was approved by Cabinet in 2023 in support of the compensation process over a period of four years. Through the 2024 Budget, an allocation of Z$269.6 billion has been set aside for compensation of civil service pensioners, commencing in March 2024.

140. The regulator, IPEC, has also set aside resources as contribution towards the compensation process, with the insurance industry, having completed work on the compensation schemes to determine payouts to the private sector beneficiaries in 2024.

141. In the same vein, the National Social Security Authority (NSSA) will also compensate pensioners under its purview.

142. It is envisaged that compensation will instil confidence in the insurance industry, a critical source of savings. This will also give the much-needed relief to pensioners, who have been eagerly waiting for this compensation.

Prescribed Asset Status Policy

143. The primary objective of the Prescribed Assets Status (PAS) is to mobilise long-term savings towards national development. In this regard, Government set minimum investment limits for each category of the insurance and pension assets.

144. Government, however, has noted that compliance levels of the pension industry has remained low, owing to industry's preference to invest in equity instruments and for on-lending purposes. These are risky investments that may result in loss of value to pensioners and members' contributions.

Table 26: Prescribed Asset Status Compliance Levels

Class of Business	Minimum Required	Compliance Level (%)
	Compliance Level (%)	30.09.2023
Life Assurers	15	9.33
Short-term Insurers	10	7.52
Funeral	10	0.18
Life Reassurers	15	3.25
Short-term Re-Insurers	10	10.30
Pension Funds	20	7.65

145. Henceforth, Prescribed Asset Status will be conferred to infrastructure projects that are aligned to NDS1 agenda, such as, university accommodation, roads, renewable energy, agriculture and health infrastructure development. This also extends to capitalisation empowerment initiatives by financial institutions such as Empower Bank, Zimbabwe Women's Microfinance Bank and SMEDCO.

146. In this regard, Government will come-up with revised prescribed assets criteria to guide the industry during 2024.

THE 2024 MACROECONOMIC FISCAL FRAMEWORK

147. In line with the projected economic growth of 3.5%, total revenue collections in 2024 are estimated at Z$53.9 trillion, (18.3% of GDP), broken down as Z$51.2 trillion tax revenue and Z$2.7 trillion non tax revenue. Revenue collections are expected to steadily increase to 18.4% of GDP over the next two years.

Table 27: Macro-Fiscal Framework

	2023	2024	2025	2026
National Accounts				
Nominal GDP at market prices (Z$M)	119,017,540.7	294,230,947.2	379,843,423.9	432,833,503.7
Real GDP Growth (%)	5.5	3.5	5.0	5.0
Government Accounts				
Revenues (Including Retained Revenue)	21,186,130.9	53,935,298.4	69,789,054.5	79,610,271.5
% of GDP	17.8	18.3	18.4	18.4
Expenditures & Net Lending (Z$M)	22,626,872.9	58,222,819.3	74,497,627.4	84,859,674.5
% of GDP	19.0	19.8	19.6	19.6
Expenses	18,905,137.4	48,079,742.3	60,064,884.4	66,519,597.1
% of GDP	15.9	16.3	15.8	15.4
Compensation of Employees	10,862,577.8	25,779,538.3	30,252,072.8	33,090,624.8
% of GDP	9.1	8.8	8.0	7.6
% Total Expenditure	48.0	44.3	40.6	39.0
% of Revenue	51.3	47.8	43.3	41.6
Interest Payments	257,393.7	948,288.7	2,002,482.7	3,139,888.2
% of GDP	0.2	0.3	0.5	0.7
% of Revenue	1.2	1.8	2.9	3.9
Capital Expenditure	3,960,701.7	12,350,295.0	17,922,195.7	22,320,591.0
% of GDP	3.3	4.2	4.7	5.2
Overall Balance	-1,440,742.0	-4,287,520.8	-4,708,572.9	-5,249,403.0
% of GDP	-1.2	-1.5	-1.2	-1.2

Source: Ministry of Finance, Economic Development and Investment Promotion

148. The improvements in tax administration and deliberate tax policy fine tuning to reduce leakages and enhance tax compliance are expected to increase tax collections going forward. Specifically, the new Tax and Revenue Management System (TARMS), which replaces the current SAP TRM system, addresses the challenges in compliance and tax administration through automation.

149. In addition, revenue raising measures will be implemented by targeting emerging industries, especially the informal sector.

150. Guided by the expected revenue envelope and the desired fiscal path, expenditures in 2024 are projected at Z$58.2 trillion (19.8% of GDP) and are expected to gradually decrease to 19.6% of GDP in 2025 and 2026. The proposed expenditures takes into account the following:

- The need to maintain the purchasing power of civil service salaries;
- Ensuring provision of core social services that benefit the poor;
- Sustaining maintenance and rehabilitation of Government infrastructure;
- Prioritised support to on-going public infrastructure projects;
- Non accumulation of arrears; and
- Increase funding of infrastructure projects through PPPs.

Financing

151. The total budget financing gap in 2024 amounts to Z$9.2 trillion, comprising of budget deficit of Z$4.3 trillion (1.5% of GDP) and amortisation of loans and maturing Government securities estimated at Z$4.9 trillion.

152. This will be funded through domestic and external borrowing as follows:

- Issuance of Treasury Bills amounting to Z$5.8 trillion from the market, using both private placements and the auction system;
- Disbursements from existing external loans amounting to US$40.8 million; and
- New external loans under negotiations amounting to US$330 million.

153. In this regard, the 2024 Annual Borrowing Plan will be as follows.

Table 28: 2024 Annual Borrowing Plan (Z$M)

	Jan-March	April-Jun	Jul-Sep	Oct-Dec	Total
90- day			268,900	179,300	**448,200**
180- day	313,700	470,600	470,500	313,800	**1,568,600**
270- days	358,500	537,800	537,800	358,600	**1,792,700**
365- days	134,400	201,700	201,600	134,511	**672,211**
Sub Total	**806,600**	**1,210,100**	**1,478,800**	**986,211**	**4,481,711**
Treasury Bonds US$ denominated	269,582	404,373	404,373	269,582	**1,347,910**
Total Treasury bills (in Z$)	**1,076,182**	**1,614,473**	**1,883,173**	**1,255,793**	**5,829,621**
Existing loan disbursements			366,587		366,587
New external loans disbursements		943,537	2,021,865		2,965,402
Total	**1,076,182**	**2,558,010**	**4,271,624**	**1,255,793**	**9,161,610**

Source: MOFEDIP

154. The pipeline external loan financing for 2024 is estimated at US$330 million, from the on-going loan negotiations as indicated in table below.

Table 29: 2024 External Loans in Pipeline

Loan Facility	Lender	Amount US$ Millions	Purpose
BCG Facility	Broughton Capital Group (BCG)	100	Trade related Infrastructure development
Dinosaur Facility	Dinosaur Merchant Bank	125	Infrastructure development
Zimbabwe Healthcare Facilities Programme	ABSA, Standard Bank Limited Zimbabwe and Standard Bank Limited South Africa	105	Construction of health-care centres and district hospitals
Total		**300**	

Source: MOFEDIP

155. Government is also negotiating for new financing and lines of credit for the local banks and institutions with BADEA, IFAD, and OFID. In addition, Government is exploring innovative ways of mobilising resources for infrastructure development through the ringfencing arrangement of US$ cash flow streams.

Vote Allocations

156. During the formulation process of the 2024 National Budget, MDAs submitted funding requirements (bids) of over Z$110 trillion, against the available envelope of Z$58.2 trillion. The envelop is limited by the sustainable revenue to GDP ratio of about 18%.

157. However, in order to support macro-economic stability, sustain economic growth and improve on the public finances position, the budget deficit has been maintained at 1.5% of GDP.

158. In this regard, the budget allocations to respective Votes are as indicated in the table below.

Table 30: Vote Allocations

Vote	Z$
Office of the President and Cabinet	2,157,038.63
Parliament of Zimbabwe	475,112.47
Public Service, Labour and Social Welfare	2,371,042.50
Defence	3,637,636.66
Finance, Economic Development and Investment Promotion	1,704,707.52
Audit Office	116,964.99
Industry and Commerce	130,473.99
Lands, Agriculture, Fisheries, Water and Rural Resettlement	4,285,933.44
Mines & Mining Development	132,708.34
Environment, Climate and Wildlife	135,476.83
Transport and Infrastructural Development	1,153,233.30
Foreign Affairs and International Trade	976,004.05
Local Government and Public Works	1,220,136.19
Health and Child Care	6,311,893.76
Primary and Secondary Education	7,965,973.53
Higher & Tertiary Education, Science and Technology Development	2,355,379.81
Women Affairs, Community, Small and Medium Enterprises Development	188,136.70
Home Affairs and Cultural Heritage	3,931,884.37
Justice, Legal and Parliamentary Affairs	1,078,019.36
Information, Publicity and Broadcasting Services	122,360.10
Youth Empowerment, Development and Vocational Training	210,207.26
Energy and Power Development	90,082.79
Information Communication Technology and Courier Services	185,280.61
National Housing and Social Amenities	352,980.55
Veterans of the Liberations Struggle Affairs	221,787.75
Tourism & Hospitality Industry	71,071.79
Sport, Arts and Recreation	136,233.11
Skills Audit and Development	43,045.20

Vote	Z$
Judicial Services Commission	274,035.50
Public Service Commission	1,428,094.81
National Council of Chiefs	39,938.94
Human Rights Commission	42,117.76
National Peace and Reconciliation Commission	56,007.63
National Prosecuting Authority	98,272.65
Zimbabwe Anti-Corruption Commission	59,642.47
Zimbabwe Electoral Commission	116,600.57
Zimbabwe Gender Commission	48,535.06
Zimbabwe Land Commission	52,937.84
Zimbabwe Media Commission	34,929.51
TOTAL	**44,011,918.31**
Unallocated Reserve	6,785,233.03
Debt Service: Interest Bill	1,176,218.57
Pension	4,617,934.86
Transfers to Provincial Councils and Local Authorities	2,696,764.92
Other Constitutional & Statutory Appropriations	255,612.57
Total Expenditure & Net Lending**	**59,543,682.27**

*** This figure includes retention revenues of Z$1.3 trillion*

Fiscal Risk Outlook

159. The Fiscal Risk Outlook provides a profile of potential events that may adversely impact on public finances and fiscal forecasts contained in the Budget Statement. Fiscal risks take various forms and tend to reinforce each other.

160. Major risks to the 2024 National Budget Framework relate to macroeconomic shocks, natural disasters, global developments and side effects of expenditure policy decisions taken outside the approved framework during budget implementation.

161. Materialisation of such risks undermines the performance of public finances and results in variances between fiscal outcomes and expectations, as well as impact on the credibility of sound fiscal management and macroeconomic stability.

Macroeconomic Risks

162. Global economic recovery remains slow and uneven, impacting on commodity prices for some of the country's major exports. Given the country's high dependency on commodity exports, a 1% shock in global prices affects exports receipts by between 0.55% to 0.7%, depending on severity and longevity of the shock.

163. Furthermore, the volatility in food, fuel, fertilizer, and metal prices may increase the cost of critical imports for the economy and the current account position, including liquidity in the foreign exchange market. Crucially for the Budget, fiscal revenues, particularly royalties and corporate income taxes for exporting companies will fall, whilst expenditure outlays dependant on imported items would increase.

164. To mitigate these risks, the 2024 National Budget Framework has prioritised measures to intensify value addition and beneficiation, particularly of minerals and agricultural products,

including domestication of some value chains, in order to increase the value of export receipts, as well as insulate the economy against the volatility of commodity prices.

Exchange Rate and Inflation Risks

165. Exchange rate depreciation remains a major source of risk for the 2024 National Budget Framework. Volatility in the exchange rate de-anchors inflation expectations. Given the indexation of prices to the exchange rate, a 1% depreciation of the exchange rate, has an equal direct impact on inflation.

166. On the fiscal front, such volatility adversely affects revenue collection and increases public expenditures, particularly those denominated in foreign currency, thereby widening the fiscal deficit. It is estimated that a 1% depreciation of the local currency, widens the fiscal deficit by about 0.01% of GDP and debt by 0.8%.

167. To mitigate these risks going forward, Government will refine and further strengthen the macroeconomic stabilisation measures, through continued implementation of tight fiscal and monetary policies, as well as liberalisation of the foreign exchange market.

Revenue Risks

168. In the outlook, revenue collection risks may emanate from lower tax compliance, an unstable macroeconomic environment, emerging trends by taxpayers such as grey transactions informalisation of the economy, tapering commodity prices, and transfer pricing, illicit financial flows, particularly in the mining sector.

169. High levels of dollarisation of the economy are also driving transactions into the shadow economy, thus keeping tax revenues lower than they otherwise would be. Actual revenue collection is showing that US dollars account for only 48% of the total revenue, against the estimated US dollar transactions in the economy of about 78%. This anomaly, if allowed to continue, will significantly erode the tax base.

170. To mitigate the risk, Government is making concerted efforts to collect all outstanding debt, upgrading ZIMRA ICT systems and upscaling data matching and analysis of clients' profiles to check compliance, as well as designing tax policies that targets the informal sector.

Budget Risks

171. The increasing share of the wage bill to total expenditures, reduces budget flexibility and crowds out critical developmental and social related expenditures that support durable and inclusive growth, as well as interventions meant to improve the welfare of citizens.

172. Similarly, about 60% of the budget is US dollar linked, and hence, vulnerable to any changes in tax receipts in US dollars, more so, as foreign currency inflows into the Consolidated Revenue Fund account for only 48% of total revenue.

173. In addition, Government has assumed servicing of the Central Bank's external liabilities as part of macroeconomic stabilisation measures. The takeover of this debt is estimated at US$1.8 billion, the prudent management and financing of this liability will be critical in ensuring debt sustainability, as well as protecting critical social spending programmes in health, education, water and sanitation and provision of social services.

174. Given the above, further expenditure rationalisation measures will be unavoidable. Such measures include entrenching value for money in all public procurement processes, benefiting from

the recently introduced e-procurement system, as well as improvements in the quality of expenditures, especially public investment. Wherever possible, projects that generate cash flow streams will be funded off budget.

Climate Change Risks

175. Climate change has increased the frequency and severity of natural disasters which subject the budget to various distinct fiscal risks. The anticipated El-Nino phenomenon, which in the past typically has raised global food prices by more than 6%, poses further macroeconomic and fiscal risks. Climate forecasts suggest a strong El-Nino drought.

176. If this risk materialises, the agriculture sector is projected to contract by 4.9% in 2024 and this will pose a significant threat to food security, livelihoods, agriculture, livestock, nutrition, health and water, sanitation and hygiene (WASH). This is anticipated to slow down economic growth by 0.6%, to 3.5% percent depending on its intensity.

177. Previous droughts increased significantly fiscal deficits by an average of 0.4% of GDP.

178. In order to mitigate the risk, Government is focusing on supporting production under the available irrigable hectarage,

distributed seed varieties appropriate for each ecological agricultural region, with farmers being encouraged to stagger planting of crops, as well as initiate early importation of grain.

DEVELOPMENT PARTNER SUPPORT

179. In line with NDS1 and international best practices, the Development Assistance Coordination Architecture is being strengthened through operationalisation of the Development Cooperation Policy (DCP) and its Manual of Procedures.

180. The DCP adopts a sector wide approach to coordination and management of development assistance, setting the foundation for strengthened cooperation between Government and Development Partners, as well as ensuring that development assistance is properly integrated and coordinated with the country's planning and budgeting processes.

181. The policy also seeks to ensure that Government gradually improves the reporting and accountability of development assistance. Multistakeholder engagements and dialogue are central to strengthening the development cooperation architecture.

182. Thus, operationalisation of the DCP has involved setting up of a three-tier Dialogue Forum, establishment of Sector Working

Groups (SWGs) and the Development Projects Management Information System (DEVPROMIS), to enhance transparency and accountability of official development assistance.

The Development Projects Management Information System (DEVPROMIS)

183. The web-based *Development Projects Management Information System (*DEVPROMIS) has been fully established and now live, with over 200 projects in the System.

184. In order to have accurate and reliable information on development assistance inflows and projects under implementation, Line Ministries will be capacitated to upload information on all Development Partner supported projects during 2024.

185. Development Partners are encouraged to embrace this new System to improve the management of development assistance and enhance comprehensive monitoring and evaluation of all development projects implemented in the country.

186. During the period January – September 2023, the country received development assistance amounting to US$549.8 million, of which US$377.2 million was from bilateral partners and US$172.5 million from multilateral partners.

187. The resources were channelled to support development programmes and projects in various sectors of the economy, complementing Government's efforts to achieve its goals as enunciated in the National Development Strategy 1.

188. For the year 2024, Development Partners' support is projected at US$638 million as indicated in the Table below.

Table 31: Development Partner Support

SECTOR	ACTUAL DISBURSEMENTS 2023	PROJECTIONS		
	(Jan- Sep)	Q4 2023	2023	2024
Agriculture	67,827,295	22,661,523	22,725,472	60,127,234
Education	12,149,998	5,934,497	25,347,515	24,962,693
Emergence Response	72,912,655	22,709,030	11,617,228	48,884,362
Energy	21,853,527	2,450,000	13,495,636	9,842,823
Forestry	3,177,485	3,036,937	5,557,488	4,182,305
Governance	45,034,585	12,745,507	45,601,980	29,647,148
Health	309,387,621	106,436,090	213,393,778	435,962,003
Manufacturing & Value Addition	858,291.75	-	5,714,580	1,060,000
Mineral Resources & Mining	0.00	-	212,000	300,000
Other Social Infrastructure & Services	6,992,467	4,578,525	4,809,737	5,350,476
Tourism	0.00	-	820,000	985,821
Trade Policies & Regulations	1,052,524.30	-	1,382,430	-
Transport & Storage	469,000	-	487,000	5,018,000
Water and Sanitation	8,095,143	4,250,000	6,670,000	12,355,012
Total	**549,810,591**	**184,802,109**	**357,834,845**	**638,077,877**

Source: MOFEDIP

THE 2024 BUDGET PRIORITY AREAS

189. The priorities of 2024 National Budget have largely benefited from the NDS1 Mid-Term Review, as well as input from stakeholders. The focus is on consolidating economic

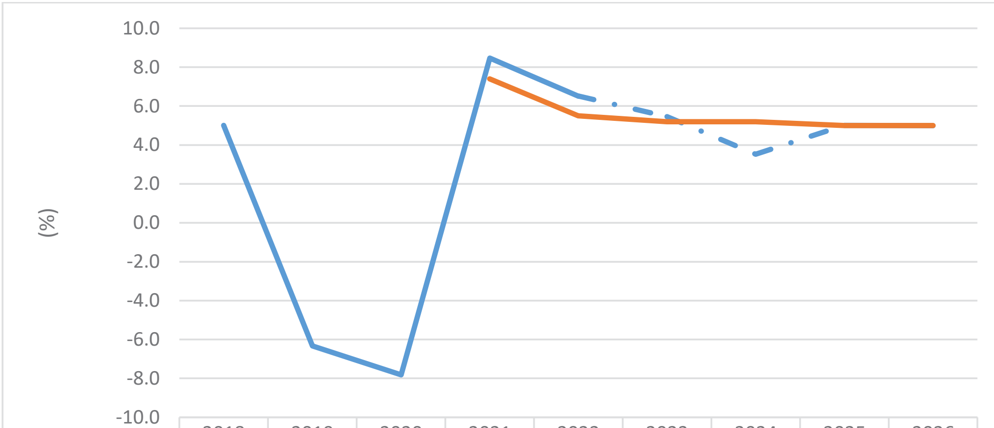
transformation, as part of the process to create a resilient and advanced economy which has the capacity to generate decent jobs and higher incomes. Therefore, the 2024 National Budget has nine priority areas as follows:

- Economic Growth and Macro-Economic stability;
- Supporting Productive Value Chains;
- Infrastructure, ICTs and Digital Economy;
- Youth, Sport, Arts and Culture;
- Women, Gender Equity and SMEs;
- Devolution and Decentralisation
- Human Capital Development, Well-being and Innovation;
- Effective Institution Building and Governance; and
- Image Building, Engagement and Re-engagement including Arrears Clearance and Debt Resolution.

Economic Growth and Macro-Stability

190. Since 2021, the economy has been on a positive growth trajectory with real GDP growth of 8.5% in 2021, 6.5% in 2022 and a projected growth rate of 5.5% in 2023. This growth trajectory is in line with NDS1 targets, notwithstanding significant external global shocks which were experienced during this 3-year period.

Figure 19: GDP Growth vs NDS1 targets



	2018	2019	2020	2021	2022	2023	2024	2025	2026
Outturn	5.0	-6.3	-7.8	8.5	6.5	5.5	3.5	5.0	5.0
NDS1				7.4	5.5	5.2	5.2	5	5

Source: MoFEDIP

191. However, this growth has been dominated by primary commodity industry in mining and agriculture, which makes the economy vulnerable to climate change and the volatility of international commodity prices.

192. Hence, this Budget seeks to advance the economic transformation process already underway, building on the production gains achieved so far through increasing production and productivity of the economy. The thrust is gravitating towards value addition of primary products which are otherwise exported in raw form.

193. This is important for the economy to be able to generate decent jobs, expand revenue capacity, grow export receipts, thereby enhancing the resilience of the economy to various shocks.

194. The projected growth rate of 3.5% in 2024, takes into account the expected El-Nino phenomenal, as well as the impact of continued geopolitical tensions. To achieve the NDS1 and Vision 2030 objectives, the country needs to develop capacity to produce enough to meet domestic requirements and upscale exporting of value-added products.

195. In this regard, the 2024 National Budget will focus on sustaining inflation and exchange rate stability in order to create a conducive economic environment that promotes private sector led growth, creates new opportunities for wealth creation, innovation and enterprise development.

196. The core policy instruments for stability, fiscal and monetary policies, will be complemented by structural reforms aimed at removing bottlenecks and to lower the domestic cost of doing business critical for the country to attract investment.

197. The achievement of the desired long-term stability requires collaboration by all stakeholders, including exercising discipline by the economic players and agents, especially as it relates to speculative behaviour.

2024 Fiscal Policy Thrust

198. A successful macro-economic stabilisation programme that supports inclusive growth requires adherence to strict fiscal discipline, where MDAs spend within their approved budget allocations and a budget deficit that is not funded by the printing of money.

199. In this regard, the fiscal policy thrust for the 2024 National Budget is guided by the need to maintain a sustainable budget deficit within the SADC macro-economic convergence threshold of not more than 3% of GDP. This benchmark is sacrosanct, as Government enhances the country's perceptions on effective macroeconomic management which has been the hallmark of the Second Republic.

200. This will be achieved through prudent fiscal management, anchored on cash budgeting, complemented by public finance management reforms that ensure value for money, transparency and accountability in order to contain spending and enhance the efficient use of public resources. In this regard, strategies to realise this includes the following:

- Continued implementation of demand management measures such as rationalisation of travel expenditure and other non-essential expenditures;

- Strengthening of the public procurement system, as well as introduction of pooled procurement of generic goods;
- Recruitment freezes for non-critical posts, with recruitment permitted in the social and other critical sectors;
- Avoidance of quasi-fiscal operations, ending all unbudgeted expenditures;
- Streamlining of Government Institutions to avoid duplication of effort;
- Improving Public Investment Management through skills enhancement, enforcing effective contract management, stronger supervision, improving quality of investments, tightening of procurement and ensuring compliance to the project development cycles, and
- Ensuring infrastructure projects that generate cash flows are funded off budget.

201. This will be complemented by revenue mobilisation measures, the only way of delivering sustainable public services, as it ensures greater control on the country's development path, as well as reducing aid dependency.

Price and Exchange Rate Stability

202. Stabilisation measures introduced by Government in May and June 2023 have brought relative price and exchange rate stability, as the market responds to the interventions.

Going into 2024, Government will consolidate and entrench economic stability to facilitate economic transformation and preserve disposable incomes. Stability allows businesses to operate efficiently and eliminates distortions characterised by multi-tier pricing.

203. Generally, price stabilisation takes time and requires foregoing short-term benefits for longer term macroeconomic stability. Hence, the need for consistent implementation of tight monetary and fiscal policies until durable stability is achieved.

204. Fiscal restraint, together with a healthy current account position, provides the necessary conditions for currency and price stability. In this regard, to effectively manage liquidity in the economy, the Central Bank Monetary Policy Committee is expected to continue to implement policies that maintain non-inflationary liquidity of the local currency and a stable exchange rate. Specifically, the Central Bank will target month-on-month inflation rate of less than 3% throughout 2024.

205. Achievement of this target is crucial for the integrity of the Macro-Fiscal Framework, the foundation of the 2024 National Budget which is also imperative to building confidence in the local currency.

Currency Regime

206. Through Statutory Instrument 218 of 2023, Government extended the use of the multicurrency regime to 2030, in order to allow policy space for a smooth transition towards use of the domestic currency.

207. It is also an acknowledgement that the de-dollarisation programme is a gradual process, requiring support from all stakeholders, and buttressed through the implementation and execution of a sound macro-economic stabilisation programme. The progress made thus far in preserving currency and price stability provides a basis for implementation of a credible all-inclusive de-dollarisation roadmap that provides guidance to economic agents.

208. Crucially, the re-establishment of market confidence and gradual acceptance of the local currency will be supported by policy consistency and effective synchronisation of fiscal and monetary policy measures. In this regard, the Central Bank will be precluded from undertaking any quasi-fiscal operations and Government will ensure strict fiscal discipline, as well as adherence to the approved budget and a sustainable budget deficit that is not funded by the printing of money.

209. To give impetus to the de-dollarisation process during 2024, Government will introduce additional guidelines on mandatory payment of public services and taxes in local currency, whilst also introducing indexed local currency instruments to the market. Furthermore, monetary policy will be recalibrated to support the use of the local currency and the gradual build-up of foreign currency reserves.

210. The above measures will be complemented by further foreign exchange market reforms that will arrest, all forms of market indiscipline and rent seeking behaviour.

Public Procurement

211. The launch of the electronic Government Procurement (eGP) System on 23 October 2023, provides scope for more efficient, inclusive and transparent procurement processes that will close weaknesses in the existing procurement systems, such as irregular payments, poor corporate governance, opaqueness in the award of contracts, among others.

212. The potential benefits of e-procurement are limitless, as it removes the involvement of the human element in the process, introduces fair competition, reduces transaction costs for both buyers and suppliers and brings inclusivity by reaching

remote areas, whilst also shortening the procurement cycle times. Furthermore, the system allows for the development of a common database that will enhance policy decision making.

213. Such improvements engender efficient public expenditure management, particularly for high-value procurement by providing better value in terms of lower prices and higher quality products, as well as reducing price differentials across procuring entities.

214. The overall economy stands to benefit from a competitive, transparent and fair public procurement process that rewards efficient suppliers and penalises *'tenderpreneurs'* whose success is based on informal connections and/or relationships, rather than the ability to supply quality and better priced goods and services. These "*tenderpreneurs"* also use the illicit gains to manipulate the foreign exchange market.

215. During 2024, Government will operationalise the e-Procurement system across all levels of Government and ensure its integration with the Public Finance Management System, to reinforce the current value-for-money initiative.

216. Furthermore, centralised or pooled procurement for homogenous products such as uniforms, vehicles, computers

and consumables, among others, will be enforced across all Ministries, Departments and Agencies (MDAs). This will enable procuring entities to achieve cost effectiveness from economies of scale, reduction in administrative burden and inefficiencies, as well as combating corruption.

217. It is envisaged that the pooled procurement will generate substantial savings for the fiscus, thereby creating fiscal space to intervene in other critical areas, especially social sectors.

Standardised Price Lists

218. To further entrench the Value for Money initiative, Government issued standardised price lists for three categories of goods and services namely: groceries, stationery supplies, and hotel and conferencing, as part of the Value for Money initiative which has brought sanity in the pricing of goods and services.

219. Additional categories of standardised prices will be issued during the 2024 financial year.

Civil Service Remuneration

220. Civil servants play a pivotal role in public service delivery and their commitment to duty is critical to the achievement of national objectives. The remuneration costs of Government employees constitute a major cost to overall fiscal expenditures.

221. Decisions on the public service pay framework for 2024, which are still subject to negotiations with worker representatives, will cover the review of monetary and non-monetary benefits for civil servants.

222. Taking account of the constrains facing the economy, the outcome of this engagement must strike a balance between fair compensation for employees to meet their basic needs and affordability considerations, also taking account of the need to upscale staffing levels for critical sectors such as education and health, among other issues.

223. As part of the remuneration review process, Government will convert the current COVID-19 and Cushioning allowance aggregating to US$300 to be part of the pensionable emoluments across the board, effective January 2024.

224. Government is also paying the 13th cheque for the year 2023 to all civil servants, which has been staggered between November and December.

Public Sector Medical Insurance

225. Government remains committed to ensuring the provision of adequate medical insurance cover for all members of the civil service that allows them access to comprehensive medical

services. The poor performance of the public health insurance scheme has seen public sector workers incurring huge medical expenses and some failing to access such services.

226. In this regard, Government has started addressing some of the corporate governance and operational deficiencies at PSMAS, in order to restore efficiency and effective functionality of the scheme.

227. While work is underway to address the corporate governance issues at PSMAS, the 2024 Budget has made a provision to cater for the agreed monthly health care costs pegged at US$10 or the local currency equivalent for each employee and the prescribed beneficiaries.

228. The disbursement of resources to PSMAS will be conditional on a satisfactory resolution of all the corporate governance and operational deficiencies.

Hiring of Civil Servants

229. The Public Service Commission conducted a job evaluation exercise of the civil service during the period November 2022 to April 2023. The Report uncovered several instances of duplications and overlaps of roles, both within and between Ministries.

230. In view of this, Government through the Public Service Commission will implement the recommendations of the report which will go a long way in right sizing the civil service, while improving the skills base through appropriate training across all levels to ensure improved and efficient service delivery. To this end, the Budget earmarks resources for completion of the critical job evaluation exercise.

231. As part of initiatives to contain employment costs within the desired thresholds, Government will continue to uphold the general hiring freeze policy on non-critical posts. Furthermore, the filling of posts within the newly created Ministries should benefit from the use of existing pool of civil servants through transfers and promotions.

Budget Execution

232. Budgeting is a rule-based process that regulates the raising and spending of public resources. Even under unavoidable instances such as exogenous shocks, clear guidelines and procedures must be followed and adhered to by all public entities.

233. Deviations from the approved budget by MDAs often leads to a significant shift in spending away from programmes that address the needs of citizens, increases pressure to overspend

and invariably leads to waste in the use of public resources. In some cases, MDAs use Cabinet and the Principals to circumvent clearly laid out procedures. As a result, public trust is eroded and the integrity of the whole budget process is undermined.

234. Given the importance of effective Budget execution in the credibility of the overall public finance management system, Treasury will be introducing measures to address this challenge, including enforcement of sanctions on errant MDAs.

Supporting Productive Value Chains

235. During the first half of NDS1 implementation, Government has made progress in revitalising production, specifically in agriculture and mining. This development has guaranteed the country's food security and enhanced foreign currency generation, critical for macroeconomic stability and setting the stage for economic transformation by moving from a primary commodity-based economy, to higher value-added activities.

236. This will be achieved through industrial technology upgrading, research and development, workforce skills enhancement and modernising infrastructure, among others.

237. Transformation of primary products into processed and complex products through value addition is the linchpin of the envisaged NDS 1 industrial transformation strategy.

238. In response to the prevailing domestic economic dynamics, there has been increased informalisation of business activity across all sectors, with informality now playing an important role in the country's economy.

239. In this regard, the 2024 Budget, seeks to promote the formalisation of the sector by addressing the various constraints they face which include complex registration requirements, information asymmetry, access to credit, as well as strengthening linkages with formal businesses, among other issues.

Agriculture

240. The country has made progress in the transformation of the agriculture sector under the Agriculture and Food Systems Transformation Strategy. This strategy focuses on innovation, adaptation, diversification based on liberalised marketing systems, and mechanisation with the goal of improving resilience and recovery from climate shocks, that way, ensuring sustainable food security for the nation.

241. Notable success has been on increased domestic production of strategic crops in which the country has made significant progress towards meeting national requirements for grain. The achievements place the country on-track to sustainably achieve food security, self-sufficiency, as well as nutrition security by 2025, in line with NDS1 targets. This is notwithstanding challenges posed by the continued devastating effects of climate change, coupled with geopolitical tensions.

242. The milestone is on account of strategic decisions to adopt climate smart conservation agriculture practices under the Pfumvudza/Intwasa scheme, coupled with continuation of input support programmes for farmers, including the vulnerable, liberalised agricultural marketing frameworks, improvement in extension services, mechanisation and irrigation development.

243. Going forward into 2024, Government's thrust is on consolidating the gains achieved so far by firming up production, whilst taking further steps to enhance productivity in the sector to reduce cost of production, thereby making agricultural production more competitive.

244. In this regard, Z$4.3 trillion is being allocated to Ministry of Lands, Agriculture, Fisheries, Water and Rural Development to spearhead the implementation of the Strategy.

245. Government interventions in the sector will be complemented by development partner support projected at US$60.1 million which is expected to go towards provision of agriculture development and food security assistance.

Rural Development 8.0

246. Focus will be also on transformation of rural economy through agriculture development under the auspices of Rural Development 8.0. The Programme seeks to promote rural development anchored on agriculture activities by promoting agro-businesses, value addition of agriculture products and creating market linkages.

247. Government will promote organised business models which brings together farmers, entrepreneurs, financiers and markets, establishing a complete business cycle that empower communities, create employment, improves the standards of living of marginalized communities and the inclusion of youths, women and people living with disabilities.

248. This model should, therefore, uplift the livelihoods of the rural population and reduce rural to urban migration through economic empowerment and inclusivity in the ten provinces in line with Devolution and Decentralization Policy.

249. To this end, the 2024 National Budget has set aside resources to enable Government to continue to support the following Presidential Programmes and Projects under the sector to promote productivity, build resilience and transform agriculture activities:

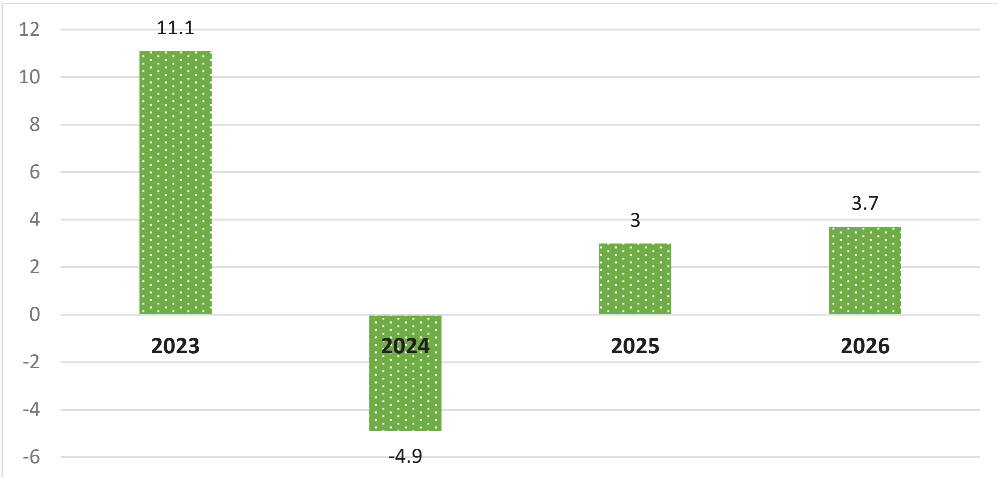
- Climate proofed Inputs Scheme (Pfumvudza/Intwasa);
- Cotton Scheme;
- Rural Horticulture Development Programme;
- Poultry Scheme;
- Blitz Tick Grease Scheme;
- Goat Scheme;
- Community Fisheries Schemes;
- Irrigation development anchored on V-30 accelerator model.

250. This will also be complimented by other interventions in the sector, including the Presidential Borehole Scheme. This is expected to build resilience of the sector and the rural communities to ensure food security even in the event of extreme weather patterns, such as the forecasted El-Nino induced drought.

251. The agricultural sector is projected to contract by 4.9% in 2024, attributed to the anticipated normal to below-normal

rainfall pattern in the 2023/24 farming season, reducing the production of major crops, as the country builds resilience.

Figure 20: Agriculture Sector Growth (%)



Source: MOFEDIP, RBZ & ZIMSTAT

Agriculture Productive Social Protection

252. In its effort to ensure food and nutritional security at household level, under Rural Development 8.0, Government is providing agriculture inputs to vulnerable households under the Agriculture Input Support Scheme (Pfumvudza/Itwasa) targeting 1.1 million hectares under cereal and oil seeds production at an estimated cost equivalent to US$234 million for the 2023/24 summer cropping season.

253. The Programme targets to support 1.2 million households, inclusive of 180 000 cotton growers. Of these targeted beneficiaries, about 300 000 are vulnerable households from urban areas.

254. To mitigate the negative impact of anticipated El-Nino induced drought, distribution of inputs packages for various crops such maize, small grains and oil seeds are being tailored to agro ecological regions.

255. As at 20 November 2023, the Grain Marketing Board (GMB) had received about 10 742 MT of seed, of which 7 044 MT was distributed to farmers. With regards to fertilizers, the GMB had received 65 672 MT, of which 50 016 MT had been delivered to farmers.

256. To ensure transparency and efficient distribution of inputs, Government has put in place monitoring measures to promote accountability and transparency in the use of public resources.

The National Enhanced Agriculture Productivity Scheme

257. Government used to support commercial farmers under the National Enhanced Agriculture Productivity Scheme (NEAPS), through extending guarantees to commercial banks. However, due to high levels of defaulters and unwillingness by farmers to deliver produce to the GMB, Government has reviewed this financing model to give room to a more commercialised approach led by private financial institutions.

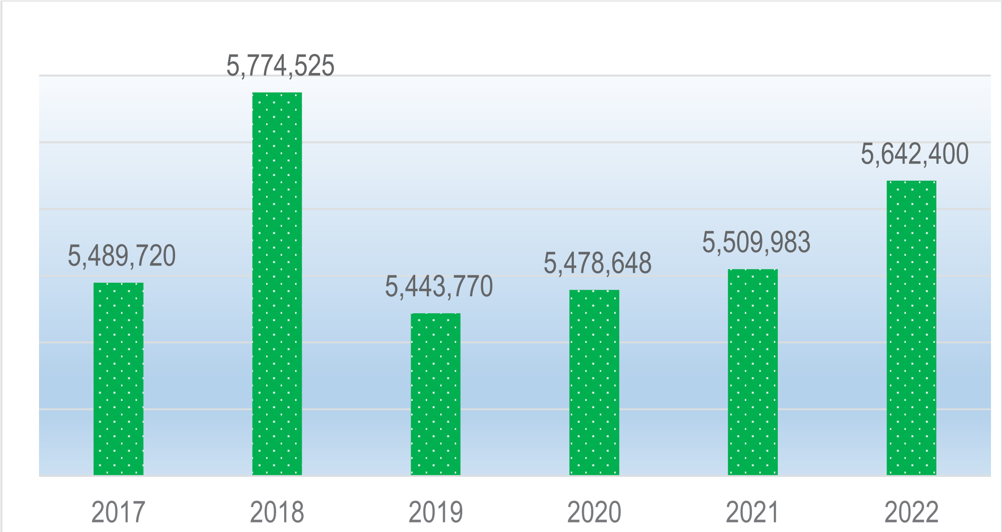
258. During the upcoming 2023/24 agriculture season, Government is only extending partial guarantees to AFC and NMB, while the rest of the financial institutions participating in the programme will use their own financial resources.

259. This is part of the agriculture financing reform to reduce the burden on the fiscus and letting the financial sector play its role.

Livestock

260. Government's effort on combatting livestock diseases is bearing fruits as evidenced by the growth in the national herd.

Figure 21: National Cattle Herd



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

261. However, the anticipated poor rainfall season during the 2023/24 will compromise livestock production, hence,

Government will implement mitigatory measures to protect the national herd through the following measures:

- Setting up modalities to relocate stock from highly vulnerable areas, to regions with minimal exposure to the potential drought;
- Hay baling targeting stock in moderate exposure; and
- Encouraging farmers with smaller herd sizes to destock part of the herd to manageable levels and preserve value of the excess stock.

262. In 2024, Government has set aside an amount of Z$364.3 billion towards livestock programmes as follows:

- Presidential Blitz Tick-Grease Scheme;
- Tsetse eradication;
- Construction and rehabilitation of dip tanks;
- Laboratory diagnostics for animal disease screening and confirmation;
- Local production of animal vaccines;
- Cattle Genetic Improvement; and
- Artificial insemination.

Cattle Dipping

263. Government seeks to maintain and grow the national cattle herd by putting in place measures to reduce the threat of tick-borne diseases through animal health surveillance systems and rehabilitation of dip tanks across the country.

264. To contain the prevalence of tick-borne diseases (January diseases) during the high rainfall period season, in 2024, Government has set aside Z$42.4 billion for dip chemical procurement including 1.5 million kilogrammes of tick grease for distribution to smallholder livestock producers.

265. In 2024, Government has set aside Z$3.5 billion targeting the construction, rehabilitation and maintenance of 500 dip tanks across the country.

Irrigation Development

266. As part of measures to drought proof agriculture and guarantee food security at household and national level, Government is implementing the National Accelerated Irrigation Rehabilitation Programme, which seeks to develop, rehabilitate and maintain communal irrigation schemes, as well as capacitate A2 farmers.

267. This rehabilitation and installation of irrigation infrastructure at the existing water sources will reduce reliance on rain-fed agriculture, which continues to be affected by climatic shocks.

268. To support the projects and initiatives under the Programme, Government has set aside an amount of Z$220.8 billion in 2024 towards the following activities:

- Irrigation rehabilitation;
- Development of irrigation infrastructure; and
- Maintenance of communal irrigation schemes.

269. In addition, the Smallholder Irrigation Revitalisation Programme targets to rehabilitate 5 202 ha in order to enhance food security, including adaptation and mitigation of climate change shocks among smallholder farmers in the 4 targeted Provinces.

Mechanization

270. In order to guarantee food security for the country in both good and bad years, as well as to increase domestic production and productivity in the agriculture sector, Government is supporting mechanization farming techniques through the introduction of appropriate machinery and SMART technologies.

271. Therefore, the Government will continue strengthening its partnership with the private sector to provide small holder mechanization equipment. The thrust is to capacitate domestic Service Providers (SPs) with capacity to import and locally manufacture necessary farming machinery and implements, such as tractors, planters, irrigation equipment, combine harvesters and other implements.

272. A total of Z$82.6 billion has been set aside in furtherance of this thrust of mechanisation through the fiscus.

Agriculture Marketing

273. Government has successfully liberalised the marketing of agricultural products with GMB now being a buyer of last resort for grain. The Zimbabwe Mercantile Exchange (ZMX) through the warehouse receipt system is now responsible for marketing of grain and is expected to expand coverage

to other crops including all other commodities listed on the exchange, such as oilseeds, livestock and horticulture.

274. This development is expected to enhance price discovery and reflects wider agriculture markets, bringing efficiency in the marketing of agriculture commodities, critical for attracting investment. This is in line with the NDS1 objective of creating a more competitive and sustainable agriculture ecosystem, and establishing predictability in the marketing of agricultural produce.

275. Therefore, the 2024 National Budget will target procurement of strategic grain reserve enough to cover for one year.

Horticulture Export Revolving Fund

276. In 2022, Government established the US$30 million Horticulture Export Revolving Fund (HERF) meant to empower horticulture farmers with affordable capital and working capital to promote horticulture revival in the country.

277. The Fund is accessed through the following banks; FBC Bank, CBZ, NMB Bank, CABS Bank and the AFC Land and Development Bank.

278. During the period January to September 2023, US$2.5 million was disbursed to finance the production of avocado,

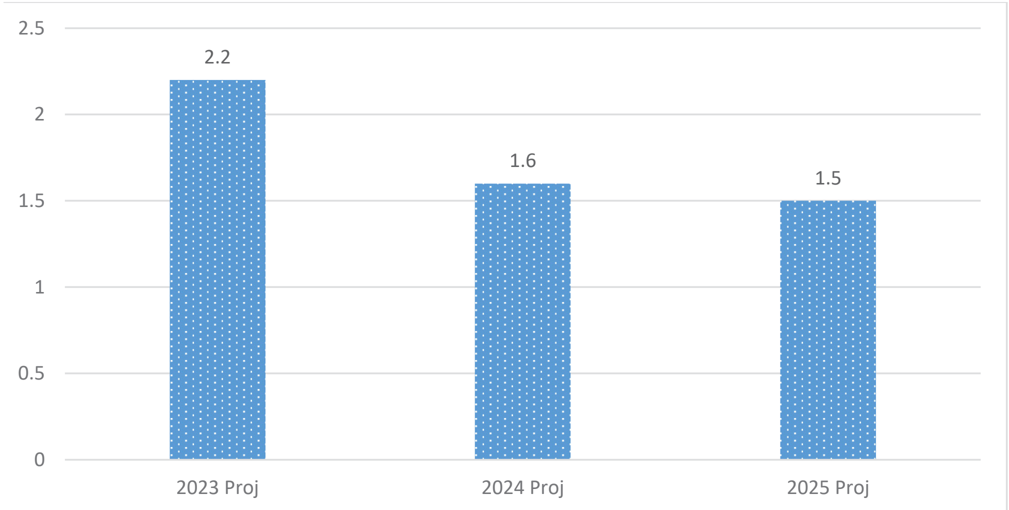
macadamia nuts, flowers, chilli and cherry peppers. The Fund is a partnership between private sector and Government, with the latter providing guarantees.

Manufacturing

279. The manufacturing sector has been recording steady gains in volume and capacity utilisation, as well as increase in availability of domestically produced goods in the supermarkets shelves over the recent years.

280. This is being aided by access to foreign currency through the auction system, throughput from the agricultural sector, improved levels of investment and access to foreign currency from the market.

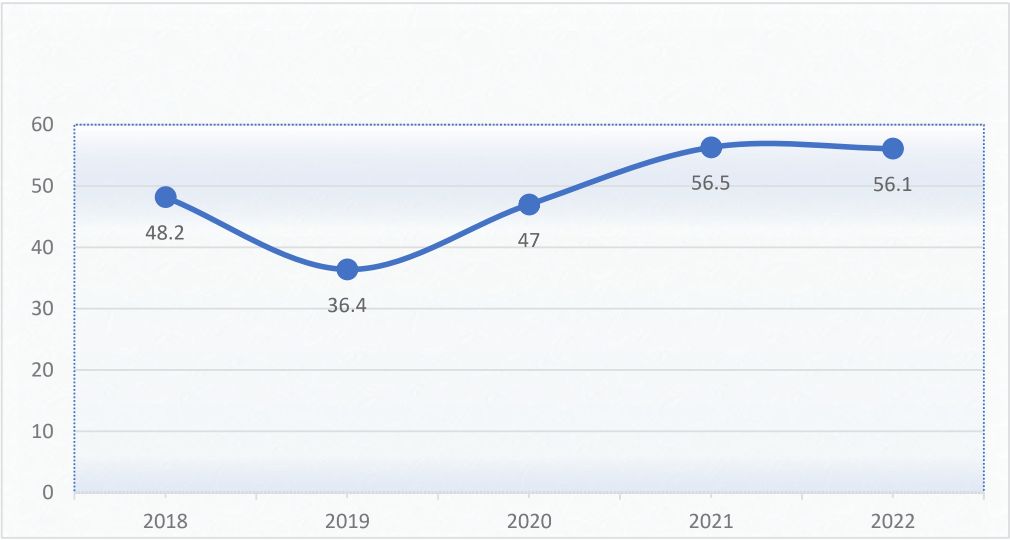
Figure 22: Manufacturing Sector Growth (%)



Source: MoFEDIP, ZIMSTAT, RBZ

281. In 2024, the sector is projected to grow by 1.6%, whilst capacity utilisation is expected to average 60% on account of expected price and exchange rate stability, improvement in electricity supply, as well as increased usage of the local currency.

Figure 23: Industry Capacity Utilisation (%)



282. However, there is room to enhance the sector's capacity to grow the country's exports, create employment opportunities, as well as enhance the resilience of the economy against shocks through a vibrant and competitive manufacturing sector.

283. To sustain the gains recorded so far in the manufacturing sector, an amount of Z$130.5 billion is being allocated to the Ministry of Industry and Commerce to support development and implementation of industrial policy and the retooling of the industry.

Industrial Policy

284. Government is finalising the formulation of the Zimbabwe National Industrial Policy which will run from 2024 to 2030. The policy is a successor to the current *"Zimbabwe National Industrial Development Policy"* which is coming to an end in December 2023.

285. The new Policy will be aligned to Vision 2030, international and regional policy frameworks on industrialisation. It will provide policy guidance on the industrialisation of the economy, focusing on structural transformation of the economy to increase the level of the country's capacity for value addition and beneficiation.

286. The objective of the policy is to ensure structural transformation of the economy for employment creation, enhancing the value of exports, complexity and diversity of the country's products, critical for building resilience, inclusive and sustainable economic growth.

287. The Policy will also promote collaboration between the private sector and institutions of higher learning to come up with innovations and new products which are competitive taking advantage of opportunities being unlocked within the African Continental Free Trade Area (AfCFTA).

288. The Industrial Policy is expected to be launched during the first half of 2024 and will be led by the private sector. Government will provide the requisite environment for the policy to be implemented successfully.

Industrial Retooling

289. Government will continue to facilitate the mobilisation of medium to long-term funding to support retooling and working capital of the local industry through negotiating offshore lines of credit and capacitation of the Industrial Development Corporation of Zimbabwe (IDCZ) to enable it to meet the financial needs of the local industry.

290. In this regard, Z$44.3 billion has been set aside to capitalise the IDCZ. Qualifying companies are encouraged to approach the institution for financial support.

291. The placement of IDCZ under the Mutapa Investment Fund is expected to unlock new funding from potential investors, particularly the financial sector to enhance its balance sheet.

Buy Local

292. As part of the strategy to support the local industry, Government calls upon all consumers to prioritise the purchase of local

products over imports, as a strategy to preserve domestic jobs and promote value chains to unlock growth potential of the economy.

293. This is important to sustain the recent increase in capacity utilisation across various sub sectors of the economy and the growth of manufactured exports. On their part, local industries are expected to produce competitive and quality products.

294. To guarantee the authenticity of local content origin and quality of products and services produced in Zimbabwe, Buy Zimbabwe, an organisation dedicated to the production and promotion of local products and services, partnered with Quality Management Institute of Zimbabwe (QMIZ) and Standards Association of Zimbabwe (SAZ) to establish a robust content and quality certification process.

295. Certified products shall bear the Buy Zimbabwe insignia, thereby, providing assurance to consumers that the products they are buying are of quality and produced locally.

The National Venture Fund

296. The National Venture Capital Company of Zimbabwe (NVCCZ) which was established to support start-ups and SMEs in order to promote innovation and generate new employment

opportunities, is steadily growing with the total funds under its portfolio currently amounting to US$1.8 million.

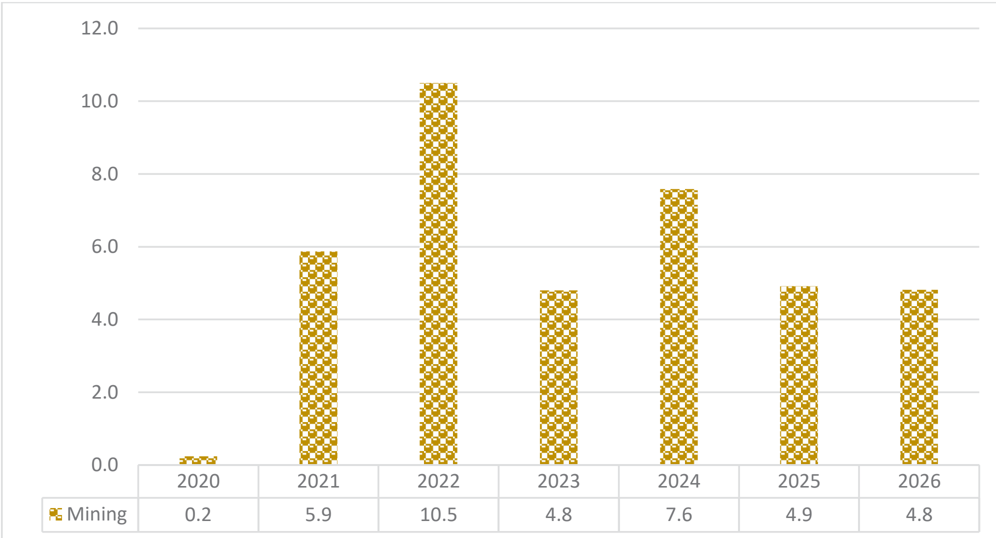
297. The Fund is being further capitalised through dividends and interest income from some of the beneficiaries such as ZITCO and Verify Engineering, as well as budget support. In 2024, Government will further capacitate the NVCCZ with Z$34 billion in order to cater for the huge demand for capital from the targeted groups.

298. In the outlook, the company intends to pursue co-investment partnerships with the private sector to ease reliance on public funds and the registering with the Southern Africa Venture Capital Association (SAVCA) to align to international best practices and to unlock investment opportunities. The Fund will also explore collaborations with higher and tertiary institutions to support innovative ideas and their commercialisation.

Mining

299. The mining sector is expected to grow by 7.6% in 2024, driven by ongoing investments in PGMs, gold, coal and lithium, among others. The sector is expected to maintain growth momentum in the medium-term estimated at 4.9% and 4.8% in 2025 and 2026, respectively.

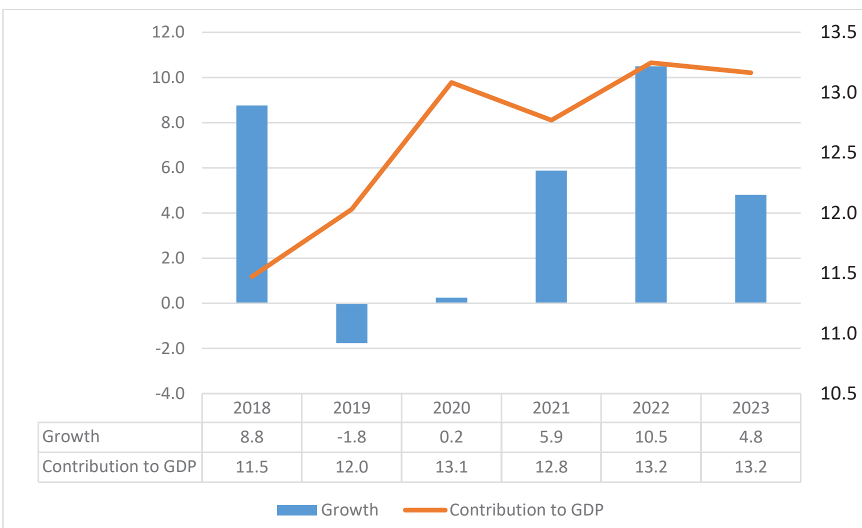
Figure 24: Mining Sector Growth (%)



Source: MoFEDIP, RBZ & ZIMSTAT

300. This growth will be sustained by expected relatively stable electricity supply on account of increased domestic electricity production, direct import initiatives by large scale miners and private sector investment initiatives in renewable energy.

Figure 25: Mining Output (%)



301. This is also in line with Mining Industry Survey Report of 2024 which forecasts an increase in capacity utilisation in the mining sector, from 84% in 2023 to 90% in 2024, driven by expected increase in gold and coal production.

302. An amount of Z$132.7 billion has been allocated to the Ministry of Mines and Mining Development to implement the legislative and administrative reforms that provides a conducive environment for mining and beneficiation.

Mineral Beneficiation

303. Government's thrust is to upscale beneficiation along the mining value chains to facilitate job creation across the chain, through development of a comprehensive policy framework that prohibits the export of raw minerals.

304. The Framework will be developed under the auspices of the Minerals Development Policy, Beneficiation and Value Addition Policy and the Artisanal Miners Strategy.

305. In addition, the global energy systems are undergoing a massive transition towards cleaner energy sources such as solar and wind from fossil fuels. However, these clean energy technologies like batteries depend on transition energy minerals such as copper, lithium, nickel, cobalt, manganese and graphite.

306. In this regard, the country seeks to take advantage of the huge and highly diversified mineral resource base which includes all the five major minerals used in energy storage.

307. Therefore, Government will develop a comprehensive policy framework to beneficiate energy minerals including lithium to transform the country into a battery manufacturing hub.

Cadastre Information Management System

308. The Computerised Mining Cadastre Information Management System is on its final stages of being rolled out and this is expected to be completed in 2024. The system is expected to enhance transparency and accountability in the mining title management, facilitate the elimination of overlapping mining claims, strengthening property rights and security of tenure.

309. To complete the programme, Z$13.3 billion is being allocated under the 2024 National Budget.

Capacitation and Formalisation of Artisanal Miners

310. The small-scale miners have played a pivotal role in the mining sector contributing significantly to the overall mineral output over the years. Their success is partly attributable to Government support through the provision of mining equipment and technical assistance.

311. As part of the support, Government is now facilitating their formalisation, as well as to promote environmentally friendly, safe and sustainable mining methods.

312. Government will also capacitate the Mining Industry Loan Fund through affordable loan schemes to support small-scale miners to mechanise their mining activities, as well as to improve their working capital positions.

313. To support these initiatives, Z$2.7 billion has been set aside under the 2024 National Budget.

Mining Legal Framework

314. Government will review the Mines and Minerals Bill taking into consideration the observations and recommendations by the Parliamentary Legal Committee during the 5th session of the 9th Parliament. The target is to complete the process during the first half of 2024.

Exploration of Minerals

315. The recent developments where minimum exploration is undertaken and the mining rights are disposed of at astronomic prices, calls for urgent exploration by Government, in order to enable it to derive maximum value of the mineral endowments.

316. Financial resources should, thus, be availed for exploration through the Zimbabwe Mining Development Company, as this will yield more revenue to the country through auction of already known resources or outright mining.

Participation of the state in the extraction of mineral resources

317. In order to derive maximum value of its mineral endowment, Government will participate in the extraction of strategic minerals such as lithium through the acquisition of equity. The extent of the equity participation will depend on the size of the mining operation and the strategic nature of the mineral concerned.

Mineral Leakages

318. Government will continue to prioritise curbing of mineral leakages through intensifying monitoring and surveillance of the mining sector by undertaking combined blitz by all relevant Government institutions.

Tourism

319. The tourism industry is expected to continue on a growth path driven by increased domestic, regional and international tourists' arrivals. Global tourism recovery and improved destination

accessibility made possible by improved infrastructure which has enabled the entry of new airlines into the country, is boosting the tourism industry.

320. Elsewhere in the world, major sporting events have become powerful tourism attractions in themselves, contributing significantly to the image of the country and economy. In this regard, investment in sport facilities and the hosting of international/regional events will need to be prioritised as they act as a catalyst for tourism development.

321. As part of marketing the country, Government will be hosting four major events namely: the SADC Summit in 2024; United Nations Economic Commission for African Ministers of Finance, Planning and Economic Development from 28 February – 5 March 2024; International Conference on AIDS and STIs in Africa (ICASA) in 2023; and the International Conference on Family Planning.

322. The above-mentioned Conferences will be attended by participants from various countries across the globe and will all be hosted in Harare and Victoria Falls.

323. To support the operations of the Ministry of Tourism and Hospitality Industry, an amount of Z$71.1 billion has been

allocated to spearhead tourism development in the country, as well as marketing of the country as a destination of choice.

Destination Branding and Image Transformation

324. The growth of the tourism sector will hinge on efforts to improve the domestic tourist brand and image by empowering and equipping destination marketers to design and implement the most effective methods for improving the tourism destination's positive image.

325. Based on the NDS1 priority of Image Building and International Re-engagement, Government will continue to capitalise on destination competitiveness, which relates to inherited endowments resources such as climate and scenery, as well as competitive advantages such as tourism infrastructure, hotels, transportation networks, festivals and events.

326. Furthermore, continued participation at flagship national and international tourism meetings, conferences, and exhibits (MICE tourism), marketing, and promoting Zimbabwe's tourism to the world through promotion programmes, will supplement destination competitiveness and national branding. These marketing initiatives would position the country as a distinct and appealing tourism destination, attracting visitors from all over the world.

327. In 2024, the tourism sector is set to benefit from US$1 million allocated towards the renovations and rehabilitation of Great Zimbabwe, Comprehensive Tourism Assessment and Strategy Implementation Framework, as well as development of Protected Area Management Plans for national parks.

Investment in Tourism Infrastructure

328. The substantial rise in international tourist arrivals in the country can be partly attributed to continued investments in the tourism industry, particularly airports and hotels.

329. In this regard, Government has commenced the refurbishment of the additional major ports of entry namely: the Kazungula Border Post, the Forbes Border Post, and the Nyamapanda Border Post and highways to improve regional connectivity.

330. Infrastructure development complemented by the *'Open Skies Policy'* has resulted in the increase in the number of airlines coming into the country from 3 in 2017 to current 17.

Figure 26: Airlines Coming into the Country

Year	Total number of Airlines	Number of Airlines which pulled out	Number of new Airlines	Total Airlines
2015	14	1	0	13
2016	13	-	2	15
2017	15	-	1	16
2018	16	-	-	16

Year	Total number of Airlines	Number of Airlines which pulled out	Number of new Airlines	Total Airlines
2019	16	1	1	16
2020	3	13 (COVID -19 Pandemic)	-	3
2021	3	-	7	10
2022	10	-	6	16
2023	16	-	1	17

331. On the other hand, the private sector is also complementing Government's efforts to boost the tourism industry marked by the surge in private sector tourism investments. Notable private sector investments include the opening of the Bulawayo Sterling Hotel and investments made by African Sun Limited in the refurbishing of Hwange Safari Lodge.

332. In 2024, Government will continue to allocate resources towards rehabilitation and renovation of tourism related infrastructure to make the country a destination of choice.

VISA Regime

333. The country has the potential to attract more tourist arrivals, particularly from the continent by reviewing visa requirements for some African countries. This is also in line with African Union Free Movement of Persons Protocol, which aims to promote free movement of people in the region.

Tourism Revolving Fund

334. Since the establishment of the US$7.5 million Tourism Facilities Services Development and Upgrading Revolving Fund (TFDURF) through the use of SDRs in 2022, US$1.2 million was disbursed through CABS in June 2023 for the upgrading and refurbishment of tourism facilities.

335. The Fund which is meant to resuscitate companies in the tourism sector which were affected by the COVID-19 pandemic is being accessed through CABS, CBZ and Nedbank.

Climate Change

336. Over the years, the frequency and size of natural disasters such as droughts, floods and storms has markedly increased, impacting on livelihoods and the economy. Costs arising from tropical cyclones such as Idai and Kenneth in 2019, have resulted huge costs to communities, infrastructure and the economy. Such sequential occurrences invariably divert scarce resources that would ordinarily be used for other critical social programmes and needs such as health, education, water and sanitation provision, among others.

337. Multiple climate prediction centres have projected an El Niño event for Southern Africa during the 2023/2024 agriculture

season, which is usually associated with drought, cyclones and floods. This will systematically affect agricultural output and food security.

338. Noting the huge investments required to implement climate adaptation and mitigation programmes, such as relief, reconstruction and social protection, Government is exploring alternative sources of financing, including co-financing for green investments initiatives in order to speed up the attainment of the National and Paris Climate Agreement Goals (PCAGs).

339. In this regard, measures already undertaken to crowd in climate finance include the following:

- Accreditation by the Global Fund of the Infrastructure Development Bank of Zimbabwe as a direct access entity;
- Establishment of a climate finance facility of US$3 million as seed money;
- Nomination of financial institutions such as FBC and Steward Bank for Global Climate Fund accreditation; and
- Adoption of carbon trading and regulations by Government through the SI 150 of 2023: Carbon Trading (General Regulation and the Carbon Trading Framework).

340. Going forward, focus will be on implementation of the National Adaption Plan, and mitigation actions identified in the National

Determined Contribution and Long-Term Low Emission Development Strategy as a path way to low emissions and climate resilience.

341. Furthermore, Government will start engaging stakeholders regarding the formulation of the Climate Change Bill that is meant to regulate greenhouse gas emissions and facilitate low carbon development technologies.

342. In 2024, Government will also focus on the establishment and operationalization of the designated National Authority for carbon credits trading, to facilitate carbon credit projects development, registration and implementation.

343. In this regard, the 2024 Budget prioritised adaption and mitigation programmes to be implemented through various MDAs.

344. Deliberate efforts will be made to ensure policies and plans at every level of Government, integrate climate change mitigation and adaptation interventions.

Infrastructure, ICT and the Digital Economy

345. Creating a competitive economy requires infrastructure services that are cost effective, affordable and sustainable and

hence, the current thrust of reducing overall cost of delivering projects, as well as lowering of the whole-life-cycle cost of assets.

346. This is in line with Larry Summers' assertion *"expenditure on infrastructure is an investment in the long-term productivity and competitiveness of an economy".*

347. In this regard, outlays towards the sector seeks to re-establish functional infrastructure services by improving the quantity, quality and access in order to improve the country's connectivity, investment climate, reduce the cost of doing business, as well as enable citizens to engage in socio-economic activities. When done right, infrastructure offers opportunities for sustainable, resilient, and inclusive growth.

348. The increasing demand for infrastructure services over the past few years, arising from the growing economy and population, requires new and innovative actions and reforms that fosters social and economic inclusion along the infrastructure value chain. This will ensure that communities, women and youth around such projects are given opportunities to provide services and labour as catalyst for equitable development. By focusing on inclusivity, infrastructure provision addresses the needs of the majority and ensures access and affordability of the delivered asset.

349. The renewed focus by the Second Republic on modernising the economy through digitalisation and innovation reflects the global reality where digital technologies are driving transformative change, as new technologies are reshaping products, markets, as well as profoundly altering businesses and work.

350. The 2024 National Budget proposals for infrastructure investments embraces this new thrust, which also entails realignment of policies and investments in appropriate ICT infrastructure and systems, as well as capacitation of institutions to support the envisaged digital economy ecosystem.

351. With Government funding increasingly being squeezed by other budgetary requirements, constructive collaboration with the private sector remains the most viable option of raising the resources needed to close the infrastructure gap.

352. In this regard, Government will expand and modernise funding models that broaden the investor base in flexible and innovative ways such as asset recycling and PPPs. To facilitate private sector participation, efforts will be made to address private sector investor concerns such as cost reflective tariffs and improvements in the regulatory environment in these sectors.

353. Overall support for infrastructure, including devolution, during 2024 amounts to Z$10 trillion, comprising fiscal support of Z$8.1 trillion, complemented by statutory and other resources at Z$1.4 trillion, development partner support of Z$189.9 billion, as well as loans at Z$322.2 billion.

354. To support interventions in the various infrastructure sectors, the fiscal allocation of Z$8.1 trillion has been allocated as follows:

- Energy Z$20.5 billion;
- Transport Z$744 billion;
- Water and sanitation Z$608.3 billion;
- Housing Z$1 trillion;
- ICT Z$140.2 billion;
- Education Z$393.3 billion;
- Health Z$2.1 trillion;
- Social services Z$9.5 billion; and
- Agriculture Z$307 billion

Transport

355. Improvements in our transport systems remain critical, given the need to enhance connectivity and access, including promotion of regional and international trade.

356. Investments in road catalytic infrastructure have prioritised projects along the North-South Corridor, as well as those trunk roads that provide linkage to critical corridors such as Beira, given the increased traffic along such routes.

357. Focus will be on further scaling up investments in aviation infrastructure and equipment, including provision of complementary facilities such as control towers and airport uplift kitchens, among others.

358. The recapitalisation of National Railways of Zimbabwe is a major priority for the country, as it reduces the current high transport costs for bulk freight, as well as lower the over-dependence on road haulage, which is damaging our roads.

359. To spearhead the above projects and programmes, Z$1.2 trillion has been allocated to the Ministry of Transport and Infrastructural Development.

Roads

360. Outlays to the sector have prioritised road rehabilitation, upgrading and maintenance under the Emergency Roads Rehabilitation Programme being implemented by the four road authorities. The institutional framework for the Programme

will be further strengthened to ensure value for money in the execution of targeted road projects.

361. In this regard, a total of Z$1.4 trillion will be availed towards the road sub-sector as indicated in the Table below.

Table 32: Source of Funding for Road Projects

Funding Source	Amount (Z$B)
Fiscus	647.5
Road Fund	709. 6
Development Partner	45.0
Total	1 402.1

362. The above allocation will benefit the following road projects:

- Beitbridge-Harare-Chirundu Road,
- Beitbridge-Bulawayo-Victoria Falls Road,
- Other roads implemented by the Department of Roads, and
- Rural roads, Rural Infrastructure Development Agency.

363. The above interventions will be complemented by resources from the Inter-Governmental Fiscal Transfers allocation, being channelled through respective local authorities and targeting community identified and driven projects.

364. Execution of road projects will rely on both domestic and international contractors and the use of both local and international resources. The use of local labour and materials in order to unlock higher levels of economic activity and employment in communities where the projects are being implemented and be promoted.

365. The Emergency Roads Rehabilitation Programme continues to provide a whole of Government approach to project execution as it provides strong oversight and coordination at all levels.

366. Government will also continue to engage the private sector for possible concessioning of some roads through structured finance, especially those generating sufficient cashflows and whose scale of work can be sufficiently funded through tolling.

367. Following the successful designing of the widening of sharp curves and construction of climbing lanes for the Harare-Chirundu highway, the country is expected to receive an additional grant of JPY2,389 million (approximately US$17.44

million), with US$5 million projected to be disbursed in 2024 to commence the construction process.

Toll Gates

368. To ensure road users directly finance the road network, and hence, reduce the burden on the fiscus, additional toll gates will be constructed on some strategic locations on our road network.

369. In this regard, through the road fund a total of Z$129.6 billion has been set aside towards construction and upgrading of toll gates as indicated in the Table below.

Table 33: Toll Gates to be Constructed and Upgraded

Name of Toll Gate	Programmed Works
Chivhu Highway	Construction of new toll gate
Karoi	Construction of new toll gate
Ngundu	Construction of new toll gate
Skyline	Upgrading of toll gate
Shamva	Upgrading of toll gate
Dema	Upgrading of toll gate
Inkomo	Upgrading of toll gate
Esigodini	Upgrading of toll gate
Eskbank	Upgrading of toll gate
Lionsden	Upgrading of toll gate
Flamingo	Upgrading of toll gate
Norton	Upgrading of toll gate

Sinking Fund

370. The Budget's capacity to scale up funding for the construction, upgrading and maintenance of the country's infrastructure has

been limited, on account of other competing demands on the fiscus.

371. Beyond reliance on traditional tax revenues, the 2024 Budget proposes to expand the range of financial instruments that can be channelled towards critical infrastructure by setting up a dedicated Sinking Fund to support execution of projects. Government will ring fence the incremental income from road user charges, among other tax revenue streams, to the Fund.

372. The Fund will be used to crowd in private sector resources, with repayments securitised through the fund's income streams, thereby providing the most effective form of development financing.

373. Treasury will work with relevant stakeholders in developing the modalities of the Sinking Fund.

374. In addition, Government is engaging Africa 50 to explore asset recycling of projects as a form of infrastructure financing mechanism. This will allow Government to channel fiscal resources to other high priority infrastructure projects, critical for sustainable economic development.

Rail

375. Improved rail services support economic growth by lowering transportation costs, particularly for the mining and agriculture sectors, which require bulk transportation of raw materials and finished products. Investments in our rail network will also arrest further deterioration of road infrastructure due to haulage trucks as well as abnormal loading.

376. However, the country's rail system is becoming a bottleneck to the seamless railway service within the region, given its interconnectedness with other national networks along the Beira/Maputo corridors to Mozambican ports and North–South corridor linking countries in the north and ports in the south such as Durban and Richards Bay in South Africa.

377. The 2024 Budget will, therefore, support renewed efforts to capitalise the NRZ with an amount of Z$56.4 billion having been set aside to meet urgent rehabilitation needs.

378. Government is also supporting the NRZ recapitalisation roadmap through access of lines of credit for the procurement of locomotives, wagons, track infrastructure and signalling equipment. The NRZ is also expected to engage the private sector users of the railway system on options for joint ventures.

Airports

379. The growing list of airlines flying into the country which now stands at 19, provides clear testimony to the success of Government's interventions in the aviation sub-sector.

380. Focus going forward is to ensure compliance with the dictates of the International Civil Aviation Organisation, especially on safety requirements, as well as to continuously attract more air traffic to the county.

R. G. Mugabe International Airport

381. Furthermore, complementary investments will be initiated to enhance service at all airports by providing services such as uplift kitchens. The airports upgrading programme will also be extended to smaller strategic airports such as Kariba, Grand Reef, Buffalo Range, Charles Prince Airport, among others.

382. In this regard, the 2024 Budget will allocate resources for the construction of the control tower at J. M. Nkomo Airport in Bulawayo and refurbishment and construction of air ports uplift kitchens.

Energy

383. Notwithstanding enhanced domestic electricity generation following the commissioning of Hwange 7 & 8, as well as entrants of new solar energy by Independent Power Producers, power supply deficits have continued, mainly due to depressed generation capacity of existing plants, as a result of obsolete equipment at thermal power stations, low water levels at Kariba dam and aged transmission networks, including ZESA technical and non-technical system losses of power.

384. The forced outages and limited costly imports from the region are seriously undermining economic activity, particularly for energy intensive sectors of mining and agriculture, with costs of loadshedding on the economy estimated at 6.1% of GDP.

385. Through the Government Implementation Agreement for all solar IPP projects, the private sector has been provided with risk mitigation provisions that will enhance bankability of projects. Furthermore, Government has encouraged off-grid

renewable energy investments, private sector power-to-mine investments and direct importation from the region by high energy consumers that will help free up energy supply to other sectors.

386. In addition, capacity building measures will be implemented to strengthen technical planning and coordination of the sector, including development of a least cost Systems Development Plan, that also promotes transition to clean energy sources.

387. Government, through the Rural Electrification Fund will extend access of electricity to unserved areas, targeting schools, health centres, business, Government offices, as well as community programmes such as irrigation schemes.

388. The sector is expected to benefit from US$9.8 million of development assistance in 2024 towards improving the distribution and transmission of power, solar energy projects and the promotion of green energy sources.

389. Of this amount, US$3.6 million is projected to be disbursed towards technical services and supervision consultancy and spillway gates refurbishment under the Multinational Kariba Dam Rehabilitation Project.

390. An amount of US$1.3 million is projected to be disbursed in 2024 towards Sino-hydro performance guarantee, completion of the outstanding social upliftment works at Sadoma Clinic, Slaughter Primary School and Karoi Old People's Home and social upliftment activities under the Alaska Karoi Power Transmission Reinforcement Project.

391. To facilitate investments in energy generation, enhancing the transmission and distribution network, as well as sustaining the rural electrification programme, the Ministry of Energy and Power Development has been allocated Z$90.1 billion.

Roadmap Towards Electricity Self Sufficiency

392. The country's current local generating capacity stands at 1 280MW, against an average local demand of 1 850MW, resulting in a deficit of up to 500MW. To address the power supply challenge, Government has approved a Roadmap Towards Electricity Self Sufficiency that embraces private sector investment in renewable sources such as solar and hydro, implementation of cost reflective tariffs and governance reforms at ZESA and its subsidiaries.

393. The short-term interventions include importation of electricity from neighbouring countries of between 210MW and

500MW, together with decommissioning and repurposing of small thermal power stations to reduce operational costs at ZESA Holdings. In addition, Government is in the process of restructuring of ZESA Holdings to improve operational efficiency, which is expected to be completed during 2024.

394. Medium-term interventions include working on reducing system losses and savings by rehabilitation and refurbishment of the transmission and distribution network, as well as rolling out of prepaid and smart metres on all electricity consumers.

395. Other immediate interventions include the commissioning of small hydro and solar power stations, which are expected to generate additional capacity of about 90MW in 2024 through IPPs. In 2025, an additional 296 MW is expected to come on stream mostly from solar, hydro and coal projects.

396. To facilitate these investments in energy by IPPs, Treasury is issuing Government Support Agreements for the projects to be bankable.

397. In addition, Government has allowed ZESA Holdings to gradually review tariffs towards cost recovery level, which is expected to enhance its balance sheet and promote IPPs investment in the sector.

398. Government will also secure funding to repower Hwange Units 1 to 6 and other new investments such as Batoka hydro project (2 400MW) and Devils Gorge among other renewable energy projects.

Digital Economy

399. Consistent with our NDS1 objective of attaining a digitally enabled economy, the Budget will support interventions that harness and promote the use of ICT services across the whole spectrum of the economy.

400. In furtherance of the above, Government will develop a digitalisation roadmap that includes the development of an appropriate institutional framework to drive our ICT interventions and upscale the usage of ICT services in the country. Regarding the public sector, the framework seeks to harmonise and standardise procurement of ICT equipment, as well as integration of the various systems in order to provide seamless public services in a cost-effective manner.

401. Enhancing use, coverage and access of ICT services in the economy will unlock the demographic dividend by empowering the youth to engage in productive activities.

402. Focus will therefore be on extension of the broadband infrastructure, investing in last mile connectivity and complementary facilities, consolidating the implementation of smart government systems and e-government programmes, among other activities that improve access to ICT services especially to the vulnerable groups in society.

403. In this regard, an amount of Z$185.3 billion has been allocated to the Ministry of Information Communication Technology, Postal and Courier Services.

E-Government Programme

404. Implementation of e-government programmes provides an opportunity to enhance efficiencies in the provision of public services and in reducing turnaround times.

405. Given the current momentum in the implementation of this programme, which has seen a number of public services now being accessed on line, the Budget will support investments in digital infrastructure and systems.

Zimbabwe Digital Migration

406. Zimbabwe Digital Migration Project, an obligation under International Telecommunications Union is targeting to

construct 48 transmission sites of which 18 have already been done.

407. The focus is on completing the remaining 30 sites over the next 3 years. Once completed, this will result in increased capacity to allocate more frequencies for radio and television channels, improved quality of sound and vision of both radio and television and release of extra spectrum bank for use by telecommunications industry.

408. In this regard, the 2024 Budget has made a provision towards advancing the above interventions.

409. In view of the scope of work to be done and the time lag to complete the works, it will be necessary to mobilise additional resources from the auctioning of the spectrum created through the digitalisation programme.

High Performance Computing Phase II

410. The High-Performance Computing Phase II is now almost complete, with all outstanding works, including the installation of equipment and finishings on the building, targeted for completion during 2024.

411. Once complete, the intervention will result in increased efficiencies in the processing of big data in all our institutions of higher learning, industries, as well as Ministries, Departments and Agencies.

ICT Lab Per School

412. In order to complement achievements made so far wherein 1,300 schools have benefited from the ICT Lab Per School Programme, the 2024 National Budget has set aside resources targeting the enhancement of e-learning in various schools across the country.

Universal Service Fund

413. The Universal Services Fund is targeting construction of 7 base station sites, 15 community information centres, deployment of tele-medicine at 158 health centres, as well as training of 180 people with disabilities in 6 provinces in the use of ICT, during 2024.

Housing

414. Interventions in the housing sector will target delivery of affordable quality housing and to the achievement of the NDS1 target of delivering 1.2 million housing units by 2025.

415. Growth in the sector has remained strong, sustained by both private and Government investments. Renewed efforts will be made to provide on and offsite infrastructure, improving facilities in informal settlements, access to finance by land developers, private investors and households, as well as addressing the cumbersome land delivery process and provision of title to beneficiaries.

Kuwadzana FBC Housing Project

416. Government will work closely with the private sector and other stakeholders to put in place appropriate packages and incentives that allow for enhanced financing and implementation of targeted housing delivery projects. This includes repeal of archaic laws and enforcement of by-laws in the housing delivery value chain, given instances of malpractice especially from private sector developers. This will also attract private investments in the sector, such as pension funds.

417. In addition, the programme towards regularisation and sanitisation of informal settlements will be expedited and fast tracked to bring sanity and order to the housing market, as we build back better. The already adopted framework on densification will be enforced at all new projects in order to realise full potential of available land and maximise use of complementary services such as water, sewer, electricity and roads.

418. The current housing facilities and housing delivery models for public servants will be restructured to ensure that such facilities add value to housing development and do not cause distortions in the housing market.

419. In pursuit of our vision of well-planned and well-governed settlements, Government will continue to review current housing policies in the allocation of state land to correct current anomalies and compel all local authorities to prepare comprehensive housing master plans critical for fostering long-term visioning of housing development and guide investments.

420. A total amount of Z$353 billion has been allocated to the Ministry of National Housing and Social Amenities to facilitate construction of houses to the general public, civil servants, as well as institutional accommodation.

Institutional Housing

421. Provision of institutional housing, remains critical in catering for the expansion in the public sector, as well as to provide conducive working environments.

422. However, noting capacity inadequacies within the housing delivery value chain that have undermined the pace of execution of some of the targeted projects, bold measures will be put in place to ensure that our delivery models and architecture are effective and efficient.

Zimbabwe Foreign Services Institute

423. In line with the above, the 2024 Budget will prioritise the capacitation of building brigades under the Zimbabwe Prison and Correctional Services, Zimbabwe National Army, Ministry of Local Government, Public Works and Ministry of

Higher and Tertiary Education and the Rural Infrastructure and Development Agency with tools of trade, among other requirements, so that they play a significant role in the rehabilitation and construction of institutional accommodation.

424. Furthermore, an Enhanced Maintenance Programme will be put in place where resources will be ringfenced to rehabilitate Government buildings in critical need of repair.

425. In terms of the housing development programme the 2024 Budget is providing Z$1 trillion for the construction of institutional accommodation targeting mainly completion of current ongoing projects as indicated in the Table below.

Table 34: Targeted Housing Delivery Projects

Project	Z$
Rehabilitation and Upgrading of State Residences	14,715,000,000
Car park, civil works for the new Parliament Building	8,300,950,000
Construction and Rehabilitation of ZNA & Air Force Institutional Buildings	122,962,000,000
Upgrading of Border Posts	63,887,000,000
Construction and upgrading of Chanceries and Embassies	80,724,000,000
Government Composite Buildings Rehabilitation & Construction	45,367,749,000
Upgrading of National Museums	6,394,000,000
Upgrading of Youth & Women Training Centres	10,024,094,000
Upgrading of Immigration facilities	16,700,000,000
Construction of Registry Offices	454,999,000,000
Upgrading of ZRP Infrastructure	16,799,559,000
Upgrading of ZPCS Infrastructure	51,112,000,000
Residential accommodation including regularisation of dysfunctional settlements	62,000,000,000
Courts Facilities	53,550,000,000
Upgrading of sporting facilities	24,500,000,000
Social Welfare - Rehabilitation centres	17,000,000,000
Total	1,049,035,352,000

Residential Accommodation

426. It is paramount that our housing interventions also target provision of low cost and affordable housing for our citizens especially the youth, among other marginalised groups of society.

427. In this regard, under our 2024 housing interventions, priority has also been accorded towards construction of low-cost houses such as Kasese in Kariba, Crowlands in Chinhoyi and Empumalanga in Hwange and Flats in Beitbridge.

428. In support of the above projects, Z$62 billion has been set aside in the 2024 Budget.

Land Use and Spatial Planning

429. The absence of detailed master plans and related documentation has undermined housing development and constrained the utilisation of available land for settlements. This covers new cities and emerging centres of economic activities such as dam sites and borders, among others.

430. In this regard, the 2024 Budget will prioritise the development of master and spatial plans as indicated in the Table below.

Table 35: Targeted Master and Spatial Development Plans

Master Plan	Details
Masvingo South Regional Plan	Preparation of a Regional Plan spanning from Masvingo Town to Chiredzi Town including settlements and economic activity centres in-between.
Gwayi-Shangani and Environs Master Plan	Development of planning policies and proposal for the dam and its environs
Semwa Dam and Environs Master Plan	Development of planning policies and proposal for the dam and its environs/hinterland
Marovanyati Dam and Environs Master Plan	Development of planning policies and proposal for the dam and its environs
Tugwi-Mukosi and Environs Master Plan	Approval of the Master plan in terms of The Regional, Town and Country Planning Act (Chapter 29:12)

Civil Service Housing Facilities

431. Various housing facilities availed by Government to public servants have provided impetus to the goal of providing decent and appropriate accommodation to their families, commensurate with their positions.

432. In this regard, the Senior Officers Housing Facility will, during 2024 extend support to the remaining categories, mainly targeting the Chief Directors and equivalent grades.

433. Furthermore, Government will develop a tailor-made facility for Directors and Deputy Directors within the public service and modalities will be announced once due consultations have been concluded.

434. The above interventions will be structured in collaboration with the financial sector and other stakeholders to ensure that they

add to the growth of the country's housing stock, with priority being given to construction of Government compounds.

435. The General Civil Service Housing Scheme, which caters for other categories of civil servants will be further capitalised during 2024.

Water and Sanitation

436. Increased incidences of drought points to the need to upscale investments in the water sector as part of measures to guarantee water supply for domestic, industrial and agricultural use.

437. Whilst Government continues to make strides in the provision of water and sanitation services, coverage levels are still below acceptable levels resulting in the re-emergence of preventable water borne diseases such as cholera. The absence of reliable water supplies for industrial use is also putting a premium on economic activities given the resultant increased cost from alternative options.

438. To fully maximise on investments in the sector, the integrated approach to water development has been embraced by Government, which ensures dam construction, conveyancing and complementary investments such as irrigation development are undertaken simultaneously.

439. In this regard, the strategic priorities during 2024 in the water and sanitation sector will include the following: -

- Rehabilitation and maintenance of existing water and sanitation infrastructure such as reticulation systems, treatment plants, distribution systems and water bodies;
- Construction of additional water bodies targeting completion of ongoing dam projects;
- Capacitation of local authorities, ZINWA and other agencies involved in water resource management to ensure that service provision is enhanced; and
- Improving access to water and sanitation services in the rural areas through drilling of boreholes and the construction and rehabilitation of water supply schemes;

440. Under the 2024 National Budget overall support towards dam construction projects amounts to Z$389 billion with priority being on the completion of Gwayi-Shangani dam and pipeline with the dam now at the advanced stage of completion. Other targeted dams include Kunzvi dam with the associated treatment plant and conveyancing pipeline, Ziminya, Tuli-Manyange, Bindura, Semwa, Silverstroom and Vungu dams. Government will also support provision of requisite infrastructure for new impactful investments, such as Manhize project.

Gwayi Shangani dam

441. The support includes construction of the pipeline connecting Muchekeranwa and Wenimbi dams, in order to augment water supply to Marondera town as well as Ruwa and Chitungwiza.

442. Furthermore, resources have been set aside for the construction, rehabilitation and upgrading of water supply infrastructure at identified small towns and growth points.

443. In addition, Z$204.9 billion has been set aside for borehole rehabilitation and drilling programmes through ZINWA and RIDA, including further procurement of drilling rigs. These interventions will be complemented by investments under the Presidential Rural Development Programme, whilst local

authorities are expected to identify water supply and sanitation projects to be supported through the Inter-Governmental Fiscal Transfers allocations.

444. The sector also is expected to receive development assistance amounting to US$7.9 million in 2024 towards sustainable, climate resilient and scalable WASH services, as well as support from the People's Republic of China who have pledged to drill 300 boreholes in the districts that were affected by Cyclone Idai.

Improving Water Supply in Small Towns and Growth Points

445. The continued growth in population for people living in small towns and growth points is exerting strain on current water and sanitation services whilst in some new settlements there are no available services. It is therefore, critical that resources be channelled towards interventions aimed at increasing the current capacities as well as allow expansion in underserviced settlements as part of our measures to stimulate economic activity and improved living standards of communities living in these locations.

446. In line with the above thrust, the 2024 National Budget is setting aside resources amounting to Z$8.6 billion for the construction,

rehabilitation and upgrading of water supply infrastructure in identified small towns and growth points.

Improving Access to Water and Sanitation Services

447. Whilst Government has made commendable progress with regards to financing of water and sanitation services in rural areas which has enhanced improved coverage and access levels, more interventions are required to comply with the dictates of internationally acceptable thresholds.

448. Additionally, the recurrence of droughts, and other climate related impacts necessitates that we climatic change proof our rural water supply systems to ensure security and sustainable access as well as empowerment of rural communities.

449. In furtherance of this strategic objective, our 2024 Budget interventions will be centred on supporting borehole rehabilitation and drilling programmes through ZINWA and RIDA, including further procurement of drilling rigs. A total of Z$204.9 billion has been set aside for implementation of these programmes.

450. The above will be complemented through other interventions under the Presidential Rural Development Programme whilst

local authorities are also expected to identify water supply and sanitation projects to be supported through the Inter-Governmental Fiscal Transfers allocations.

451. It is therefore, imperative that the relevant stakeholders work collaboratively in planning and implementation of rural water supply and sanitation projects to avoid duplication as well as ensure impactful use of available resources and capacities.

Youth, Sport, Arts and Culture

452. Government continues to create a conducive environment for full participation of our youths, guiding them to define the kind of society they want, as well as shaping the future they want to leave behind. Time is still on their side, and they are well endowed with energy, imagination and enthusiasm to fulfil their dreams.

453. Various Government interventions, particularly in health and education, among others, seek to harness the demographic youth dividend and the potential in our youth by providing them with life skills that will ensure that they can navigate the global environment that is increasingly uncertain and complex.

454. In this regard, an amount of Z$210 billion has been set aside for the Ministry of Youth Empowerment, Development

and Vocational Training to support youths development and empowerment programmes during 2024. This amount covers refurbishing and retooling of Vocational Training Centres across all provinces to enable education and skills development for the youth, as well as combating of drug and substance abuse.

455. In addition, this support also covers the national youth service programme to nurture young people into responsible citizens with values of patriotism, discipline, and Hunhu/Ubuntu.

456. Sport, arts and cultural activities enable the youths to showcase their talents and increase their incomes, whilst also facilitating the building of strong and resilient communities. The Budget will support collaboration with the private sector in interventions that will rehabilitate and renovate major existing sport facilities.

457. Therefore, the 2024 National Budget proposes to allocate Z$136.2 billion to the Ministry of Sports, Recreation, Arts and Culture for the rehabilitation of major stadia, as well as for the construction of multipurpose facilities for sport, recreation and cultural creative industries within communities that will promote social mixing and harmony.

458. Regarding productive economic activities, support for innovation hubs at all state universities will be upscaled to promote the development of new skills and ideas, as well as their commercialisation. This will be complemented by other interventions to recapitalise empowerment institutions such as the EmpowerBank, Small and Medium Enterprises Development Corporation (SMEDCO) that support empowerment programmes for the youths.

459. The Prescribed Asset Status will be extended to insurance and pensions institutions that support capitalisation of these empowerment institutions.

Drug Abuse

460. The scourge of drug and substance abuse, especially among youths is having serious ramifications of the socio-economic development of the country, and has the potential to undermine the realisation of Vision 2030. It has also resulted in family disintegration, high crime rates and low productivity.

461. The issue has already been declared a National Disaster and a Taskforce has been set up to address the issue holistically.

462. The Taskforce has developed and is implementing a number of strategies to reverse the trend, with particular focus on the

provision of requisite psychosocial support infrastructure, including the construction, upgrading and refurbishment of drug and substance abuse rehabilitation centres. This will also include massive anti-drug and substance abuse awareness campaigns throughout the country.

463. It has also become imperative for Government to work closely with community leaders and family systems in formulation and implementation of prevention and mitigation measures.

464. The security enforcement agencies are undertaking a blitz to halt the illegal importation, movement and proliferation of drugs in the country.

465. Legislation is being reviewed to provide for stiffer penalties for convicted drug peddlers and users in order to decisively deal with the scourge.

466. An amount of Z$30 billion has been set aside to fight drug and substance abuse through the capacitation and construction of additional rehabilitation centres and support awareness campaigns, as well as capacitation of health professionals.

467. These interventions will be complemented by critical auxiliary measures meant to empower and support the youths.

Women, Gender Equity, SMEs and War Veterans

468. Government is committed to empower the marginalised sections of society, including women and SMEs. Hence, Government has been advocating for more women to take up managerial positions, with Government leading by example by enacting a policy requiring the employment of women in senior level positions in Ministries, Departments and Agencies.

469. In addition, Government notes the increasing contribution of SMEs to GDP. In this regard, efforts are underway to provide a conducive environment to facilitate the participation of SMEs in the various productive sector value chains such as agro-processing, construction, retail and manufacturing, among others, as part of the economic transformation agenda.

470. As part of the empowerment measures, the 2024 National Budget seeks to capacitate women, the youths and small businesses by recapitalisation of the following Government empowerment financial institutions:

- Zimbabwe Women's Microfinance Bank, Z$10 billion;
- Empower Bank, Z$13.1 billion;
- Community Development Fund, Z$5.2 billion;
- Small and Medium Enterprises Development Corporation (SMEDCO), Z$10 billion; and
- Women Development Fund, Z$11.4 billion.

471. In addition, resources have been set aside for the construction of the necessary infrastructure including Vendor Marts and Market Stalls. Government will also promote private sector participation in provision of infrastructure through provision of necessary incentives.

Gender Budgeting for Inclusive and Sustainable Development

472. In recognition of the need to step up advancement of gender equality, as well as empowerment of women and youth in order to promote inclusive and sustainable economic growth and development, Government availed resources amounting to Z$1.8 trillion during the period January to September 2023 in support of gender sensitives programmes mainly towards health, education, social welfare and social protection programmes.

473. However, the gender budgeting process continue to be constrained due to non-availability of sex disaggregated data and limited capacity in gender budgeting across sectors, with main sectors recording low gender budget expenditures.

474. In 2024, Government targets to scale up support towards gender sensitive programmes with the objective to achieve SDGs 3, 4, 5 and 10.

475. Details regarding the specific gender sensitive programmes receiving support through the fiscus are contained in the accompanying 2024 Gender Budget Statement.

Persons with Disabilities

476. Government has made great strides in recognising the rights of persons with disabilities by creating the post of Director responsible for Gender, Wellness and Inclusivity, which deals with issues of disability in every Ministry, as well as providing incentives such as rebate of duty on equipment used by the physically challenged and assistive devices (wheelchairs, crutches, artificial limbs, spectacles).

477. To meet the needs of this special group, Government will continue to prioritise funding of social sectors to ensure inclusive education, healthcare and other social protection programmes in order to reduce the burden on persons with disabilities.

478. In the long term, the thrust will be to move away from treating disability issues as humanitarian, to empowerment by embracing programmes that provide for skills and entrepreneurial development. This will enable the targeted group to get employed and to start income generating projects.

War Veterans

479. The Zimbabwe we cherish today, is the outcome of a protracted War of Liberation whose many gallant sons and daughters perished during the armed struggle. Various categories of Veterans of the Liberation Struggle sacrificed everything they had, including their lives to liberate our motherland.

480. To honour their sacrifice, Government will continue to support their welfare and empowerment initiatives to enhance their livelihoods. In this regard, Government will accelerate the finalisation the vetting of War Collaborators and Non-Combatant Cadres and the subsequent determination of their benefits.

481. The recent establishment of a dedicated Ministry for War Veterans, signifies Government's commitment to address the welfare and economic empowerment needs of Veterans of the Liberation Struggle, Heroes Dependants and War Victims.

482. In this regard, the 2024 National Budget allocates Z$221.8 billion towards their monetary and non-monetary benefits. The resources will go towards their monthly gratuities, medical benefits, funeral grants, school fees for their dependents, mop up vetting exercise and capacitation of provincial and district structures.

483. In addition, Government will conclude the transfer of mining assets to the Ministry of Veterans of the Liberation Struggle in 2024. The assets will be housed under a special purpose vehicle, whose operations will grow the Fund, thereby reducing dependence on the fiscus.

Human Capital Development and Well-Being

484. Interventions in core social services of education, health as well as timely social protection for the vulnerable, will ensure that every child has an opportunity to maximise its human capital potential and contribution to society. Investments in these sectors will accelerate progress toward National Development Goals outlined in NDS1 and Vision 2030.

485. To support the required economic transformation, Government has reviewed and aligned the education curricula, in line with global and technological trends, and provided the necessary infrastructure to nature and translate knowledge generated through the education system, into goods and services that contribute towards economic growth and development.

486. Similarly, recovery of the health system is underway and will be sustained through the Budget, focusing on the rehabilitation and expansion of health infrastructure, improved availability

of drugs, medical supplies and equipment, as well as the requisite personnel.

487. In addition, upscaling social protection spending cushions the poor and vulnerable groups and ensures that the vulnerable build resilience to shocks.

488. To improve on both the coverage and quality of social services, as well as ensure the limited public resources are allocated to those service delivery programmes which maximise benefits to the community.

489. The above allocations will ensure the health and education budgets are well within the continental commitments such as the Abuja Declaration target of 15% of total expenditures for health and the Dakar Framework of 2000 for Action on Education for All, that requires a minimum threshold of 12% of expenditures.

490. To ensure that targeted programmes in the social sector are implemented effectively, Treasury will prioritise cash disbursements to this sector during 2024.

Health

491. The 2024 Budget allocation of Z$6,3 trillion seeks to consolidate recovery of public health sector services, across all levels of

health care, through provision of the requisite tools of trade such as adequate working space, manpower, drugs and medical supplies across the value chain. Universal access to quality health care will fundamentally improve health outcomes and reduce the need to seek medical treatment outside our borders.

492. On health infrastructure, the budget will prioritise upgrading, equipping and re-equipping of health facilities with modern medical equipment, including capacitation of the ambulance services, in order to strengthen the referral system. An additional amount has been set aside for construction and procurement of accommodation facilities close to health institutions, mainly targeting critical health staff.

493. In this regard, an amount of Z$2.5 trillion has been allocated towards the following broad interventions: -

- Construction & rehabilitation of hospitals, clinics and health centres Z$1.4 trillion;
- Procurement of medical equipment Z$960 billion;
- Procurement of 100 ambulances Z$52.8 billion; and
- Provision of staff accommodation Z$110.3 billion.

494. The sector is also expected to benefit from Development Partners' assistance projected at US$436 million in 2024 to

continue supporting maternal, new born, child adolescent & reproductive health, HIV/AIDS, Tuberculosis (TB) & malaria prevention programmes, and strengthening of the health delivery systems.

495. The country was allocated approximately US$500 million under the Global Fund grant cycle 7 (2024 -2026) with US$147.6 million set to be disbursed in 2024.

Construction and Rehabilitation of Health Facilities

496. Targeted interventions through the budget will be aimed at mostly providing primary health care through the construction and rehabilitation of 50 clinics mainly targeting the underserviced areas.

497. Attention will also be towards ensuring that the referral system is reinvigorated in order to decongest the next level of health care such as provincial, quaternary and quinary hospitals.

498. The table below indicates the priority projects to be implemented during the year 2024.

Table 36: Targeted Health Infrastructure Projects

Name of Institution	Targeted works	(Z$B)
Rural Health Centres	Construction & rehabilitation of 51 rural clinics	479
Districts hospitals	Upgrading and rehabilitation of 51 existing facilities	158.7
Provincial hospitals	Upgrading of existing facilities	350.8
Central hospitals	Upgrading of existing facilities	366
Medical Equipment	Procurement of Medical office Equipment, Laboratory & Research equipment	960
Construction of Block of Flats	Construction of 7X16 block of flats	110.3
Ambulance	100 ambulances	52.8
Total		**2.478**

499. Furthermore, the ongoing construction of Government's 30 health care centres, being implemented by NMS infrastructure Limited of the United Kingdom is focusing on delivering facilities equipped with modern state of the art equipment. The programme is targeting the under serviced areas in the country.

500. Already, Stoneridge in Harare and Cowdray Park healthcare centres have been completed and handed over to the Government, whilst Mataga in Mberengwa and Runyararo in Chimanimani will be completed by the end of the year. Construction of an additional four health care centres under Phase II of the programme will commence in early 2024.

501. To this effect, a provisional budget allocation of Z$415 billion is being set aside towards the planned works.

502. With regards to Lupane Provincial hospital, a total of Z$308 billion has been provided towards completion of ongoing works on the administration block, eye & dental clinic, theatre, labour ward, antenatal, postnatal, laundry, mortuary, central stores, pharmacy, casualty, paediatric, maternity admission, outpatient department, staff accommodation and kitchen, among others.

503. Complementing Government support are various development partners who have made commitments towards implementation of targeted health programmes.

Procurement of Medical Equipment and Ambulances

504. In the face of increased global pandemics, the demand and supply of modern and advanced medical equipment has also being given a priority in the health system for safety, effective prevention, diagnosis, treatment and rehabilitation of illness and diseases.

505. In an endeavour to ensure that the country's health institutions are provided with critical medical equipment, Government, through the budget is allocating Z$960 billion for the procurement of medical equipment mainly targeting the following machines for open heart surgery, laboratory, radiology, anaesthetic, ultra sound scan, among others.

506. As a lifesaving solution towards reduction in avoidable deaths related to maternal, road traffic accident causalities among other emergencies, Government is set to procure 100 additional ambulances aimed to ensure that patients receive pre-hospital care and reach the nearest referral hospital on time.

507. Government remains focused towards the provision of standard health care and quality of life for its citizens, specifically targeting health promotion to prevention, treatment, rehabilitation and palliative care.

Education

508. According to Gary Becker, an American economist who received the 1992 Nobel Memorial Prize in Economic Sciences, *"Expenditure on education and skills development is an investment in human capital, which is a key driver of economic progress and social mobility."*

509. Given the centrality of education in the development of the country, the 2024 National Budget has prioritised programmes that are critical to the attainment of SDG 4.

Primary and Secondary Education

510. The overall Budget support to the Ministry of Primary and Secondary of Z$8 trillion prioritises provision of quality and easy access to education and other learning opportunities for children.

511. Therefore, Z$231,8 billion has been set aside for provision of teaching and learning materials, as well as teacher capacitation at primary and secondary education level. In addition, support will be extended to the Continuous Assessment of Learning Activities (CALA) in schools, which requires learners to demonstrate their knowledge, understanding and proficiency as well as make use of digital devices such as cell phones and laptops for research.

512. With regard to infrastructure, the Budget has provided Z$88.7 billion for construction, upgrading, rehabilitation and expansion of schools, especially in marginalised areas, using modern technologies that is faster and cheaper.

513. To ensure timeous delivery of the infrastructure the current model will be restructured to embrace private contractors and other stakeholders, including utilising other arms of Government with capacity to deliver in this respect.

514. Already, Government is in the process of capacitating the Rural Infrastructure Development Agency to construct 20 schools across the country during 2024.

515. Government is also engaging the OPEC Fund for International Development towards a co-financing facility of US$40 million towards construction of schools and provision of necessary equipment.

516. In 2024, the sector is projected to receive US$25 million development assistance to complement Government's efforts to continue strengthening the education systems in order to improve access to quality, equitable and inclusive education.

Provision of Sanitary Wear

517. To ensure children stay in school, by upholding learner welfare, Z$15.5 billion has been set aside for the procurement of sanitary wear for disadvantaged pupils.

518. Government will also train healthcare management committees to enhance effectiveness in the administration and distribution of the sanitary wear.

Higher and Tertiary Education

519. The Budget allocation of Z$2.4 trillion seeks to support implementation of Education 5.0 under the higher and tertiary education which promotes a knowledge driven economy that is sustained by innovation, industrialisation and modernisation targeting the following:

- Establishment of new teaching and learning facilities;
- Construction of innovation, science and technology infrastructure;
- Upscaling of open distance and blended education that reduces education costs affordable and accessible;
- Upscaling uptake and application of STEM subjects;
- Strengthening strategic partnerships with industry; and
- Focus on Agro-innovation value chains, minerals and mining value chains and advanced technologies utilisation.

520. On infrastructure, focus will be on construction of innovation and industrial parks, completing of at least one ongoing project at established universities, whilst rehabilitating and upgrading infrastructure at new universities.

521. Attention will also be on capacitation of technical collages through rehabilitation and upgrading of infrastructure and provision of the necessary equipment.

522. To this end, the 2024 budget has set aside resources amounting to Z$249.6 billion to support the various programmes and projects under the higher and tertiary institutions as indicated below:-

Table 37: Infrastructure Projects for Higher and Tertiary Education

Name of Institution	Project Details	Amount (Z$M)
Universities		
Bindura University of Science Education	Male Halls of Residence	11,000.00
Lupane State University	Faculty of Humanities	12,000.00
	Halls of Residence	7,000.00
Manicaland University of Applied Sciences	Student Admissions	13,000.00
	Halls of Residence	6,500.00
Midlands State University	Halls of Residence	12,000.00
Chinhoyi University of Technology	Engineering Workshop Phase 1	10,000.00
National University of Science and Technology	Student Service Centre	12,000.00
Gwanda State University	Mining Laboratory	13,000.00
Great Zimbabwe University	Chivi Centre for Dryland Agriculture	14,000.00
Harare Institute of Technology	Laboratory Plaza	17,000.00
University of Zimbabwe	Student Affairs Building	10,000.00
Marondera University of Agricultural Sciences and Technology	Office Block	14,000.00
	Halls of Residence	6,500.00
Zimbabwe Open University	Administration, Teaching & Learning Block	10,000.00
Pan African Mining University of Science Technology	Teaching Centre	3,500.00
Sub- Total		158,500.00
Teachers Colleges, Polytechnics and Industrial Training Colleges		-
Kushinga Phikelela Polytechnic	Student hostel	1,800.00
Marymount Teachers' College	Female Hostel	2,500.00
Hwange Teachers College	Lecture blocks	3,000.00
Belvedere Teachers College	Rehabilitation of infrastructure	3,000.00
Mutare Teachers' College	Rehabilitation of infrastructure	2,000.00
United College of Education	Rehabilitation of infrastructure	2,000.00
Msasa Industrial Training College	Rehabilitation of infrastructure	2,800.00
Management Training Bureau	Rehabilitation of infrastructure	3,000.00
Mutare Teachers College	Baobab Project	1,600.00
J.M. Nkomo Polytechnic	Lecture Theatre	2,000.00

Name of Institution	Project Details	Amount (Z$M)
Mkoba Teachers' College	Science Centre	3,000.00
Morganzintec Teachers College	Borehole drilling	2,000.00
Masvingo Teachers' College	Science Centre	2,100.00
Gweru Polytechnic	Fabrication Workshop	1,800.00
Bulawayo Polytechnic	Fabrication workshop	2,000.00
Harare Polytechnic	Library	3,000.00
Mutare Polytechnic	B Tech Block	1,600.00
Hillside Teachers' College	Multipurpose sportsfield	2,000.00
Mutare Polytechnic	B Tech Block	3,000.00
School of Hospitality	Designs	2,000.00
Hillside Teachers' College	Multipurpose sportsfield	2,700.00
Marymount Teachers College	Science Center	2,500.00
JM Nkomo Polytechnic	Equipping Science Center	2,700.00
Chivi College	Designs	1,200.00
Masvingo Polytechnic	Solar Project	2,000.00
Madziwa Teachers' College	Science Laboratories	3,000.00
Kwekwe Polytechnic College	Classroom Block	1,200.00
Mutare Polytechnic	Sportsfield and Pavillion	1,200.00
Sub Total		62,700.00
Research and Development		-
High Performance Infrastructure 2	Renovation of Building	4,000.00
Gwanda, Manicaland, Marondera and Lupane State Universities	Innovation Hubs	16,000.00
Industrial Parks	Equipping	5,394.53
Zimbabwe Space Agency Projects	Mazowe Ground Receiving satellite	3,000.00
Sub- Total		28,394.53
Grand Total		249,594.53

523. Leveraging on the capacities of some of the technical colleges in producing items such as furniture, the budget has provided resources amounting to Z$20 billion to support mass production for both commercial and own use.

Skills Audit

524. Successful economic and social transformation requires the human capital which is fit for purpose. The 2018 National Critical Skills Audit Report identified existing human capital in the country and gaps that required to be addressed. Some of the areas identified with skills gap included engineering and technology, natural sciences, agriculture and medical and health sciences, among others.

525. Government seeks to update the 2018 Report by undertaking a comprehensive skills audit to identify requirements for the nation in order to guide policy formulation and interventions. It will also focus on identifying basic level skills that can aid the provision of services down to the ward level.

526. The audit will also identify sector specific skills and development in pursuit of excellent productivity in all sectors of the economy including the public sector. The findings of the audit will guide development of programmes that enhances soft skills such as critical thinking, alpha leadership and positive mind-sets and attitudes towards country and nation.

527. An attempt will also be made to identify the skills of the future, especially in areas such as generative Artificial Intelligence

as well as areas of potential national comparative advantage such as lithium value chain, ferrochrome manufacturing and fabrication as well as high level and world class research, development and innovation.

528. To support the above activities, an amount of Z$43 billion has been allocated to the Ministry of Skills Audit and Development.

Social Protection

529. In line with the NDS1 theme of "*leaving no one or no place behind*", provision of decent, inclusive and sustainable social protection services remains a priority for Government targeting vulnerable groups- (persons with disabilities, children, the elderly).

530. In this regard, social protection programmes have been prioritised with a budget of Z$2.4 trillion for the Ministry of Public Service, Labour and Social Welfare in order to scale up coverage and scope of flagship interventions such as the Basic Education Assistance Module (BEAM), Harmonised cash transfer programme, Food Deficit Mitigation, health assistance, child protection services, support to the elderly and persons with disabilities and the Presidential Input Scheme.

531. Going forward, Government will make use of the social protection integrated Management Information System (MIS) to effectively target and track beneficiaries under the various programmes.

Basic Education Assistance Module (BEAM)

532. In 2024, Government through BEAM will provide Z$805 billion as an educational safety net for around 1.5 million vulnerable and orphaned learners in all provinces, to cater for school fees, uniforms, teaching and learning materials.

Food Mitigation

533. Guided by the forecasted El-Nino induced drought during the 2023/24 season, some communities are expected to be food insecure, and hence the Budget has allocated Z$100 billion for the distribution of grain to the affected communities cope with the impact of drought.

534. The country is also expected to benefit from development partners assistance to the tune of US$48 million in 2024 through the Lean Season Assistance & Building Resilient Sustainable Community Systems Programmes implemented by the World Food Programme (WFP).

535. In addition, Foreign Commonwealth and Development Office is expected to support the vulnerable with cash transfers including the food insecure people with projected disbursements of USD$1 million in 2024.

536. Furthermore, the People's Republic of China will provide food assistance in the first half of 2024.

Urban Mass Transport

537. Government will continue to support provision of affordable transport in urban areas. In this regard, the Budget will support a financially sustainable model for ZUPCO which will anchor provision of a reliable and affordable transport system.

538. Already, Government has provided resources amounting to US$500 000 towards procurement of spare parts, adequate to bring back 120 ZUPCO buses on the road.

539. In addition, Government is at an advanced stage to procure over 520 buses in the next six months, with the first batch of over 200 buses expected in early January 2024, of which 50 are electric buses, in line with the transition towards green economy.

540. Furthermore, Government will give a greater role to private sector in the provision of mass urban transport systems in major cities.

541. In the medium to long term, Government will invest in light rail system in major cities to provide a reliable and affordable transport system.

Effective Institution Building and Governance

542. Successful economic transformation hinges on effective institutions of governance, which promotes private sector development through a conducive economic environment. In this regard, Government will continue to capacitate and reform critical institutions of governance to improve the doing business environment.

543. To facilitate legislative reforms including, the alignment of laws to the Constitution, the 2024 National Budget has allocated Z$1.1 trillion to the Ministry of Justice, Legal and Parliamentary Affairs.

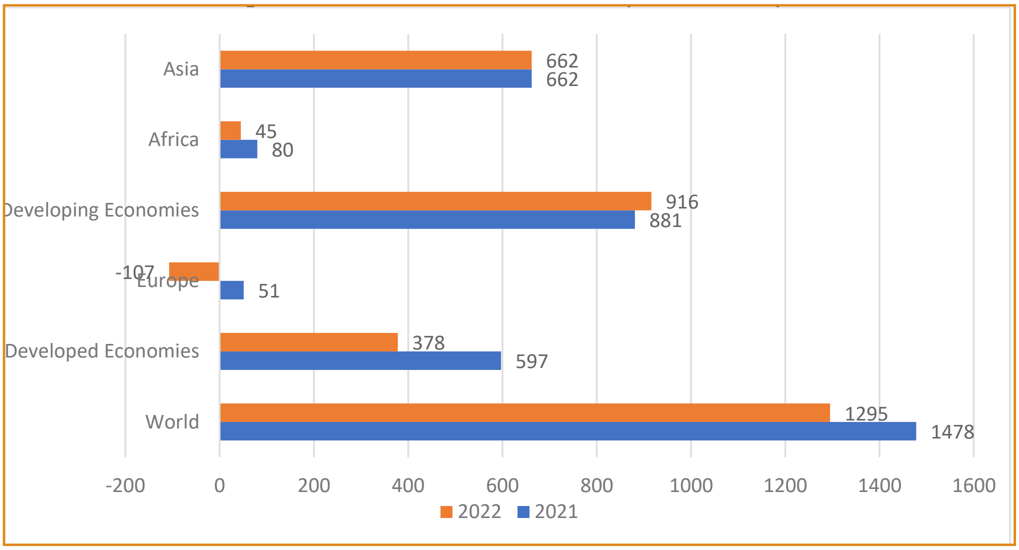
Ease of Doing Business Reforms

544. The National Development Strategy 1 (NDS1) underscores the need to enhance national competitiveness and improve

both the Global Competitiveness and Ease of Doing Business rankings to below 100 by 2025. This is achievable through improvements in the quality of business regulation environment and administrative processes, among other issues.

545. Global foreign direct investment (FDI) inflows declined by 12% to US$1.3 trillion in 2022, attributable to geopolitical tensions, which have heightened the risks of a global recession, debt pressures and supply chain interruptions, among others.

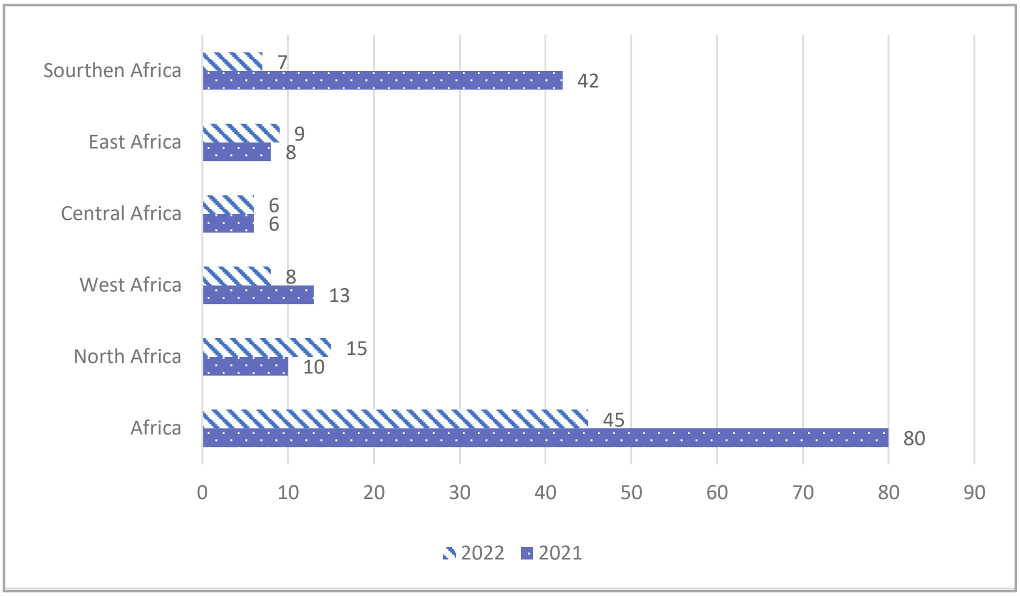
Figure 27: FDI Inflows: 2021–2022 (US$ Billions)



Source: UNCTAD, FDI/MNE database

546. Foreign direct investment (FDI) flows to Africa declined by 44% to US$45 billion in 2022, while foreign direct investment to Southern Africa returned to normal levels, at $6.7 billion after the peak in 2021.

Figure 28: FDI Inflows in Africa: 2021–2022 (US$ Billions)

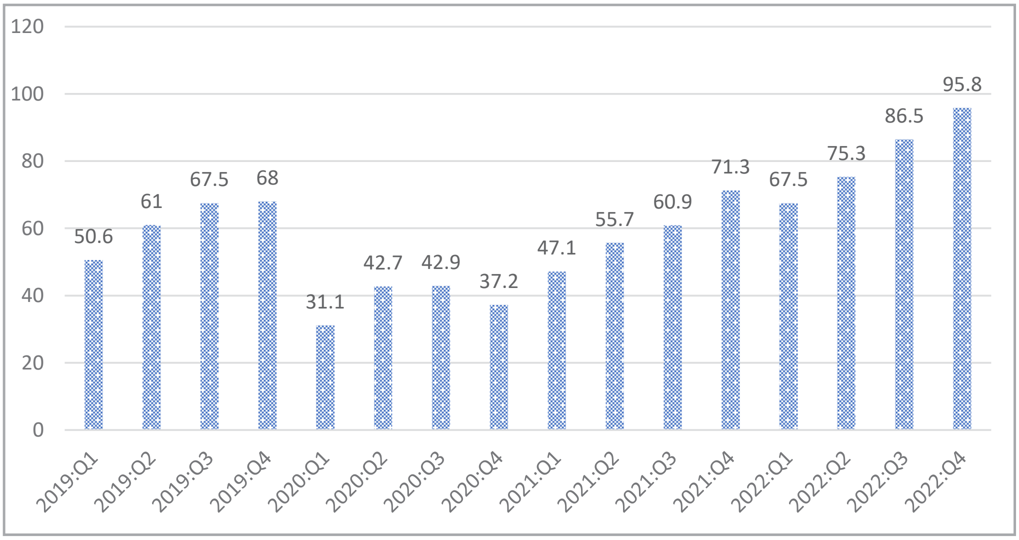


Source: UNCTAD, FDI/MNE database

547. Government continues to facilitate foreign direct investments through ease of doing business reforms, resulting in a significant increase in inquiries, investor visits, and investment projects licensed.

548. As a result, foreign direct investment inflows into the country have generally been on an upward trend reaching a peak of US$95.8 million in the fourth quarter of 2022.

Figure 29: Foreign Direct Investment inflows (US$M)



Source: RBZ

549. Similarly, during the period January to September 2023, Zimbabwe Investment Development Agency (ZIDA) managed to draw investors from 38 countries and licensed investors increased to 469 from 178 recorded during the same period in 2022.

550. In order to expedite the pace of economic transformation, Government will upscale the doing business reforms that addresses the various legislative and administrative bottlenecks building on the success attained through the implementation of the Rapid Results Approach.

551. This will be done through multistakeholder approach, targeted at making the country a competitive investment destination. This will be complemented by other reform measures under the Structured Dialogue Platform, as well as tax revenue and administration reforms already underway.

552. Furthermore, the 2024 National Budget will support the decentralization of public service provision by critical institutions both physically and use of digital technology.

State Enterprise and Parastatal (SEP) Reform

553. Government is determined to not only ensure that it starts getting a return from its investments, but also expects SOEs to create employment and contribute positively to the growth and development of the economy.

554. As part of the SOEs Reform Agenda, Government is addressing the conflict of interest that arose from Line Ministries exercising both the ownership and regulatory functions which undermined progress on implementation of critical reforms required to improve performance, as well as achieve the National Vision,

Mutapa Investment Fund

555. Mutapa Investment Fund is mandated through its enabling Act to undertake secure investments for the benefit and

enjoyment of future generations, support the development objectives of Government as well as contribute towards fiscal or macroeconomic stabilisation and contribute to the revenues of Zimbabwe from the net returns on its investments. The Mutapa Investment Fund is wholly owned by Government.

556. In order to drive the operationalisation of the Fund, board members were appointed on 6 November 2023, under a governance structure that is based on meritocracy. The Board of the Fund comprises members with diverse skills and impeccable credentials. The governance structure will also be underpinned by a fully-fledged management, with the requisite competence to manage a sovereign wealth fund, with the vision to place the Fund in a position to compete with its peers internationally.

557. In line with its objectives, the Board and management of the Fund are mandated to demand and implement turnaround strategies from the various companies it now owns, ensure robust investment policies and key performance targets are implemented, monitored and evaluated. Furthermore, the Fund will enforce adherence by the companies to good corporate governance guidelines applicable to publicly listed companies.

558. The Fund will, therefore, be expected to implement measures that will strengthen the targeted parastatals' governance frameworks and ensure disciplined application of the entities' resources to meet national targets.

559. The companies under the Fund will continue to be governed by the national public procurement laws and value for money principles. Line Ministries will continue to exercise their regulatory functions, in line with their mandate.

560. The performance of the Fund itself will be subject to strict monitoring and evaluation by Government to ensure it delivers on its mandate. Reports on the activities of the Fund, including its performance will be availed to stakeholders for enhanced transparency.

Other State Enterprise and Parastatals Reforms (SEPs)

561. Government will continue to implement the reforms approved by Cabinet outside the portfolio of the Mutapa Investment Fund.

Mergers

562. Government is committed to conclude merging of institutions offering related services to avoid costly duplications and

management overload. The merger of Petrotrade and Genesis Energy is expected to be concluded in the first half of 2024.

Promotion of Good Corporate Governance Practices

563. To improve on good corporate practices in public entities, the Public Entities Corporate Governance Act will be strengthened through reviewing some of its provisions in line with best practices.

Performance Monitoring System

564. The Government will continue to strengthen performance monitoring, in particular, the implementation of the performance contracts initiative for Boards and Senior management of public entities. In addition, Government will develop a performance monitoring framework that ensures role clarity among the existing MDAs.

Review Public Procurement of Commercial Public Entities

565. In order to match their private sector counterparts, a review of the public procurement legislation to level the procurement playing field of commercial public entities will be conducted. The reform is aimed at improving efficiency and responsive of

procurement processes for commercially oriented entities, to fairly compete with privately owned companies. This reform is expected to improve competitiveness of various commercial public entities.

Review of Tariffs and Fees

566. The Government will consider timely review of tariff and fees structures of all commercial public entities, to enhance revenue generation capacity to improve their operational viability.

Public Sector Accounting

567. Government launched the Zimbabwe Financial Management Manual in June 2023, to provide guidance on the implementation of International Public Sector Accounting Standards (IPSAS) by Public Sector entities in Zimbabwe.

568. This enabled implementing entities to produce their individual IPSAS Implementation Matrix and Action Plans (IMAPs) roadmap. The IMAP serve as a contract between the implementing entity and Treasury to which the entity will adhere to the agreed milestones and timelines.

569. In 2024, a total of 213 entities comprising 35 MDAs, 86 SOEs and 92 Local Authorities are expected to produce IPSAS

compliant transitional financial statements for the year ended 31 December 2023, alongside the usual traditional financial statements.

570. In order to facilitate the consolidation of public sector financial statements in line with provisions of Section 35 of the Public Finance Management Act [Chapter 22:19], there is need to harmonise the accounting policies for entities reporting on the International Public Sector Accounting Standards (IPSAS) and those reporting on International Financial Reporting Standards (IFRS) frameworks. In view of the above, Government will develop a Harmonized Financial Accounting Policy Guideline for the Public Sector.

571. Furthermore, Government will develop a Harmonised Chart of Accounts for all Public Sector Entities to facilitate uniform identification and classification of similar transactions and events.

572. Treasury in conjunction with relevant stakeholders will also develop valuation guidelines to be used by all valuers of public assets to ensure uniformity and consistence across all public sector entities.

Enterprise Risk Management Framework and Guidelines

573. To further strengthen internal control in Line Ministries so as to improve on service delivery and in pursuance to the dictates of Statutory Instrument 139 of 2019 section 50(2 & 3), Treasury issued an Enterprise Risk Management Framework and Guidelines for the public sector.

574. Government will domesticate and implement Enterprise Risk Management Framework and Guidelines beginning with large and strategic Line Ministries. Treasury will be issuing guidance in due course.

Corruption

575. Government has a zero-tolerance policy on corruption and a number of individuals have successfully been convicted, whilst a number of cases are before the courts or under investigation.

576. However, the process has faced a number of challenges attributable to under capitalisation of the relevant institutions for improving investigations, prosecution of corruption cases, recovery of proceeds of crime, and enhancement of the prevention of corruption and other malpractices, both in the public and private sectors.

577. The Anti-Corruption Commission also requires specialized critical skills which include property valuation, procurement, engineering, financial intelligence, auditing, and accounting in the Asset Recovery and Investigations Departments.

578. In this regard, an amount of Z$59.6 billion has been allocated for ZACC to meet some of its requirements to effectively undertake its mandate in 2024.

579. In addition, Government will pursue the enactment of the Lay Bill on Anti-Corruption and Whistle-blowers Protection Bill which protects whistleblowers and enhance their willingness to partake in testifying against suspects.

580. Furthermore, specialised Anti-corruption Courts will also be resourced to ensure speedy prosecution and resolution of all corruption cases.

581. This will also be complemented by the review of the legislative framework over judicial processes to ensure expeditious adjudication over corruption cases to reduce the time for corruption cases to be heard and concluded.

National Security

582. The security forces play an important role of protecting the country's territorial integrity, national interest and sovereignty

over land and air space, against both internal and external aggression. *"Peace is key to economic development".*

583. Whilst the country is generally characterised by peaceful environment, the ongoing geopolitical dynamics require that the country continuously capacitate its security forces with adequate rations, training and relevant equipment, to enable them to safeguard the country's integrity.

584. This entails the need to continuously capacitate the security forces through payment of commensurate remuneration, as well as review of non-monetary benefits, including provision of decent accommodation.

585. Therefore, an amount of Z$8.6 trillion has been allocated towards the security cluster to meet their remuneration, food rations, operational equipment and the necessary infrastructure.

586. Government will also capacitate national security institutions through tapping into their areas of expertise to implement government projects such as road construction and engineering services. This will save public resources which would have been paid to private contractors.

Tripartite Negotiating Forum

587. The Tripartite Negotiating Forum (TNF) is a Statutory body established through the Tripartite Negotiating Forum Act of 2019. It is conferred with powers to consult, dialogue and negotiate on social and economic issues among Government, Organised Business and Organised Labour and make recommendations to Cabinet.

588. The body is mandated to:

- Consult and negotiate over social and economic issues and submit recommendations to Cabinet;
- Consult and negotiate Zimbabwe labour laws in line with the Constitution and other international best practices;
- Foster cooperation of the tripartite constituents, consult other key stakeholders and contribute to formulating and implementing social and economic policies; and
- Generate and promote a shared national socio-economic vision.

589. Since its inception, the TNF Secretariate has been operating under the Ministry of Public Service, Labour and Social Welfare until July 2023, when the Executive Director was appointed. Subsequently, the TNF Secretariate has since been weaned off the Ministry and now operates as an independent institution with a separate budget.

590. In this regard, resources have been set aside to meet employment, operations and capital costs of TNF Secretariate.

Oversight Institutions

591. Zimbabwe as a Constitutional democracy State values the importance of oversight institutions on the operations of the State and welfare of the general public. In this regard, the 2024 National Budget has set aside resources to support independent oversight institutions in line with the Constitution.

Auditor General

592. The Office of the Auditor General is critical in promoting public sector transparency, accountability and good governance, through carrying out financial and compliance audits in line with the Constitution and Statutory requirement.

593. To support their operational requirements, Z$117 billion has been provided for under this Budget to cover employment costs, training and development of staff, digitalisation, as well as for rehabilitation and upgrading of the Burroughs House Building.

Parliament

594. Government recognises the important role of Parliament of legislation and oversight. Therefore, Government will continue to capacitate the institution to undertake its mandate effectively.

595. Under the leadership and facilitation of His Excellency, the President, a state of the art, New Parliament Building in Mt Hampden was constructed with the support of the People's Republic of China.

596. To support the functions of the Parliament, Z$475.1 billion has been provided under the 2024 National Budget for the day-to-day operations, vehicles, Constituency Development Fund (CDF) and other related equipment for both Parliament Staff and Members of Parliament.

Public Service Commission

597. The Public Service Commission is central to the effective and efficient delivery of public services through recruitment and development of civil service personnel.

598. To support the Commission to deliver on its mandate of providing a motivated and capable public service able to deliver quality public services, the Budget has set aside Z$1.4 trillion to support

interventions by the institution targeting ICT infrastructure, particularly the Human Resources Information Management System, Pension and Payroll Systems, procurement of buses for the service and other major infrastructure projects.

599. This will also cover monetary and non-monetary benefits such as housing, medical insurance, funeral expenses, recalibration of pensionable emoluments and the wage bill among others.

Devolution & Decentralisation

600. In the absence of enabling legislation, the administrative structures at provincial, metropolitan and local authority levels are being used to give impetus to community based and people centred development in provinces, metropolitan areas and districts in pursuit of the devolution agenda.

601. In this regard, the lower tiers of Government have formulated and are implementing Provincial and Local Authority Investment and Development Plans that are formulated through extensive bottom-up consultations from the Village/ Ward, district and provincial levels. This is consistent with His Excellency, the President's clarion call *'Nyika inovakwa, inotongwa, inonamatigwa nevene vayo, Ilizwe lakhiwa, libuswe, likhulekelwe ngabanikazi balo', that exhorts every* community

in the country to transform themselves by creating economic areas with their own GDPs, and able to attract investment in their own right.

602. Already, some provinces, such as Matabeleland North, Bulawayo Metropolitan, Masvingo and Mashonaland East have initiated investment roadshows, leveraging on local endowments, in collaboration with central Government.

603. To ensure equitable development across all provinces, the Inter-Governmental Fiscal Transfers IGFT) allocation, availed through the Budget to every province and based on population size, poverty incidence and unpaved roads, has allowed for implementation of community based and driven projects.

604. Government, working with other stakeholders, including development partners, have produced a Draft Inter-Governmental Fiscal Transfers Administrative Manual, that will guide local tiers of Government to effectively manage public resources, including the following:

- Revenue allocation formula that brings fairness in terms of resource allocation and utilisation;
- Financial Management Framework that clearly articulates disbursement modalities and financial reporting mechanism;

- An outline of the Institutional Framework for managing the grant with the view to improve efficiency and effectiveness at the same time avoiding duplication and overlapping of roles and responsibilities; and
- Monitoring and reporting framework which also involves the communities.

605. This initiative will ensure accountability and transparency of the fiscal grant and will enable Treasury to effectively disburse the resources as prescribed by the Constitution.

606. During 2024, an allocation of Z$2.7 trillion has been set aside under the IGFT for provinces to undertake local projects that improve provision of public services that reflect the needs of communities in different regions and localities as indicated in the Table below.

Table 38: 2024 Inter-Governmental Fiscal Transfers Allocation

			2024 Proposed Estimates
	Operational Grant	Capital Grant	Total Grant
PROVINCIAL COUNCILS			
Bulawayo Metropolitan	4,520,138,000	10,170,310,000	14,690,448,000
Manicaland	12,870,703,500	28,959,082,800	41,829,786,300
Mashonaland Central	12,748,143,700	28,683,323,400	41,431,467,100
Mashonaland East	12,032,146,100	27,072,329,000	39,104,475,100
Mashonaland West	12,364,148,500	27,819,334,200	40,183,482,700
Matabeleland North	11,249,516,700	25,311,412,700	36,560,929,400
Matabeleland South	11,317,071,500	25,463,410,900	36,780,482,400
Midlands	11,955,807,300	26,900,566,400	38,856,373,700
Masvingo	12,294,591,300	27,662,830,500	39,957,421,800
Harare Metropolitan	6,518,330,200	14,666,242,900	21,184,573,100
Sub-total	107,870,596,800	242,708,842,800	350,579,439,600

	2024 Proposed Estimates		
	Operational Grant	Capital Grant	Total Grant
LOCAL AUTHORITIES			
Bulawayo Metropolitan	1,983,395,300	26,775,836,200	28,759,231,500
Manicaland	19,344,142,400	261,145,924,100	280,490,066,500
Mashonaland Central	18,728,732,200	252,837,884,300	271,566,616,500
Mashonaland East	18,412,914,800	248,574,350,000	266,987,264,800
Mashonaland West	23,295,237,600	314,485,704,700	337,780,942,300
Matabeleland North	16,032,775,400	216,442,475,100	232,475,250,500
Matabeleland South	16,396,754,900	221,356,187,600	237,752,942,500
Midlands	22,504,279,600	303,807,776,000	326,312,055,600
Masvingo	16,447,913,800	222,046,828,800	238,494,742,600
Harare Metropolitan	8,659,749,200	116,906,618,400	125,566,367,600
Sub-total	161,805,895,200	2,184,379,585,200	2,346,185,480,400
Total	269,676,492,000	2,427,088,428,000	2,696,764,920,000

Local Government

607. Local authorities play a pivotal role in service provision at local level, especially on restoring water supplies, fixing sewage systems, repairing roads across towns and cities to complement Central Government and Development Partners efforts.

608. Therefore, local authorities are required to focus on their core mandate of service provision by allocating 70% of their revenue collections towards service provision.

609. In addition, local authorities should enhance their revenue collections through updating their valuation rolls and databases to enable timely and accurate billing of rates and property

taxes, as well improvement of their general public finance management systems to reduce revenue losses.

610. Furthermore, local authorities are encouraged to come up with innovative ways of resource mobilization, such as issuing municipal bonds and RDC mining fees, to augment devolution resources and Constituent Development resources from Central Government.

Image Building, Engagement and Re-engagement

611. To capacitate the Ministry of Foreign Affairs and International Trade to advance image building, engagement and re-engagement programme, an amount of Z$976 billion has been set aside.

612. This also includes monthly allocation of US$6.5 million towards operations of foreign missions and extinguishing outstanding arrears. Government will also continue to implement value for money exercise in our foreign missions, to curtail avoidable expenditures and further accumulation of additional arrears.

613. Government will continue to upgrade and construct the country’s chanceries and embassies in key areas that promote engagement and re-engagement. Efforts will also be

made to collaborate with private sector through PPPs in this programme.

614. In addition, Z$122.4 billion has been set aside for the Ministry of Information, Publicity and Broadcasting Services to improve the country's image though robust information management and dissemination.

615. This will be achieved through such interventions as increased radio and TV coverage across the country and abroad. The primary objective is to ensure that radio and television coverage reaches out to all Zimbabweans.

Arreas Clearance and Debt Resolution Process

616. In December 2022, Government established a Structured Dialogue Platform (SDP) with all its creditors and Development Partners, to institutionalize dialogue on economic and governance reforms that underpin the Zimbabwe's Arrears Clearance and Debt Resolution process. The process is being Championed by the President of the African Development Bank (AfDB), Dr. A. A. Adesina, and H. E. J. A. Chissano, former President of the Republic of Mozambique, who is the High - Level Facilitator.

617. Since the establishment of the SDP in December 2022, there has been commendable progress, with growing consensus and confidence in the process, culminating in the establishment of three strategic working pillars:

- Economic;
- Governance; and
- Land Tenure, Compensation of Former Farm Owners and the Resolution of Bilateral Investment Protection and Promotion Agreements (BIPPAs).

618. The Sector Working Groups (SWGs) have developed Policy Reform Matrices under the three pillars which Government takes full ownership and is committed to implement. The Roadmap going forward as part of the Arrears Clearance and Debt Resolution is as follows:

- Signing off an IMF Staff Monitored Program (SMP);
- Continue fighting corruption;
- Conclude legislation to provide for transferable and bankable 99-year leases;
- Payment of compensation of Former Farm Owners based on the Global Compensation Deed; and
- Resolution of BIPPAs.

619. In line with the roadmap, in June 2023, upon the request of the Government of Zimbabwe, the International Monetary Fund (IMF) agreed to start the process of engagement on a Staff Monitored Programme, which is expected to commence during the first quarter of 2024. To cushion the vulnerable during the SMP implementation period, Government is seeking for a 'wet' SMP, for which funding is required for social protection, education, health, agriculture/food security and climate change.

620. Reflecting Government's commitment to the reform agenda, Government has started implementing the reforms contained in the three Policy Reforms Matrices. Significant progress has been achieved in the implementation of the Economic Reforms Matrix, through policy measures for macroeconomic stabilisation to instil confidence, strengthen demand for the local currency, and foster market discipline.

621. In addition, Government has engaged the African Legal Support Facility which is providing technical assistance in the drafting of the 99-year lease legal instrument, to ensure it meets the criteria of transferability and bankability, as set out in our NDS1 (2021-2025).

622. Following a break during the election period, the Structured Dialogue Platform meetings will resume in January 2024. Meanwhile, Sector Working Group meetings are ongoing, to finalise the three Policy Matrices and implementation of reforms where consensus has been reached.

Compensation of Former Farm Owners and Resolution of BIPPAs

623. In line with the Roadmap of the Arrears Clearance and Debt Resolution process, Government made an allocation of US$55 million in the 2024 National Budget for compensation of Former Farmers Owners, with US$35 million earmarked for farms under the Global Compensation Deed, while US$20 million is compensation for farms that were protected by BIPPAs which were affected by the land reform programme.

Introduction

624. Mr Speaker Sir, the measures that I am proposing seek to provide relief to taxpayers, enhance the capacity of Government to generate additional revenue, in particular, from Micro & Small Enterprises and Mining, as well as strengthen Tax Administration.

Tax Relief Measures

Personal Income

Tax-Free Threshold

625. In line with macroeconomic developments, Government adjusted the Tax-Free Threshold from Z$92 000 to Z$500 000 per month, with effect from August 2023.

626. Further adjustments to wages and salaries have, however, resulted in a bracket creep, hence, I propose to review the Tax-Free Threshold to Z$750 000 per month, or Z$9 000,000 per annum, and adjust the tax bands to end at Z$270 million per annum, above which tax will be levied at a rate of 40%, with effect from 1 January 2024.

627. Table 39 below shows the proposed annual Personal Income Tax Bands:

Table 39: Proposed Personal Income Tax Table

Tax Band ZWL$	Tax Rate (%)
0 to 9 000 000	0
9 000 001 to 27 000 000	20
27 000 001 - 90 000 000	25
90 000 001 - 180 000 000	30
180 000 001 - 270 000 000	35
Above 270 000 000	40

Bonus Tax Free Threshold

628. I, further, propose to review the local currency Tax-Free Bonus Threshold from Z$500,000 to Z$7 500 000, with effect from 1 November 2023.

629. These measures are envisaged to increase disposable income, aggregate demand for goods and services, as well as revenue to the Fiscus.

Compensation of Expropriated Farms

Capital Gains Tax

630. Honourable Members would be aware that Government is committed to pay compensation to former commercial farmers whose farms were acquired under the Land Reform Programme in 2000.

631. Since May 2019, interim compensatory payments were made to some of the farmers.

632. A new proposal for the payment of compensation amounts, including interest to affected farmers over a period of 10 (ten) years has been made.

633. However, where a specified asset is expropriated, such asset shall be deemed to have been sold for an amount equal to the amount paid by way of compensation for the expropriation of such asset, hence, is subject to capital gains tax.

634. I, therefore, propose that amounts received by or accruing to commercial farmers whose farms were acquired under the Land Reform Programme be exempt from Capital Gains Tax.

Intermediated Money Transfer Tax

635. In addition, I propose to exempt from Intermediated Money Transfer Tax, the transfer of funds for the compensation to commercial farmers whose farms were acquired under the Land Reform Programme.

Withholding Tax

Small-Scale and Subsistence Farmers

636. Mr Speaker Sir, in order to support smallholder and subsistent farmers in the delivery of grain to the Grain Marketing Board and other commercial buyers, I propose to review the tax-exempt threshold on withholding tax on agricultural commodities that include soya beans, sunflower, groundnuts, cotton seed from US$1 000 per annum to US$5 000 or local currency equivalent.

Suspension of duty on Motor Vehicles imported by Safari and Tour Operators

637. Over the past year, the tourism sector has registered a considerable recovery from the daunting effects of the COVID-19 pandemic.

638. In order to allow the sector to fully recuperate, I propose to renew the suspension of duty on new motor vehicles imported by Safari and Tour Operators for a further 2 years, beginning 1 January 2024.

639. Beneficiaries will, however, limited to import a maximum of 5 motor vehicles per annum.

Revenue Enhancing Measures

Corporate Income Tax Rate

640. Honourable members would be aware that, Government, in 2020, reviewed downwards the Corporate Income Tax rate from 25% to 24%, with a view to cushion the productive sector from the negative effects of the Covid-19 pandemic.

641. However, due to the impact of the incentives availed to various economic sectors, the effective tax rate has declined variably across sectors.

642. I, therefore, propose to restore the pre-Covid-19 Corporate Income Tax Rate of 25%, which remains favourable compared to rates obtaining in the SADC Region.

643. This measure takes effect from 1 January 2024.

Taxation of the Micro and Small Enterprises

644. The attainment of goals and objectives outlined in the National Development Strategy 1 (NDS1) and the Vision 2030 aspiration of an “Empowered and Prosperous Upper Middle-Income Economy by 2030” is largely dependent on the country’s ability to mobilise domestic resources, in the absence of concessionary external finance and grants.

645. Domestic Resource Mobilisation, through a transparent, equitable and efficient tax system is, thus, an important determinant in increasing the Fiscal Space.

Tax Compliance

646. The Micro and Small Enterprises, have, over the years, contributed significantly to the Gross Domestic Product and employment, hence, are an important source of livelihood.

647. The business model of these enterprises, however, structurally avoids regulatory requirements that include compliance to taxation, Local Authority by-laws on operating infrastructure, health, sanitation and licensing.

648. The growth of the micro and small enterprises has, thus, undermined Domestic Resources Mobilisation efforts, particularly as formal business deliberately informalize operations and trade through tuckshops that predominantly trade in foreign currency.

649. It is, thus, crucial to restore the trading structure, where the bulk of goods are retailed through the formal sector that contribute to the Fiscus.

650. I, therefore, propose to implement the following measures:

Licensing of Traders

651. In order to restore the supply chain from the manufacturer, wholesaler to retailer, I propose that only licensed and Tax Compliant Operators procure goods from manufacturers and wholesalers.

652. I, further, propose that only traders registered for VAT purposes and in possession of valid Tax Clearance Certificates be eligible to procure goods from manufacturers.

653. These measures take effect from 1 January 2024.

VAT Registration Threshold

654. Mr Speaker Sir, operators with a minimum annual turnover of US$40 000, or local currency equivalent thereof, are required to register for Value Added Tax.

655. The high registration threshold, however, precludes micro and small enterprises from registering for VAT purposes.

656. Consequently, the Tax Administration's capacity to capture revenue generated through the entire value chain is weakened.

657. I, therefore, propose to review downwards, the VAT registration threshold to US$25 000, or local currency equivalent, with effect from 1 January 2024.

658. Enterprises that meet the above threshold should, thus, register and account for VAT, failure of which applicable penalties will be invoked.

Reserved Sector Regulations

659. Honourable Members would be aware that the following sectors are reserved for the citizens, in terms of the Indigenisation and Economic Empowerment Act.

- Transportation: passenger buses, taxes and car hire services;
- Retail and wholesale trade;
- Barber shops, hairdressing and beauty salons;
- Employment Agencies;
- Estate Agencies;
- Valet services;
- Grain milling;
- Bakeries;
- Tobacco grading and packaging;

- Advertising Agencies;
- Provision of local arts and craft, marketing and distribution; and,
- Artisanal mining.

660. However, participation of foreign nationals in the reserved sectors has significantly increased and is motivated by the exclusive trade in foreign currency, hence, exacerbates illicit financial flows, in particular, tax evasion.

Implementation of Standards: Inadequate and Hygienic Trading Space

661. Furthermore, whereas there are standards prescribed through Local Authority by-laws in terms of operating in a healthy environment that limits the risks of disease outbreak, there has, however, been laxity on implementation.

662. In order to restore sanity in Cities and Towns, thereby facilitating collection of revenue by the Tax Administration, the responsible Government Ministries, Departments and Agencies are implored to strictly implement the above provisions.

Tax Expenditures

663. Mr Speaker Sir, Tax Expenditures are tax benefits that Government use to pursue various policy goals that include

attracting investment, enhancing production, advancing innovation as well as protecting vulnerable groups, among others.

664. Tax Expenditures are, however, costly, as they lower the tax liability of the unintended beneficiary as well as Government revenue, hence, are often ineffective in reaching the intended beneficiaries.

665. Tax Expenditures also have a significant impact on the capacity to mobilise resources, hence, compromise the transparency of national budgets and policies, if not monitored and assessed consistently.

666. In order to enhance tax transparency, simplify tax administration, reduce wasteful tax expenditures, thereby increasing revenue to the Fiscus, I propose the following measures:

VAT Zero Ratings and Exemptions

667. The current legislation provides for the zero rating and exemption of specified goods and services, in particular, goods predominantly consumed by vulnerable members of the society, as well as other critical services.

668. I, therefore, propose to:

- Limit VAT zero ratings to exports, in line with the Destination Principle of Value Added Tax, where goods and services are liable to tax in the jurisdiction in which they are consumed;
- Limit VAT exemptions to medicines and medical services, goods for use by the physically challenged, sanitary wear, fuel & fuel products, agricultural inputs, implements & produce (excluding live animals, groundnuts, cotton seed, soya beans and products thereof), wheat (excluding bread), milk and salt. The exemptions will apply through the entire value chain;
- The remaining goods and services would, thus, be standard rated.

669. For ease of administration, the above measures will be implemented with effect from 1 January 2024.

Fostering Fair and Effective Tax Systems

Minimum Domestic Top-Up Tax

670. Mr Speaker Sir, the Domestic Minimum Top Up Tax (DMTT) is part of the Global Rules which aim to ensure that global profits of large multinational enterprises are taxed at a minimum Corporate Income Tax rate of 15%.

671. Granting of generous tax incentives result in an effective tax rate of less than 15% for some multinationals. Under the Global Tax Rules, where a tax incentive results in an effective rate of less than 15%, the tax jurisdiction where the multinational is headquartered collects the difference between the effective tax under the tax incentive scheme and the minimum effective rate of 15% (the Top-Up Tax).

672. The DMTT allows the country where the low tax profits arise from the tax incentive to collect the Top-Up Tax rather than ceding taxing rights to the headquarter jurisdiction.

673. This initiative has been agreed upon by almost 140 jurisdictions as part of the Organisation for Economic Cooperation and Development's Inclusive Framework on Base Erosion and Profit Shifting (BEPS).

674. Resident countries of multinational corporations will, thus, commence collection of the Top-Up Tax on income, where source countries would not have levied tax to the expected minimum of 15%.

675. The calculation of the DMTT will be based on the effective tax rate charged on the jurisdictional profits as opposed to the jurisdictions' statutory corporate income tax. The DMTT

only taxes the tax incentives to the same extent that the same income will be included at the headquarter country of the company.

676. The DMTT gives the priority taxing rights to the source jurisdiction as opposed to the headquarters of investing company, hence, allow the source country to impose an additional tax on subsidiaries of large multinational companies operating locally and benefiting from low tax up to an effective rate of 15%.

677. I, therefore, propose to enact DMTT rules to guard against ceding taxing rights to foreign jurisdictions on Top-Up Tax arising from tax incentives.

678. This measure takes effect from 1 January 2024.

Deferment of Value Added Tax

679. Honourable Members would be aware that Government, in 2005, introduced a facility for VAT deferment to mitigate on the cash flow impact on business.

680. However, the benevolence has, been abused by the majority of beneficiaries through failure to honour their tax obligations, hence, the facility has contributed towards accumulation of debts owed to the Fiscus.

681. In order to safeguard Fiscal revenues, I propose that operators that fail to honour the VAT deferred be indefinitely excluded from benefiting from the Facility.

682. Furthermore, in order to accommodate projects with longer gestation periods for plant installation and mining development, I propose deferment of VAT to commencement of production, up to a maximum of 2 and 3 years, for operators in manufacturing and mining, respectively, subject to approval by the Minister responsible for Finance.

683. The tax deferred will, however, be fixed at the foreign currency amount payable at the time of importation, albeit, payable in local currency at the prevailing exchange rate at the time of payment.

Rebate of Duty on Motor Vehicles Imported by Civil and Public Health Servants

684. Government in 2019, availed a Rebate of Duty scheme on motor vehicles imported by Senior Civil Servants who were no longer entitled to Condition of Service vehicles. The Rebate of Duty Facility was also extended to other civil servants who have serviced for a period of at least 10 years, as an interim relief measure while the transport challenges are being addressed.

685. Investigations conducted with the assistance of the Zimbabwe Anti-Corruption Commission, however, point to the fact that the Facility has been grossly abused, as the majority of civil servants cannot afford to purchase motor vehicles, hence, the following cases were revealed:

- Beneficiaries cede the privilege to third parties, in particular, car dealers, for token fees ranging from US$500 to $1 000; whereas revenue foregone on a vehicle range from US$3 500- US$10 000;
- Non civil servants import motor vehicles using the rebate facility through corrupt practices;
- Fraudulent behaviour by beneficiaries where high value vehicles are imported in place of approved low value vehicles.

686. Consequently, the revenue foregone through motor vehicle imports under this Facility is, thus, not commensurate with the objective of enhancing the welfare of civil servants.

687. In order to mitigate revenue loss to the Fiscus, as well as granting an opportunity for beneficiaries to contribute to Government revenues, I propose to reduce Allowable Thresholds as follows:

Table 40: Revised Allowable Thresholds

Beneficiary's Grade	Allowable Threshold (US$)
B and C	2 500
D and E	4 000

688. I, further, propose to prohibit beneficiaries from disposing motor vehicles on which Rebate of Duty will have been granted, within 5 years from the date of importation, hence, any beneficiary who disposes a motor vehicle before the 5-year period shall be liable to residual duty.

689. These measures take effect from 1 January 2024.

Suspension of Duty on Basic Commodities

690. In order to cushion consumers from unjustified prices increases, Government suspended customs duty on basic commodities.

691. This measure has already contributed to stability in the prices of basic commodities, hence, has fulfilled the intended objective.

692. I, therefore, propose to remove the Suspension of Duty with effect from 31 January 2024.

693. Government will, however, continue to monitor the prices of basic commodities, with a view to ensure responsible pricing and affordability.

Surcharge on High Value Vehicles

694. Honourable Members would be aware that Government, in June 2023, introduced a 30% Surcharge on motor vehicles with a minimum Free-on-Board value of US$120 000, aimed at enhancing the wealth redistributive function of taxes.

695. There is, thus, scope to strengthen the concept, in view of the volumes of high value motor vehicles being imported.

696. I, therefore, propose to expand the scope of the Surcharge as follows, with effect from 1 January 2024:

Table 41 : Proposed Surcharge Rates

FOB Value (US$)	Surcharge (%)
120 000-300 000	30
300 001-700 000	40
Above 700 000	50

697. The Surcharge will, however, not apply to imports by Government.

Third Party Motor Vehicle Insurance Scheme

698. Mr Speaker Sir, Third-Party Insurance for the private and public motor vehicles was established under the Road Traffic Act, in order to cushion against losses through road accidents and property damages.

699. Road traffic accidents are now ranked as the most prevalent cause of deaths and injuries across the globe.

700. Whilst insurance is an appropriate mechanism to cover liability costs, it has, however, proved difficult to enforce third party liabilities since private insurers are profit oriented, hence, have no motivation to compensate for the losses incurred.

701. In that regard, I propose that Government assumes Third-Party Motor Vehicle Insurance, to private and public motor vehicles, as is the case with other countries in the region.

Compensation Limits

702. Mr Speaker Sir, the prescribed compensation limits provided through the Road Traffic Act, are not adequate, since they are restricted to death, permanent disability, medical and funeral expenses.

703. I, therefore, propose to broaden the scope of third-party insurance cover under the Third-Party Motor Vehicle Scheme to include the following:

- Medical benefits;
- Rehabilitation;

- Injury grants; and
- Funeral grants and Loss of income.

704. The scheme will be operational with effect from 1 April 2024.

Mining Tax Revenue Contribution

705. The mining sector contributes significantly to the country's GDP accounting for 12.8% and 13.2% between 2021 and 2022, respectively.

706. The contribution of the sector to total revenue has remained subdued, since it contributed 13.1% in 2021 to total revenue with platinum accounting for 77% of the revenue. The contribution of gold remains insignificant at 0.33% despite accounting for about 32% of mineral exports.

707. The low fiscal revenues generated from some of the minerals is reflective of the preferential structure of the tax regime, low levels of beneficiation as well as potentially high levels of tax avoidance and evasion.

708. I, therefore, propose measures that seek to generate optimal revenue to the Fiscus as follows:

Capital Gains Tax and Stamp Duty

709. I propose that no transfer of mining rights shall be approved without payment of Capital Gains Tax and Stamp Duty or any other tax due on the value of the transaction. Failure to abide by this condition shall render the disposal or lease of mining rights null and void.

710. In addition, I propose that all documents or agreements for transfer or disposal or lease of mineral rights be lodged with the State for review and approval before the transaction is concluded.

Sharing of Revenue on Disposal of Mineral Rights

711. In view of the recent developments where mining rights are disposed of privately outside the country and at astronomic prices, I propose that revenue derived therefrom be shared equally with the State.

712. Furthermore, in order to enable Government to track the movement of mining rights for tax purposes, I, propose that a register of mining rights with a record of applications, grants, variations, dealings, assignments, transfers, suspensions and cancellations of rights be maintained and accessible to the Zimbabwe Revenue Authority.

Notification of the Intention to Transfer or Lease Mining Rights

713. Whereas transfer of a mining right is a sale that should attract Capital Gains Tax, this has, however, not been the case, since assets are transferred without the knowledge of ZIMRA.

714. I, therefore, propose that all agreements for the transfer or disposal or lease of mining rights should be lodged with the State, reviewed and approved before they are implemented.

715. Furthermore, in order to enhance the capacity of the Tax Administration, I propose that holders of mining rights be obliged to inform Government of the intention to transfer or lease such rights before the transaction occurs, failure of which a penalty will be apply.

716. Alternatively, the State shall enforce this right by placing a lien on the local assets.

717. These measures take effect from 1 January 2024.

Mineral Beneficiation

Lithium

718. Mr Speaker Sir, substantial mineral revenues can be generated from beneficiation of key minerals. With a significant resource

endowment of Platinum Group of Metals (PGMs), gold, lithium, and diamonds, economic transformation and development can be anchored on beneficiation.

719. Notable milestones have already been achieved in the PGMs, with significant amount of investment in beneficiation plants on course to commission a Base Metal Refinery by 2024.

720. The beneficiation initiatives have been achieved in part through the imposition of export tax on un-beneficiated minerals. It is envisaged that continued investment in value addition plants and beneficiation of minerals into diverse products will earn the country more revenue and export receipts.

721. The success story for PGMs should, thus, be replicated to lithium beneficiation, within a time frame of not more than five years, in order to yield revenue to the fiscus.

722. The Value Added Tax legislation is already prescriptive on what constitutes beneficiation and defines “un-beneficiated lithium” as lithium exported for use in automotive or other batteries manufactured outside Zimbabwe, or for the manufacture of lithium carbonate, or for any beneficiation whatsoever outside Zimbabwe.

723. Within this context, any lithium value addition process that does not result in the production of lithium carbonate is not regarded as beneficiation, hence, is liable to an export tax.

724. Lithium producing companies should submit their beneficiation plans no later than 31 March 2024.

725. Furthermore, no licences shall be granted to a prospective lithium company without approval of a beneficiation plan.

Corporate Social Responsibility

Levy on Selected Minerals

726. Whereas exploitation of mineral resources has intensified due to new discoveries in particular of lithium, the Corporate Social Responsibility within the mining sector has, however, been neglected, despite its importance to mine-community relations.

727. The communities affected by mining operations lose the natural inheritance marvels that the future generations would never enjoy.

728. As a token of remembrance of the mountains that nature offered, local communities should be provided with basic services that

include water, health care, electricity and sanitation, among others.

729. Development of mines, thus, present an opportunity to improve conditions within these communities, hence, I propose to introduce a 1% levy on gross proceeds of lithium, black granite and other cut or uncut dimensional stones and quarry stones.

730. The funds derived from the levy will be ring-fenced for community development of the area where the mining operations transpire.

731. The levy will be deposited into a Fund administered by the Minister responsible for Finance and utilised in consultation with the relevant stakeholders.

Financing Road Infrastructure

732. Mr Speaker Sir, in order to mobilise resources to finance road infrastructure, I propose to introduce the following measures:

Strategic Reserve Levy

733. I propose to review upwards the Strategic Reserve Levy by US$0.03 and US$0.05 per litre of diesel and petrol, respectively, with effect from 1 January 2024.

Toll Fees

734. Toll Fees are currently pegged between US$2 and US$10, depending on the type of vehicle.

735. I, therefore, propose an upward review of Toll Fees on premium roads, that is, Harare-Beitbridge and Plumtree-Mutare and other roads as follows, with effect from 1 January 2024:

Table 42: Proposed Toll Fees (US$)

Type of vehicle	Current Fee (US$)	Proposed Fee: Premium Roads (US$)	Proposed Fee: Other Roads (US$)
Motorcycles	Exempted	Exempted	Exempted
Light Motor-Vehicles	2	5	4
Minibuses	3	8	6
Buses	4	10	8
Heavy Vehicles	5	15	10
Haulage Trucks	10	25	20

736. Toll fees for foreign registered vehicles are payable in United States Dollars or equivalent in other foreign currencies. The fees for locally registered vehicles may, however, be payable in local currency at the prevailing exchange rate.

737. Revenue derived from the increased fees will be remitted to the Consolidated Revenue Fund.

738. For purposes of transparency in the accounting of the funds, ZIMRA will install a Virtual Fiscal Solution at all tollgates.

Vehicle Registration Fees

Central Vehicles Registry Fees

739. I propose to review upwards, selected fees charged by the Central Vehicle Registry as follows:

Table 43: Proposed Vehicle Registration Fees

Nature of Service	Current Fee (US$)	Proposed Fee (US$)
Vehicle Registration	80	i. US$100 for vehicles with engine capacity of 1500 cc.
		ii. US$500 for vehicles with engine capacity above 1500 cc.
Issuance of Personalised Number Plates	1 200	i. US$2500 for vehicles with engine capacity of 1500 cc. ii. US$5 000 for vehicles with engine capacity above 1500 cc.

740. I, further, propose that passport fees be reviewed as follows:

Table 44: Proposed Passports Fees

Nature of Fee	Proposed Fee (US$)
Ordinary Passport	200
Emergency Passport (3 days)	300

741. These measures take effect from 1 January 2024.

742. Additional revenue generated from the above measures will be ring fenced towards road infrastructure development.

Externalization of Foreign Currency

743. The foreign currency auction market provided a lifeline to meet basic demands for raw materials and capital goods, in particular for the manufacturing sector.

744. However, some of the funds obtained through the auction and interbank markets have not been utilised for the intended purpose, as evidenced by a mismatch between the goods imported and the funds allocated.

745. This points to evidence of externalisation that transpires through a practice where funds are transferred to own company registered in a foreign country. In some instances, goods purported to have been imported never arrive in the country or a lesser value of the goods paid for is imported.

746. These malpractices prejudice revenue to the Fiscus and the hard-earned foreign currency.

747. I, therefore, propose that ZIMRA links with the financial institutions, in order to match the bill of entry with the goods that are imported, where funds are obtained through the auction or interbank market.

748. This provides an opportunity for an audit through physical examination, thereby curbing the abuse.

Levy on Sugar Content of Beverages

749. In response to the growing concerns on the adverse effects of consumption of sugar, in particular contained in beverages, tax on beverages has been implemented in a number of countries including in the SADC region and beyond.

750. The consumption of high sugar content beverages is linked to increased risk of non-communicable diseases.

751. It is, thus, necessary to discourage consumption of high sugar content beverages, hence, I propose to introduce a levy of US$0.02 per gram of sugar contained in beverages, excluding water, with effect from 1 January 2024.

752. Funds derived from this levy will be ring fenced for therapy and procurement of cancer equipment for diagnosis.

Wealth Tax

753. Mr Speaker Sir, one of the key principles of tax policy is to address the regressivity of tax that occurs when individuals in a low-income category pay a higher percentage of their income as compared to individuals in higher income bracket.

754. Consequently, the tax incidences fall disproportionately on the low-income groups resulting in inequality.

755. In order to ensure vertical equity, where taxpayers with more income or property contribute proportionately to the Fiscus, I propose to introduce a Wealth Tax levied at a rate of 1% of market values of residential properties with a minimum value of US$100 000. The tax is payable in every year of assessment.

756. Upon assessment of the value of the property and the tax payable thereof, taxpayers may elect to pay the tax on monthly, quarterly, or annual basis.

757. Resources derived from the levy will be ring fenced towards urban infrastructure development, in particular roads, water, sewer, and community health centres.

758. Principal Private Residential Properties owned by elderly persons aged 70 years and above will, however, be exempt from the tax.

Excise Duty

Digital Platform

759. Mr. Speaker Sir, the growth of illicit trade in particular cigarettes, compounded contraband cigarettes produced in legally

registered factories under registered brands, decelerates the growth of revenue to the Fiscus since it results in evasion of excise tax.

760. A digital platform that provides traceable and authentic data in real time on locally manufactured goods would be beneficial to the Fiscus.

761. Government, will, thus, explore implementation of a digital platform on locally produced goods, in particular, cigarettes.

Tax Administration

Tax Exemption on Agreements Entered by Government Ministries and Agencies

762. Mr Speaker Sir, the legislation provides an option to grant tax exemptions on personal income tax, non-residents' tax on fees and royalties to any other Government, international, regional or foreign organization.

763. These provisions provide latitude for Government Ministries and agencies to extend tax concessions in Agreements negotiated with private entities other than Government Agencies, without scrutiny of such Agreements, thereby eroding the tax base.

764. I, therefore, propose to limit the tax exemptions on personal income tax, non-residents' tax on fees and royalties to Government-to-Government Agreements, provided that such Agreements would have been adopted by the Government upon the recommendation of the Public Agreements Advisory Committee, in accordance with the International Treaties Act.

Debt Management

765. Mr. Speaker Sir, whereas debt management is strategic to revenue performance, enforcing compliance, in particular, small to medium enterprises is a challenge.

766. In order to assist in the collection of revenue where taxpayers are uncooperative, a garnish may be placed on the client's bank accounts as well as with the client's debtors.

767. However, due to the fact that small to medium enterprises operate strictly on cash basis, this enforcement tool cannot be utilised.

768. Furthermore, small to medium enterprises barely possess meaningful assets where the expedited procedure for attachment of assets could be applied. It is also a mammoth task to monitor their business transactions, as they conceal records from the Tax Administration.

769. I, therefore, propose a simplified processes to enforce payment of tax as follows:

Seizure of Goods

770. Where stock in trade is seized, I propose to compel the trader to register for VAT, where such trader meets the registration threshold.

771. After the seizure of the goods, a written statement should be obtained from the trader or the person who has custody or control of the goods, stating the quantity and quality thereof. Such goods shall be stored in a place approved by the Commissioner.

772. In addition, the Commissioner shall, within 10 days after the seizure, serve the owner of the goods or the person who has custody or control of the goods immediately before seizure, a notice in writing-

- Identifying the goods;
- Stating that the goods have been seized and the reason for seizure; and
- Setting out the terms for the release or disposal of the goods.

Tax Lien

773. I, further propose to authorize the Commissioner to appoint agents to issue tax lien certificates which show the taxes owed including any interest and penalties.

Temporary Closure of Business

774. Where a person liable to tax has failed to remit the amount payable within the prescribed time, I propose that the Commissioner be empowered to seal the business premises of the trader. The goods shall be deemed to be attached and at the disposal of the Commissioner.

Storage Devices

775. Mr Speaker Sir, under the current legislation, computers, laptops or information storage systems are not specified as items that are liable to seizure by the Commissioner.

776. In order to enhance the Tax Administration's capacity for investigation, I propose to include any storage devices with capacity to store information under the items that can be seized by the Commissioner.

Access to Transaction Data

777. Mr Speaker Sir, under the prevailing macroeconomic environment, where opaque transactions have increased, it is important that the Tax Administration risk profiles suspicious transactions.

778. In order to manage the tax system efficiently, in particular, where business is digitalised, I, propose that ZIMRA be allowed to access financial transactions through integration of systems with the financial sector.

Custodial Services Provided by Financial Institutions and Security Companies

779. Whereas the multicurrency system has played a critical in the market, however, the small to medium enterprises operate exclusively in cash albeit without commensurate responsibility on transparency, in particular to banking the cash receipts and also paying taxes.

780. The current phenomena is that financial institutions and security companies offer custodial services for cash in bank vaults.

781. The Freedom of Information Act, however, prohibits companies from providing information on users of vaults, hence it is difficult to combat non-declaration of forex receipts. The service is thus aiding tax evasion in particular foreign currency receipts, where sales are not declared.

782. The challenge to the Tax Administration in their endeavour to collect revenue is that the Commissioner can only open a vault of a known taxpayer, under a court order. A garnish order can, thus, not be placed against contents secured in the vaults unless the quantum thereof is known.

783. In order to deter tax evasion, I propose that the Commissioner be empowered to open Custody vaults at any time to ascertain contents and that financial institutions and other companies that offer custodial services receipt the contents of cash in their custody.

Failure to Pay Tax on Due Dates

784. In order to cater for urgent service delivery to the public, tax should be accounted for promptly. However, taxpayers take advantage of the current legislation which excludes failure to pay tax by the due date as an offence, hence do not pay their dues in line with the prescribed date.

785. I, therefore, propose that taxpayers who fail to settle their dues within the prescribed timeframe shall be guilty of an offence and liable to a fine not exceeding level seven or to imprisonment for a period not exceeding three months or to both such fine and such imprisonment

786. Alternatively, property of taxpayers who commit such offenses will be attached.

Alignment of Tax Due Dates: Presumptive Taxes

787. Mr Speaker Sir, presumptive taxes are payable on a quarterly basis. However, different payable dates are applicable on various sectors.

788. In order to ease the administrative burden, I propose that the payment date for presumptive taxes be due on the same date, that is, within ten days after the end of each quarter.

VAT Fiscalisation

789. Mr Speaker Sir, in order to mitigate fraudulent VAT claims, ZIMRA has implemented the Fiscalisation Data Management System (FDMS), that is, the Back-End System for the purposes of:

- Receiving and managing data from physical and virtual fiscal devices;
- Detecting fraudulent VAT input tax claims;
- Managing approved suppliers and taxpayers' fiscal devices;
- Complementing VAT returns processing and;
- VAT refund management.

790. Furthermore, the Tax Administration has put in place the necessary infrastructure for the implementation of Virtual Fiscalisation Solution, hence, physical fiscal devices will be phased out, in order to ease the burden on the traders.

791. In order to ease the cost of doing business, I propose to regulate fees charged by approved suppliers on the supply, support and maintenance of fiscal devices.

Offenses and Penalties

792. Mr Speaker Sir, whereas the effectiveness of VAT Fiscalisation is dependent on tax compliance, a significant number of operators, however, continue to flout the regulations, hence, I propose the following mitigatory measures:

Failure to Issue Fiscal Invoices or Receipts

793. I propose that failure to issue a fiscalised invoice or receipt be an offense liable to a fine of US$1 000 or equivalent in local currency.

Failure to Acquire or Use Electronic Fiscal Device

794. In addition, I propose that any operator who fails to acquire or use electronic fiscal device be liable to the following;

- Penalty of US$1 000 or equivalent in local currency; and
- A civil penalty of US$25 or equivalent in local currency per point of sale, for each day the Operator remains in default, not exceeding a period of one hundred and eighty-one days. Provided that the Commissioner shall have power to waive the payment or refund the whole or part of any penalty prescribed; and
- If the operator continues to be in default after the specified period, such operator shall be guilty of an offense and liable to a fine not exceeding level seven or to imprisonment for a period not exceeding twelve months, or to both such fine and imprisonment.

Failure to Comply with Interface Requirements

795. Furthermore, I propose that any Operator whose device(s) is not interfaced within 30 days from the date of registration shall:

796. be liable for a penalty of US$25 per point of sale or equivalent in local currency, for each day the operator remains in default, not exceeding a period of 181 days:

797. If the Operator continues to be in default after the specified period, such operator shall be guilty of an offence and liable to a fine not exceeding level seven or to imprisonment for a period not exceeding twelve months, or to both such fine and imprisonment.

Tampering with Electronic Fiscal Devices

798. I also propose that:

- any Operator who deliberately tempers with an Electronic Fiscal Device be lliable to a penalty of US$1 000 or equivalent in local currency per point of sale, or three (3) times the amount taxes involved, whichever is higher; and
- Where the Operator continues to be in default, such operator be liable to a fine not exceeding level seven or imprisonment for a period not exceeding twelve months, or to both such fine and imprisonment.

Failure to Demand Fiscal Invoice/Receipt

799. I propose that any person who fails to demand, retain or produce, as proof of purchase, a fiscal receipt or invoice, or

fails to report denial to issue a fiscal receipt or invoice, such goods be liable to seizure.

800. In addition, I propose that the Commissioner be empowered to release goods, in whole or part of the goods seized if the operator produces a fiscal receipt or invoice as proof of purchase within 24 hours from the time of seizure, otherwise such goods shall be forfeited or disposed without compensation or reinstitution by the Commissioner.

Failure to Deliver, Configure or Install Electronic Fiscal Device by Approved Supplier

801. In addition, I propose that any Approved Supplier who fails to deliver, configure or install fiscal devices within seven (7) days of receiving an order and full payment shall be liable to:

- a penalty of USD$100 or equivalent to local currency per day ordered and fully paid for each day of the approved supplier remains in default, not exceeding a period of one hundred and eighty-one (181) days;
- a fine not exceeding level seven or imprisonment for a period not exceeding twelve months or to both such fine or imprisonment, where the approved supplier continues to be in default after the period specified.

802. I also propose that the Commissioner be empowered to waive payment or refund the whole or part of any penalty prescribed.

Failure to Attend to Faults

803. In addition, I propose that any approved supplier who fails to attend to faults and errors reported by users of fiscal devices supplied within seven (7) days from the date the error was reported be liable to a penalty of US$25 or equivalent in local currency for each day the fiscal device remains unattended, in error or faulty up to a maximum of 181 days.

804. Furthermore, where the Approved Supplier continues to be in default after the period specified, he or she shall be liable to a fine not exceeding level seven or to imprisonment for a period not exceeding twelve months or to both such fine or imprisonment.

Offences Where No Specific Penalty Is Provided

805. I also propose that any Operator who commits an offence to which no specific penalty is provided, be liable to a fine not exceeding level seven or to imprisonment for a period not exceeding three months or to both such fine and imprisonment.

Features of Fiscal Tax Invoices

806. Mr Speaker Sir, the current features fiscal invoices do not include Tax Identification Number (TIN) and Business Partner Number (BP), hence, the desired features cannot be enforced.

807. I, therefore, propose to replace the registration number with Tax Identification Number and Business Partner Number, as well as provide for features that include electronic signatures, authentication codes and quick response codes for verification of the Fiscal Tax Invoices.

Value Added Tax on Imported Services: Time of Supply

808. The time of supply rules specify the time the service is performed to facilitate the payment of Value Added Tax.

809. Clarification on the time of supply on imported service is, however, not provided.

810. For the avoidance of doubt, I propose that the supply of imported services, be deemed to take place;

- at the time an invoice is issued by the supplier or the recipient in respect of that supply; or

- the time any payment of consideration is received by the supplier in respect of that supply; or
- the time the service is performed; whichever time is earlier.

Invoice Issuance: Prescribed Amount

811. Current legislation requires that fiscal tax invoices be issued within 30 days from date of supply, where the prescribed amount to which an invoice can be issued is pegged at US$10.

812. Some businesses are not issuing invoices on the pretext of that the amount is below the set threshold, hence the majority of customers are not issued fiscalised invoices.

813. Whereas it is mandatory for VAT registered taxpayers to issue invoice within 30 days from the date of supply, however, there is no obligation to issue invoice or penalty for not issuing invoice under Income Tax.

814. I, therefore, propose that every Operator be required to issue an invoice when a supply is made.

815. I, further propose to remove the requirement to issue an invoice/ receipt within 30 days after the time of supply. Consequently, all transactions will be issued with a fiscal invoice at the time of supply.

Withholding Taxes: Due Date

816. The frequency of payment of non-resident fees, royalties and foreign remittances increase the administrative burden to both the taxpayer and the tax administration, since the respective withholding taxes should be remitted to ZIMRA within ten days of payment.

817. Registered Operators may end a tax period 10 days before or after the last day. This poses an administrative challenge in reconciling sales for a given period and also creates a loophole which is subject to abused.

818. I, thus, propose that the submission date falls on or before the tenth day of the month following the month in which such payment or remittance is made.

Monetary Amounts of Specific Taxes Collected in Local Currency

819. Mr Speaker Sir, the Taxes Acts provide monetary amounts collectable in local and other currencies.

820. The local currency monetary amounts were last reviewed in August 2022, hence, are no longer in line with macroeconomic developments.

821. I, therefore, propose to review all monetary amounts and taxes stated in local currency in the Taxes Acts to be denominated in foreign currency, albeit, payable in local currency at the prevailing exchange rate.

ZIMRA Board

822. Operations of the Zimbabwe Revenue Authority are controlled and managed by ZIMRA Board.

823. The Board in terms of the Zimbabwe Revenue Authority Act is comprised the Secretary of the Ministry responsible for Finance Economic Development and Investment Promotion; the Commissioner-General; and not more than eight other members appointed, by the Minister.

824. The board members were appointed on the basis of their knowledge and experience in finance, commerce, economics, taxation, human resource management and legal expertise.

825. In view of the huge responsibility expected from the board in the quest to increase contribution of revenue to the fiscus, I propose to increase the number of Board Members from nine to eleven.

Legislative Amendments

826. Mr Speaker Sir, a number of legislative changes were made during the year 2023. However, such amendments, which include amendment of tax rates, require confirmation by Parliament through the Finance Bill.

Intermediated Money Transfer Tax

Outbound Foreign Currency Transactions

827. The 1% levy on foreign currency transfers is one of the policy measures that were implemented by Government with a view to raise resources to service the debt.

828. Outbound foreign currency payments from funds obtained from the Auction Foreign currency or the interbank market, up to a maximum of US$50 000 per transaction are, thus, subject to the levy.

829. To enhance the revenue that is ring-fenced for debt service, I propose to remove the maximum amount payable per transaction.

830. However, current exemptions remain applicable.

831. Honourable Members would be aware that the levy was introduced through subsidiary legislation under the Exchange Control Act, hence, I propose that the levy be amalgamated under IMTT.

Domestic Foreign Currency Transactions

Waiver for Payment of Wheat, Maize and Small Grains

832. In order to guarantee an uninterrupted supply of grain at competitive prices, I propose to waive IMTT for wheat, maize and small grains paid by Grain Marketing Board and other approved buyers.

Gold Backed Digital Token Transactions

833. In order to promote the use of the new domestic instrument, I propose to reduce the IMTT to 0.5%.

Mining Royalties in Kind: Designation of Collection Agency

834. Mining royalties are currently collected by Financial Institutions. Royalties in kind on Gold, Diamonds and precious stones were also recently added on the list of royalties collected by financial institutions.

835. However, financial institutions have encountered challenges in collecting mining royalties in kind, since they require physical collection, security, insurance, and expertise on valuation.

836. I, therefore, propose to designate an agent for collection of royalties in kind.

Value Added Tax

Betting and Gaming

837. Betting and Gaming revenue is levied and receipted by the holder of a temporary casino licence in terms of the Casino Act, during the validity of the licence.

838. The current legislation refers to the Casino Act as the charging act, which however has since been repealed thereby invalidating the tax.

839. I propose to replace the Casino Act with the Value Added Tax Act.

Payment of Interest in Kind

840. Mr Speaker Sir, where interest accrues on royalties in kind, I propose that settlement be made in kind.

CONCLUSION

841. Economic reforms being implemented under the Second Republic are beginning to bear fruit, as evidenced by the economic growth being witnessed across all the sectors of the economy. This is being confirmed by the evaluation exercise of the Transitional Stabilisation Programme and the NDS1 Mid-term review, which is a paradigm shift from the past of non-implementation of policies, hence, the success of current policies.

842. The challenge before us is to *Consolidate the Economic Transformation* already underway, to ensure that the benefits accrue to every Zimbabwean, in line with the spirit of *leaving no one and no place behind.*

843. Change is inevitable but transformation is a choice (Heather Ash Amara), therefore, while we celebrate the successes recorded so far, there is still a lot of work ahead of us to consciously implement transformational economic policies, which have a positive impact on the majority of citizens, especially the poor and the marginalised societies.

844. The desired economic transformation is a responsibility of all stakeholders, especially Government, business and labour,

with each playing their critical role. On its part, Government is prepared to fully play its role of providing an enabling environment, through ease of doing business reforms, investment in public infrastructure and provision of effective public institutions.

Hon. Prof. M. Ncube

Minister of Finance, Economic Development and Investment Promotion

30 November 2023