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ZIMBABWE

THE 2022 NATIONAL BUDGET STATEMENT

'Reinforcing Sustainable Economic Recovery and Resilience'

Presented to The Parliament of Zimbabwe

On 25 November 2021

by

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HARARE

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INTRODUCTION

1. The 2022 National Budget is the second annual fiscal plan Government is using to implement the National Development Strategy 1: 2021-2025. As a central policy document, it provides an opportunity for Government to refine and refocus its priorities in order to advance the economic reforms, which were started in 2018 with the launch of the Transitional Stabilisation Programme (2018-20).

2. The reforms being implemented have set the economy on a sustained growth trajectory, and poised for attaining the Vison 2030 aspirations. With a growth projection of 7.8% for the year 2021, Zimbabwe's economy is among the high performers under difficult COVID-19 conditions and well above the 3.4% average growth for Sub-Saharan Africa.

3. Alongside GDP growth, average industry capacity utilisation is gradually picking up, reaching 47% and 54% in the first and second quarter of 2021, respectively. By year end, it is projected to average 65%, reflecting output gains from ongoing macroeconomic stabilisation and improved access to foreign currency through the foreign currency auction system.

4. Reforms have also seen inflation retreating, with annual inflation as measured by the CPI declining from 837.5% in July 2020 to 54% in October 2021. In the same vein, prudent management of public finances has produced minimal budget balances ranging from 0.2% of GDP in 2019, 1.7% in 2020 and a modest projected deficit of -0.5% in 2021. This judicious budget management has provided capacity and scope for channelling more resources to essential programmes in infrastructure and social services.

5. In addition, significant changes are currently underway within the public sector, following the introduction and signing of performance contracts for Accounting Officers of Ministries, which places greater emphasis on performance and accountability, thereby allowing for improved efficiencies in Government spending and programme/project implementation and delivery.

6. With regards to managing and mitigating the devastating effects of the COVID-19 pandemic, Government is implementing a successful and effective vaccination programme,

complemented by preventive and curative measures, among other mitigatory interventions. The target is to reach 60% herd immunity.

7. Relatively, based on the current vaccination outturn, Zimbabwe has emerged as one of the countries currently making good progress on the continent, having vaccinated 38% and 29% of the targeted population with first and second dosses, respectively as at 16 November 2021.

8. On the downside, the economy faces a number of risks, associated with the threat of the ongoing COVID-19 pandemic and its mutating variants, erratic supply of key enablers such as electricity and water, deficiencies in delivery of social and other public services, slow implementation of value addition initiatives, and resurgence of inflation pressures. These challenges are being addressed under the 2022 National Budget, without losing focus on consolidating the achievements made to date in order to make the economy more resilient, and hence, the theme: *'Reinforcing Sustainable Economic Recovery and Resilience'*

9. Accordingly, the 2022 National Budget seeks to attain the following:

- Strengthening macro-fiscal stability;
- Consolidating the Agriculture Food Systems Transformation Strategy that seeks to guarantee food security;
- Advancing the policy on value chains and value addition for purposes of sustainable jobs creation and growth;
- Enhancing public services delivery including social protection and infrastructure development;
- Strengthening governance and anti-corruption measures;
- Accelerating the reengagement process; and
- Enhancing climate change mitigation and energy security.

10. In order to enhance the coordination and implementation of programmes and projects that positively impact on the economy and citizen's livelihoods, the 2022 National Budget will maintain the cluster approach, that is aligned to the fourteen NDS1 Pillars.

11. Before turning to the above issues, a review of global and domestic economic developments during 2021 and beyond will assist in contextualising the 2022 National Budget.

GLOBAL DEVELOPMENTS AND OUTLOOK

Global Output

12. The latest IMF World Economic Outlook report of October 2021 projects the global economy to grow by 5.9 % in 2021. In 2022, Global GDP growth is anticipated to slide to 4.9% and average 3.3% over the medium term.

Table 1: Global and regional GDP growth (%)

	2020 Est	2021 Proj	2022 Proj
World	**-3.2**	**5.9**	**4.9**
Advanced Economies	-4.6	5.2	4.5
United States	−3.5	6.0	5.2
Euro Area	−6.5	5.0	4.3
United Kingdom	−9.8	6.8	5.0
Other Advanced Economies (excluding G7)	−2.0	4.6	3.7
Emerging Market and Developing Economies	***−2.1***	***6.4***	***5.1***
Emerging and Developing Asia	−0.9	7.2	6.3
China	2.3	8.0	5.6
India	−7.3	9.5	8.5
Emerging and Developing Europe	−2.0	6.0	3.6
Latin America and the Caribbean	−7.0	6.3	3.0
Middle East and Central Asia	−2.6	4.1	4.1
Sub-Saharan Africa	***−1.8***	***3.7***	***3.8***
Nigeria	−1.8	2.6	2.7
South Africa	−7.0	5.0	2.2
Zimbabwe*	**-5.3**	**7.8**	**5.5**

*Source: IMF World Economic Outlook, October 2021 Forecast, *MoFED Forecasts*

13. Output in advanced economies is forecast to exceed pre-pandemic levels during 2022, partly owing to the sizeable anticipated additional policy support, particularly by the United States of America. By contrast, emerging markets and developing economies are expected to remain below the pre-pandemic levels due to slower vaccine rollouts and generally subdued policy support.

14. The $650 billion SDRs allocation by the IMF to its member states worldwide provides an exceptional opportunity for the countries to improve responses to health demands posed by the COVID-19 pandemic and also constitutes an important source for stimulating economic activity for developing countries. However, the resources remain inadequate to address the

many challenges facing poor nations, which include rising debt levels and climate change impact.

Sub-Saharan Africa

15. In 2021, Sub-Saharan Africa is expected to grow on average by 3.7%, lower than the global growth rate of 5.9%, amid COVID-19 restrictive measures, slow vaccination programmes, limited fiscal space, growing debt burden and climate changes impact.

16. However, in 2022 vaccine deployment is expected to improve along with supportive policies to stimulate investment and this should slightly push growth to 3.8%. In the medium term, positive spill overs from strengthening global activity, better international control of COVID-19, and strong domestic activity in agriculture, as well as commodity exports are expected to gradually help lift the region's GDP growth.

Table 2: Sub-Sahara African Economies GDP Growth (%)

	2020	2021	2022
Sub-Saharan	**-1.7**	**3.7**	**3.8**
Oil Exporters	*-2.5*	*2.1*	*2.5*
Nigeria	-1.8	2.6	2.7
Middle Income Countries	*-4.2*	*4.8*	*3.6*
South Africa	-6.4	5.0	2.2
Low Income Countries	*1.9*	*4.1*	***5.3***
Ethiopia	6.1	2.0	8.7

Source: WEO October 2021

Commodity Prices

17. Strengthening demand and ongoing inflation trends have boosted gold prices, while prices for silver and platinum have benefited from recovery in industrial activity.

18. During the last quarter of 2021, there are signs of precious metal prices retreating, with gold prices sliding to US$1 775 per ounce in September from a peak of US$1 800 in June 2021. However, prices have remained relatively high compared to previous years.

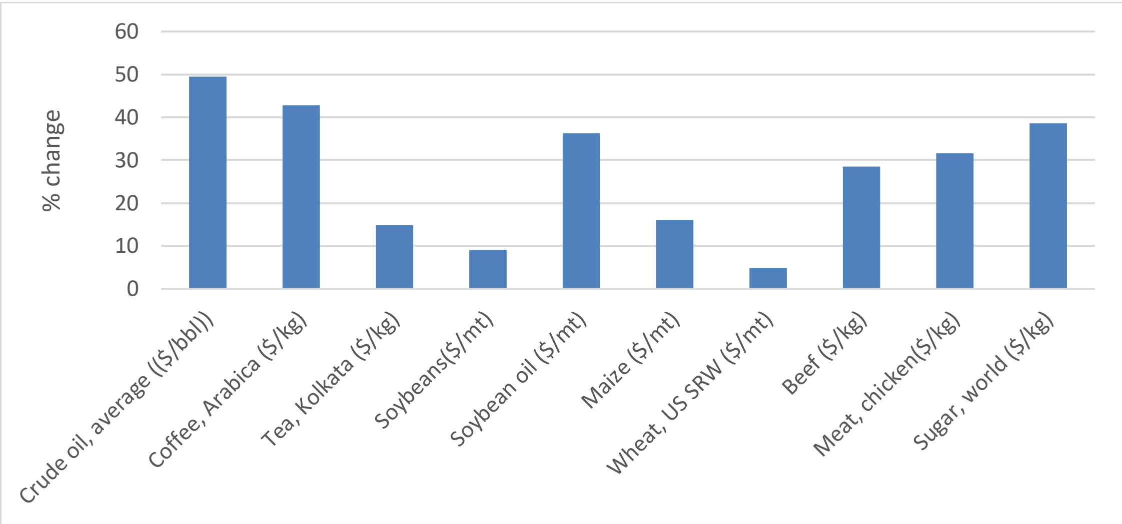
19. Energy prices are projected to remain high in 2021 relative to 2020, mainly driven by crude oil price increases in response to production cuts. Coal and natural gas prices have also surged in response to supply disruptions and increasing demand, respectively.

Table 3: International Commodity Price Indices

	2020	2021 Octr	2022*	2023*
Energy	**52**	**106**	**75**	**76**
Non-energy commodities	**84**	**113.3**	**97**	**96**
Agriculture	**87**	**107.7**	**100**	**101**
Beverages	80	100.9	83	84
Food	**92**	**119.1**	**109**	**110**
Oils and Meals	90	126.3	117	118
Grains	93	108.6	107	108
Other food	95	119.1	101	102
Raw materials	**78**	**83.3**	**86**	**87**
Fertilizers	73	129.5	88	86
Metals and minerals	**79**	**116.8**	**91**	**86**
Base Metals	80	214.1	96	93
Precious Metals	134	136.5	125	120

Source: World Bank Commodity Markets Outlook; October 2021 Pink Sheet Data

Figure 1: International Commodity Price Changes (%)



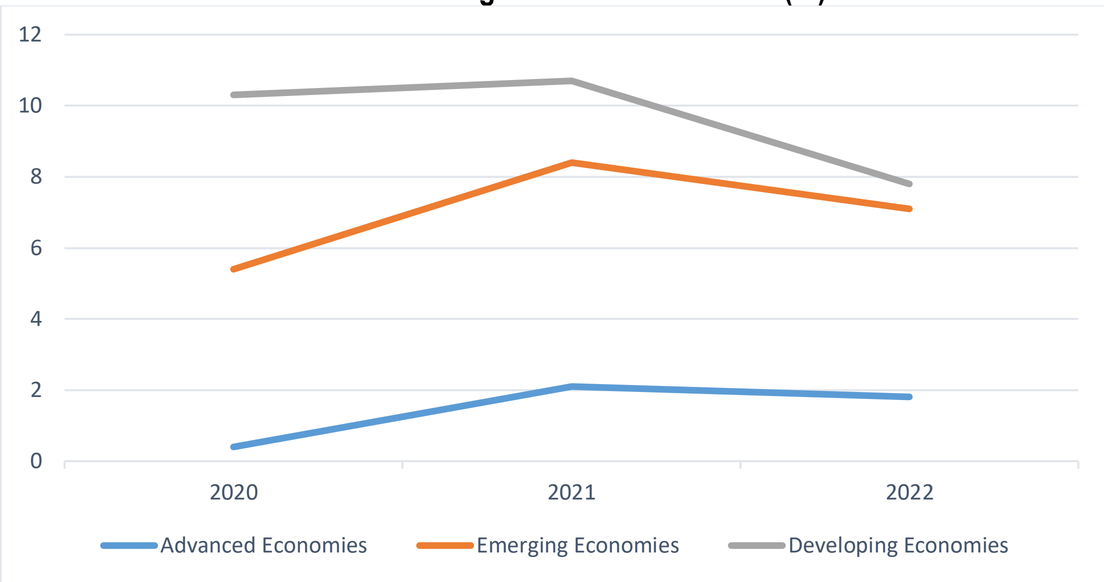
Source: World Bank Data

20. In the outlook, international commodity prices are projected to slightly retreat in 2022 from the peak levels of 2021, although still relatively high compared to previous averages. The international commodity price outlook is favorable for commodity driven economies like Zimbabwe.

Global Inflation

21. Global inflation is on the rise mainly due to pandemic-related supply chain disruptions and firming of energy prices. Inflation in advanced economies is expected to subside as inflation expectations are well anchored, while in developing countries inflationary pressures are expected to persist on account of elevated food prices, lagged effects of higher oil prices, and exchange rate depreciation.

Figure 2: Global Inflation (%)



Source: WEO October 2021

DOMESTIC ECONOMIC PERFORMANCE

GDP Growth

22. Domestic GDP growth for 2021 is estimated to remain strong at 7.8%, mainly on account of the good 2020/21 agriculture season, higher international mineral commodity prices, a stable macroeconomic environment that facilitated domestication of some value chains and better management of the COVID-19 pandemic.

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

Table 4: GDP Growth Rates Projections (%)

	2019 Est	2020 Est	2021 Proj	2022 Proj	2023 Proj	2024 Proj
Overall GDP Growth	-6.1	-5.3	7.8	5.5	5.2	5.2

Agriculture, Hunting and Fishing and forestry	-17.8	4.2	36.2	5.1	3.6	6.5
Mining and quarrying	-12.4	-9.0	3.4	8.0	9.6	3.7
Manufacturing	-8.7	-3.2	6.2	5.5	5.1	6.0
Electricity, gas, steam and air conditioning supply	-19.2	-16.5	19.2	5.4	14.2	2.2
Water supply; sewerage, waste management activities	1.8	8.8	7.7	4.8	13.8	5.4
Construction	-12.4	2.5	7.2	17.4	5.8	5.0
Wholesale and retail trade;	-4.1	-4.8	1.1	4.3	4.1	6.5
Transportation and storage	-12.7	4.1	0.8	3.0	4.6	5.5
Accommodation and food service activities	-8.6	-77.7	6.7	18.8	8.8	6.7
Information and communication	23.1	18.6	5.7	2.4	2.8	5.4
Financial and insurance activities	-8.3	17.6	3.1	5.4	5.0	6.2
Real estate activities	-3.5	-33.7	4.1	1.7	4.7	5.9
Professional, scientific and technical activities	4.5	-26.1	1.0	2.8	1.6	1.8
Administrative and support service activities	-1.1	-43.3	0.0	2.0	2.0	1.9
Public administration	1.5	-12.4	2.0	3.3	2.0	2.0
Education	0.9	-9.3	1.7	2.9	5.6	1.7
Human health and social work activities	2.7	76.3	4.6	5.5	3.2	2.4
Arts, entertainment and recreation	-1.3	-46.4	-1.1	3.1	1.3	2.4
Other service activities	0.1	-46.4	-3.0	1.2	1.2	1.2
Domestic Services	-0.1	-17.2	1.1	4.5	2.1	3.5

Source: MoFED, RBZ & ZIMSTAT

24. In 2022, the economy is projected to grow by 5.5%, underpinned by higher output in mining, manufacturing, agriculture, construction as well as the accommodation and food services (tourism) sector. The underlying assumptions for the projected growth include the following:

- Normal to above normal rainfall pattern;
- Subdued COVID-19 pandemic;
- Relatively stable exchange rate and declining inflation; and
- Favourable international mineral prices.

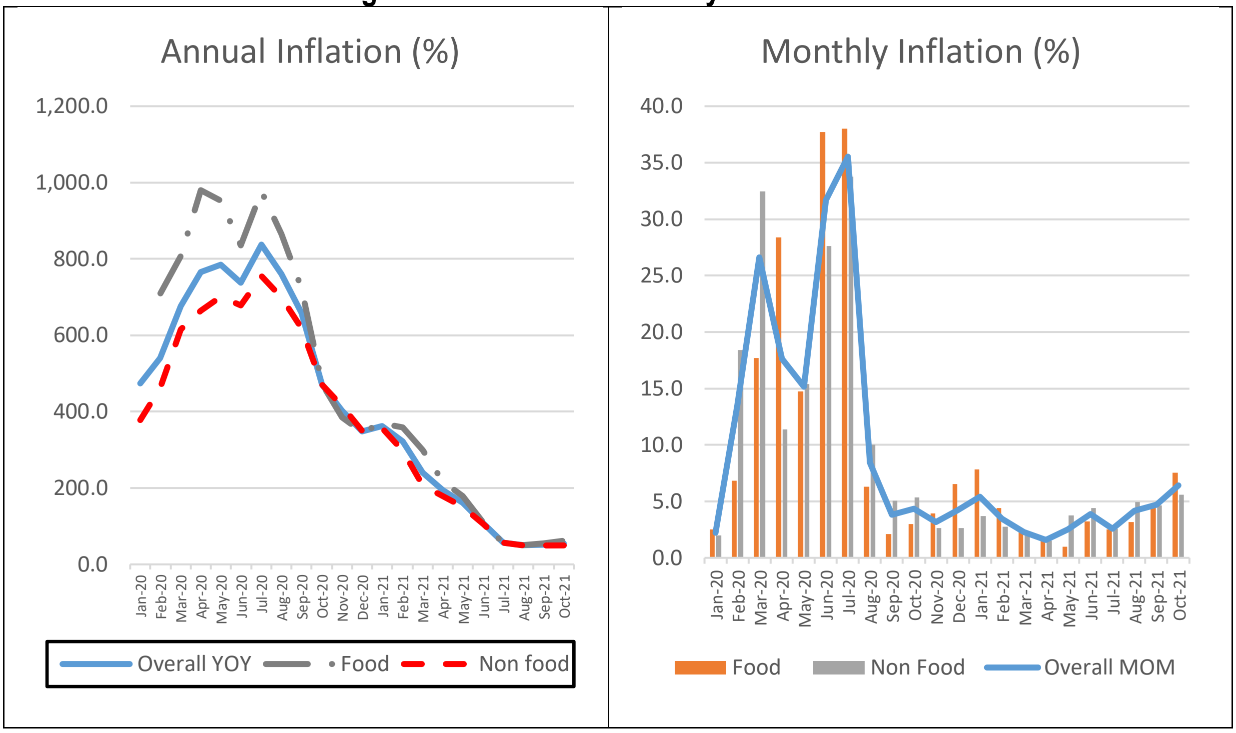
25. Potential risks to the above projected growth include the uncertainty in the future path of the pandemic and exchange rate volatility, which may contribute to high inflation. Other risks relate to under performance and viability of some of the State-Owned Enterprise (SOEs), extreme weather conditions, retreat in international commodity prices and higher than anticipated international oil prices.

Inflation

26. Annual inflation continued to decline during the greater part of 2021 to register 54.5% by October 2021 compared to 471.3% recorded during the same period last year. The disinflationary path was underpinned by both tight fiscal and monetary policies. Conservative

reserve money targeting and the introduction of the foreign exchange auction system brought stability in the foreign exchange market and consequently inflation.

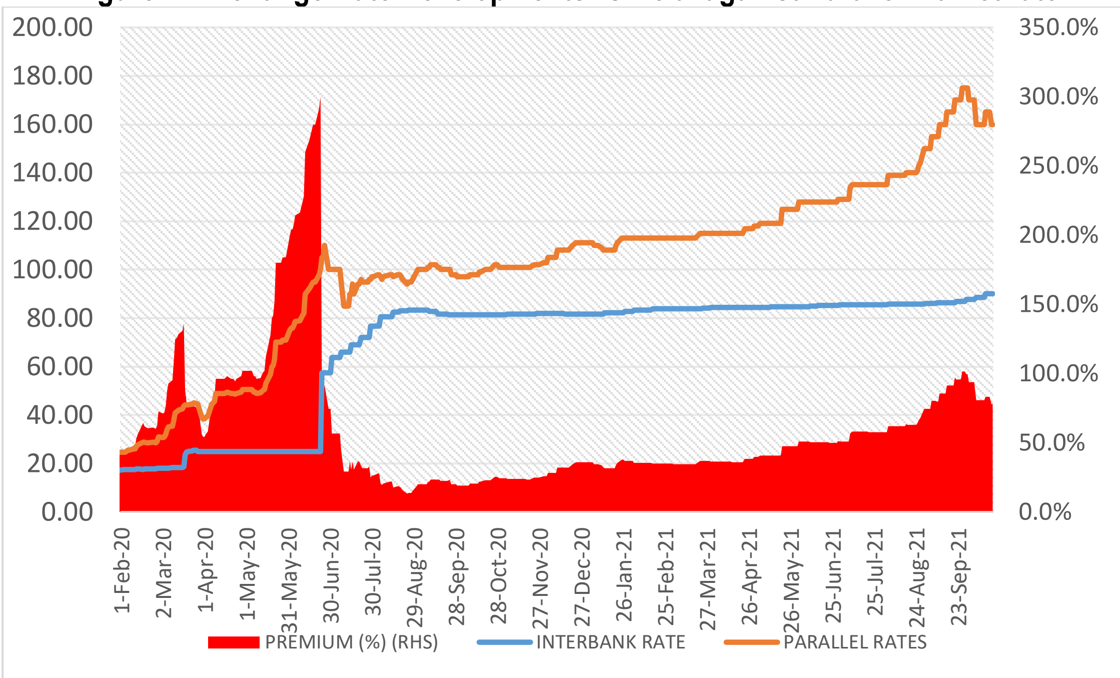
Figure 3: Annual and Monthly Inflation



Source: ZIMSTAT

27. However, the widening of the parallel market premiums to over 50% beginning in August 2021, threatens to reverse the gains made on the inflation front. The widening gap is partly attributed to general indiscipline by market players. The increase in international food and energy prices, as well as global inflation continue to exert additional inflationary pressures on the domestic economy.

Figure 4: Exchange Rate Developments -Official against Parallel market rate



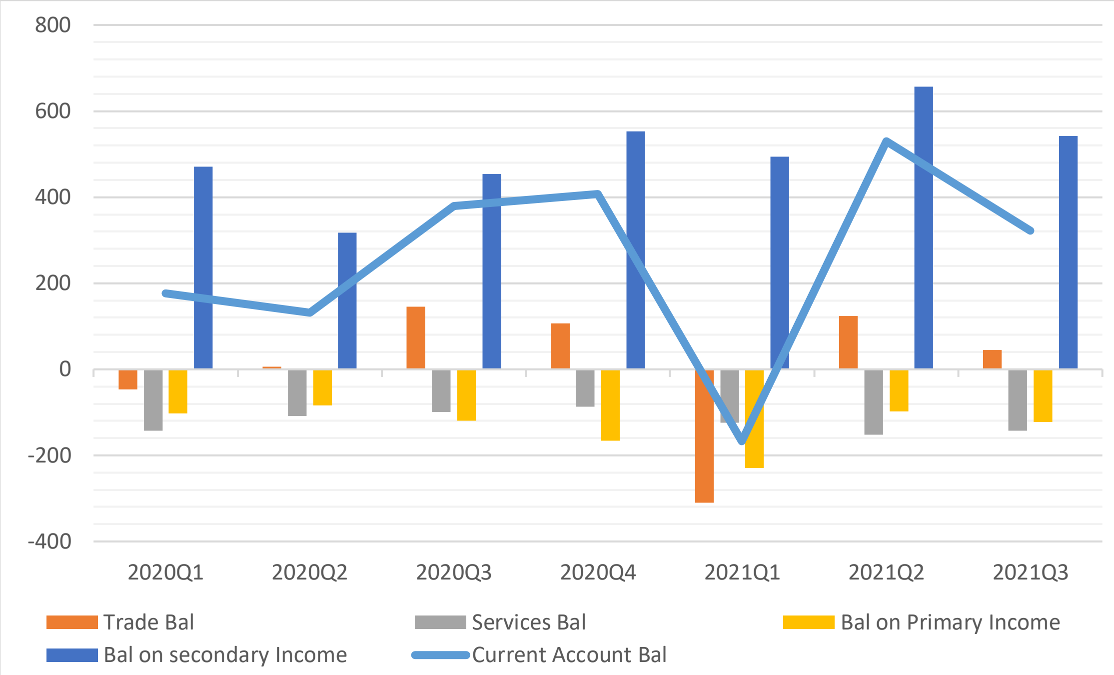
28. In view of the recent developments, annual inflation is likely to end the year between 52% and 58%, up from the revised target of between 25% and 35%. Government is, however, implementing the necessary policy measures to ensure that inflation is back on the single digit desired path and this includes a review of the current foreign currency auction system, further tightening of monetary policy and curbing of malpractices in the financial sector.

29. Maintenance of price and exchange rate stability over the medium to long term is central in fostering business medium term planning and investment for the achievement of NDS1 objectives. In this regard, both fiscal and monetary measures seek to achieve an average inflation target of 32.6% and end period range of 15% to 20% in 2022, consistent with the macro-fiscal framework anchoring the Budget.

Balance of Payments

30. The country's external sector position remains strong, with the current account maintaining a surplus. Preliminary estimates show that the current account balance slightly narrowed, from a surplus of US$688.2 million in the first nine months of 2020, to a surplus of US$684.4 million for the same period in 2021.

Figure 5: Current Account Developments (US$ millions)



Source: RBZ & ZIMSTAT estimates

31. Strong global commodity prices supported export performance during the greater part of 2021, while relatively subdued petroleum prices moderated the import bill, during the first four months of the year. This notwithstanding, the continued softening of prices for some key export commodities presents a potent risk to the outlook for exports in the medium term.

32. The current account balance is projected to remain in surplus in 2022 driven by secondary income, though at a much narrower level of US$723.2 million, compared to US$1078.0 million projected for 2021.

Merchandise Exports

33. Merchandise exports increased by 19.2% to US$4 053.4 million recorded in the first nine months of 2021, from US$3 400.3 million in 2020, spurred by increases in agriculture and mineral exports, while manufactured exports remained subdued.

Table 5: Merchandise Exports (US$ millions)

	2020 Q1-Q3	2020	2021 Q1-Q3	2021*	*Q1-Q3 ∆ (%)*	*Annual ∆(%)**

Agricultural	**436.2**	**871.7**	**522.4**	**1001.4**	***19.8***	***14.9***
Tobacco	356.3	741.4	435.8	865.5	*22.3*	*16.7*
Horticulture	34.3	39.4	37.5	42.8	*9.4*	*8.6*
Macadamia	12.1	13.7	12.9	14.5	*6.2*	*5.9*
Hides	9.0	29.6	10.0	31.2	*11.6*	*5.6*
Mineral	**2639.9**	**3654.1**	**3305.8**	**4400.3**	***25.2***	***20.4***
Gold	713.9	982.3	788.7	1056.6	*10.5*	*7.6*
PGMs	1437.1	1964.4	1787.8	2365.7	*24.4*	*20.4*
Chrome & HCF	137.5	183.5	243.9	342.8	*77.5*	*86.8*
Diamonds	62.0	150.7	178.6	237.7	*188.0*	*57.7*
Nickel	33.7	42.0	52.7	63.2	*56.2*	*50.5*
Manufactured	**324.2**	**406.1**	**225.2**	**301.8**	***-30.5***	***-25.7***
Refined Sugar	52.8	*65.1*	10.3	*15.2*	*-80.5*	*-76.7*
Jewellery	83.4	*84.7*	2.3	*3.5*	*-97.3*	*-95.8*
Tobacco	40.5	*53.6*	43.2	*56.6*	*6.6*	*5.7*
Wood	11.8	*15.7*	13.7	*17.7*	*16.3*	*13.0*
Electricals	18.4	*24.5*	26.6	*32.9*	*44.6*	*34.2*
Total	**3400.3**	**4931.9**	**4053.4**	**5703.5**	***19.2***	***15.6***

Source: RBZ & ZIMSTAT Estimates

34. In 2022 merchandise exports are projected to grow by 0.4% to US$4.73 billion, mainly driven by mineral exports.

Merchandise Imports

35. Merchandise imports increased by 27.3% to US$4 194.7 million in the first nine months of 2021 from US$3 294.4 million for the comparable period in 2020. Fuel, machinery and raw material imports accounted for this increase.

Table 6: Merchandise Imports (US$ millions)

	2020 Q1-Q3	2020	2021 Q1-Q3	2021*	Q1-Q3 ∆ (%)	Annual ∆ (%)*
Food Imports	**448.4**	**591.6**	**289.2**	**365.2**	***-35.5***	***-38.3***
Maize	257.3	297.8	109.9	110.4	*-57.3*	*-62.9*
Wheat	57.2	102.2	54.8	72.5	*-4.3*	*-29.1*
Rice	78.2	106.1	84.1	112.1	*7.5*	*5.7*
Non Food Imports	**2846.0**	**4128.1**	**3905.5**	**5342.5**	***37.2***	***29.4***
Fuel	**525.0**	**608.0**	**361.3**	**495.1**	***-31.2***	***-18.6***
Diesel	*333.1*	*381.6*	*226.2*	*313.3*	*-32.1*	*-17.9*
Petrol	*155.5*	*172.4*	*58.9*	*79.7*	*-62.1*	*-53.8*
Raw Materials	918.2	1399.2	1782.1	2413.3	*94.1*	*72.5*
Machinery	642.2	971.9	962.6	1341.7	*49.9*	*38.1*
Manufactured Goods	**271.3**	**392.9**	**374.6**	**508.4**	***38.1***	***29.4***
Commercial Vehicles	**163.1**	**251.6**	**275.4**	**369.6**	***68.8***	***46.9***
Total Imports	**3294.4**	**4719.7**	**4194.7**	**5707.7**	***27.3***	***20.9***

Source: RBZ & ZIMSTAT Estimates

36. In 2022, merchandise imports are forecasted to grow by 8.5% to US$5.9 billion, in line with the envisaged GDP growth and the re-opening of the global economy.

Financial Sector

37. The Central Bank is implementing a three-pronged policy approach of conservative reserve money targeting framework, supported by prudent management of the exchange rate through the auction system, as well as measures to maintain and sustain the current financial sector stability.

Reserve Money Targeting Framework

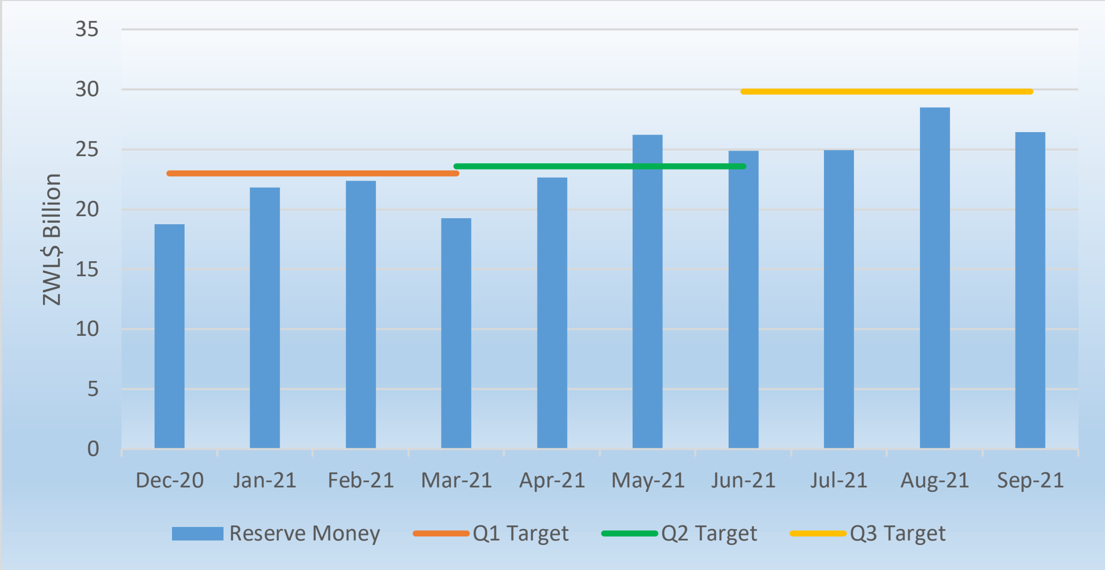
38. The conservative money targeting framework is meant to ensure that money supply growth in the economy is maintained at levels consistent with projected economic growth and inflation targets, in the short to medium term.

Reserve Money

39. Reserve money growth targets were set at 22.5% per quarter in the first half of 2021 and revised downwards to 20% per quarter during the second half of 2021 before being further reduced to 10% during the last quarter in the face of a resurgence in inflationary pressures in the economy.

40. As a result, reserve money growth was kept within the set quarterly targets throughout the three quarters of 2021.

Figure 6: Reserve Money Developments



Source: RBZ

41. As at end of September 2021, reserve money was ZW$26.24 billion, compared to a year-end target of ZW$28.87 billion due to aggressive liquidity mopping measures, through open market operations, coupled with foreign exchange sales at the auction.

42. Going forward, Government through the Central Bank, will continue to review the reserve money targeting framework in line with inflation and exchange rate developments, as well as other macro-economic fundamentals.

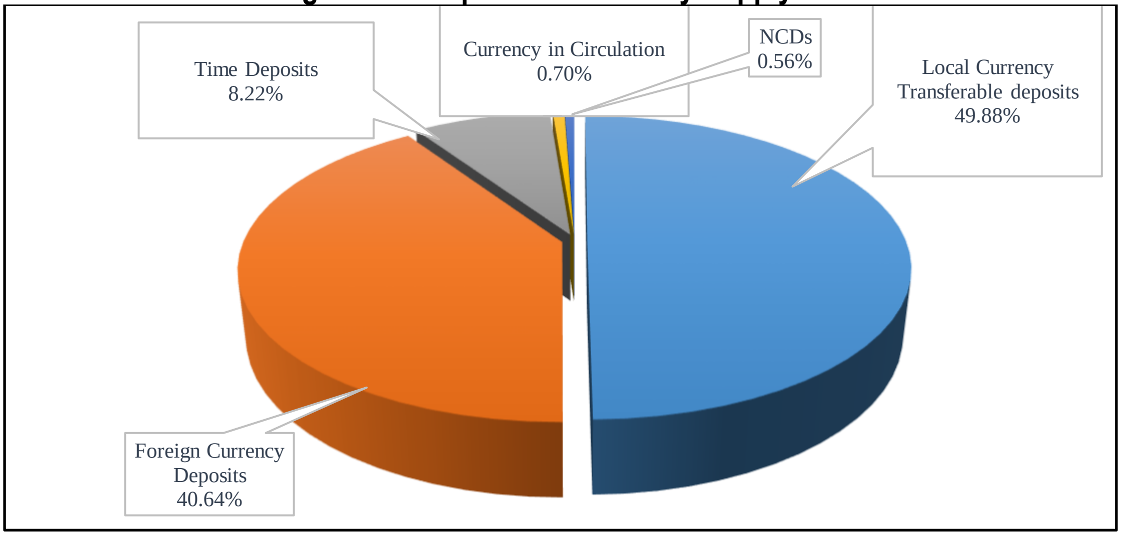
Broad Money

43. Broad money was ZW$329.19 billion as at end-August 2021, registering a year-on-year increase of 125.24%, compared to 642.1% in the same period last year. The growth in money was on the back of expansion in the deposit base. The local currency component of deposits rose by 224.97% annually with foreign currency accounts (FCA) deposits going up by 55.53%.

44. With regards to the stock of money supply (M3) in the economy, about 40% is in foreign currency deposits and the remainder in local currency.

45.

Figure 7: Composition of Money Supply



Source: RBZ

Foreign Currency Auction System

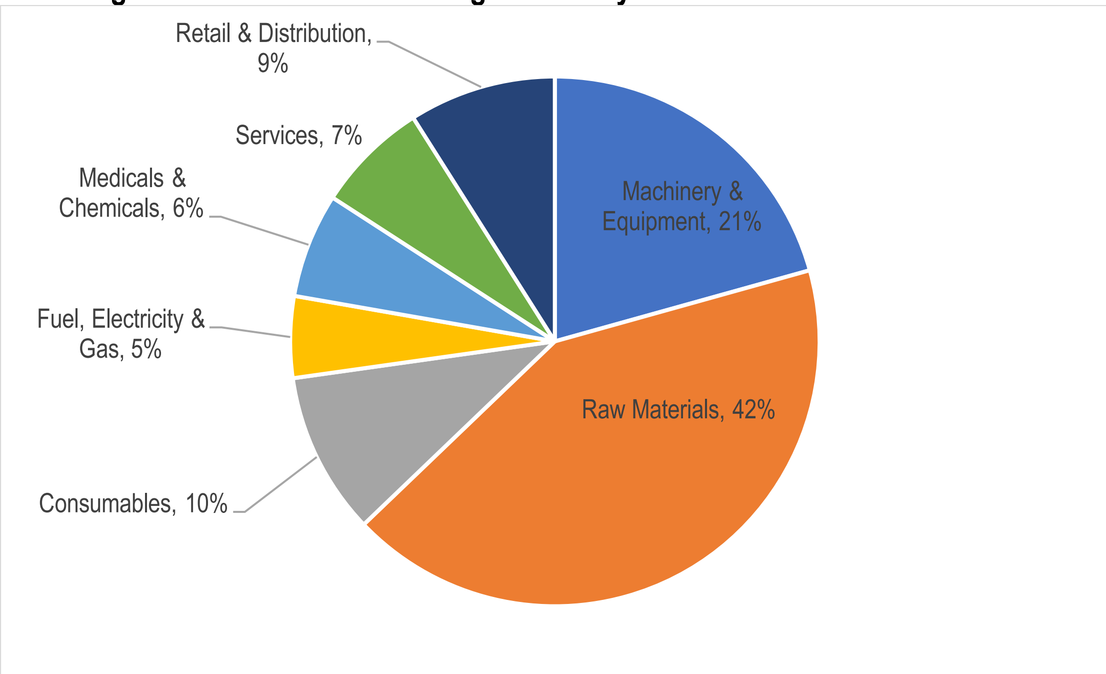
46. Government continues to ensure uninterrupted and timely supply of foreign currency to key sectors of the economy through the foreign exchange auction system. The Bank is current on foreign currency auction allotments and has cleared the backlog which was previously experienced. Amounts allocated through successive auctions increased significantly for both the main and small medium enterprises auctions, bringing the total allotments to US$2.34 billion as at 2nd November 2021.

47. The weekly allotments for the main auction increased to US$34.49 million, between 6th July and 2nd November 2021, from a weekly average of US$21.95 million in 2020. Similarly, the average weekly allotments for the small and medium enterprises auction also increased, from US$1.53 million in 2020 to US$9.90 million during the same period in 2021.

48. Encouragingly, the auction system continues to support the productive sectors of the economy with more than 70% of the allocations going towards these critical sectors and has, therefore, significantly contributed to capacity utilization across the board. As at 2nd November 2021, 42% of the total allotments financed raw materials, whilst 21% funded capital goods such as machinery and equipment and 5% went into fuel, electricity and gas. In terms of companies, those in the manufacturing sector accounted for 17 out of the top 20 auction beneficiaries.

49. Figure 3 shows the distribution of foreign currency through the foreign currency auction system as at 2nd November 2021.

Figure 8: Distribution of Foreign Currency: 2nd November 2021 Auction



Source: Reserve Bank of Zimbabwe, 2021

Table 7: Distribution of Foreign Currency in the Auction of 2nd November 2021

	US$ million
Raw Materials	938.26
Machinery and Equipment	482.97
Retail and Distribution	210.10
Consumables	231.99
Pharmaceuticals and Chemicals	149.16
Services	160.51
Fuel, Electricity and Gas	116.28
Paper and Packaging	54.84
TOTAL	**2,344.11**

Source: Reserve Bank of Zimbabwe, 2021

50. Retail pharmacies can now access foreign currency of up to US$5000 per month per firm, to facilitate the purchase of essential pharmaceutical products from pharmaceutical wholesalers in the country.

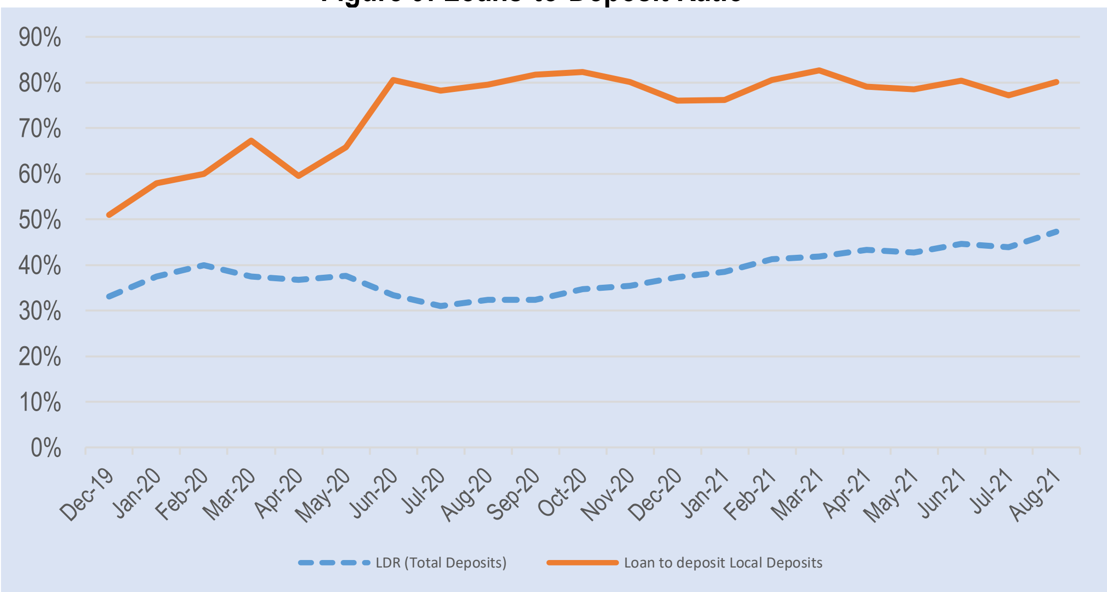
51.

Lending

52. As of August 2021, the growth in M3 was mainly attributed to increases in net credit to Government of 226.09% and credit to private sector of 221.25%. Credit to Government was mainly in the form of Treasury bill holdings by banking institutions, while credit to the private sector, which had remained subdued in the past few years, is now picking up in both local and foreign currency terms.

53. As at 31 August 2021, the loan-to-deposit ratio for the banks' local currency portfolio has been increasing, from below 50% in 2019 to around 80% by end of August 2021. However, the overall loan-to-deposit ratio is being pulled down by the relatively low activity on bank lending in foreign currency and is expected to pick up gradually, on the back of current measures to encourage bank lending in foreign currency.

Figure 9: Loans-to-Deposit Ratio



Source: RBZ

Financial Inclusion

54. There is significant progress with regards to improving access to financial services to target segments of the economy through digital financial services, introduction of new products, enhanced financial literacy and consumer protection efforts, establishment of low-cost bank accounts, and establishment of women desks and SME units in most of the banking institutions.

55. Focus is now on drafting of the National Financial Inclusion Strategy II (2021-25) following the coming to an end of NFIS I on 31 December 2020. NFIS II will seek to integrate financial inclusion with economic development and human development in line with the NDS 1 and Vision 2030.

56. The Table below shows the trend in the financial inclusion indicators.

Table 8: Financial Inclusion Indicators December 2016 – June 2021

Indicator	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Mar 2021	Jun 2021
Value of loans to MSMEs (ZW$ Million)	131.69	146.22	169.96	462.98	3,013.85	3,967	14,686.97
Average loans to MSMEs as % of total bank loans	3.57	3.75	3.94	3.92	3.66	3.79	10.26
Number of MSMEs with bank accounts	71,730	76,524	111,498	116,467	139,902	152,504	162,742
Number of Women with Bank Accounts	769,883	935,994	1,736,285	2,152,185	2,570,835	2,758,922	2,159,470
Value of Loans to Women (ZW$ Million)	277.30	310.78	432.36	586.74	3,280.61	5,039	6,716.62
Average loans to women as a % of total bank loans	7.52	7.96	10.57	15.59	3.98	4.82	4.69
Number of Loans to Youth	38,400	61,529	69,421	189,658	71,832	68,452	72,924
Value of Loans to Youth (ZW$ Million)	58.41	138.93	104.43	188.71	1,947.52	2,719	3,825.46
Average loans to the youth as a % of total bank loans	1.58	3.56	2.55	6.09	2.36	2.60	2.67
Total number of Active Bank Accounts (Million)	1.49	3.07	6.73	7.62	8.64	9.06	7.17
Number of Low-Cost Bank Accounts (Million)	1.20	3.02	4.67	4.97	5.85	5.82	4.41

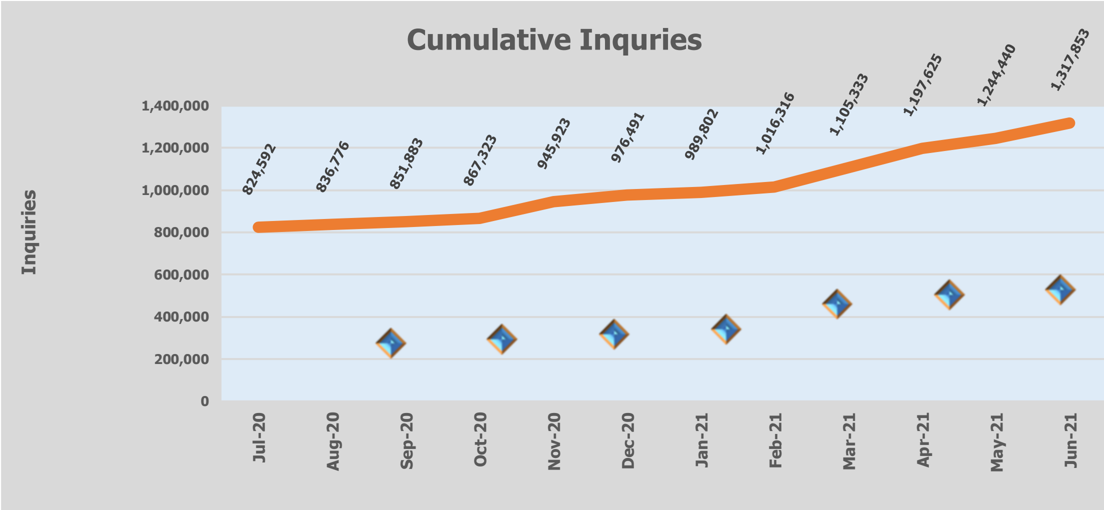
Source: RBZ

Credit Registry

57. The Credit Registry has facilitated the adoption of automated lending by lending institutions and integrated credit registry data into their credit approval processes resulting in increased utilisation from 824,592 as at 30 June 2020 to 1,317,853 cumulatively as at 30 June 2021, notwithstanding the lockdown restrictions.

58.

Figure 10: Cumulative Credit Registry Inquiries: June 2021



Source: RBZ

Collateral Registry

59. The Collateral Registry System is expected to go live before the end of 2021 and will be key in facilitating access to finance by targeted beneficiaries of the National Financial Inclusion Strategy, riding on the back of moveable assets as collateral.

Anti-Money Laundering, Counter-Financing of Terrorism and Proliferation Financing (AML/CFT/PF)

60. The country continues to address deficiencies identified by the Financial Action Task Force (FATF) in accordance with set deadlines of two years despite the COVID-19 pandemic disruptions.

61. In the first quarter of 2022, FATF experts are expected to carry out an in–country assessment on the commitment to implementation of necessary policies and measures to combat money laundering, financing of terrorism and proliferation of weapons of mass destruction.

62. The visit is expected to result in the country's removal from the list of non-compliant countries, thereby boosting investor confidence and making it easier for local banks to secure new correspondent banking relationships while retaining existing ones.

Market Discipline and Compliance

63. The introduction of Statutory Instrument 127 of 2021 was necessitated by increased incidences of business malpractices and speculative behaviour by some businesses, threatening the stability of the foreign exchange market and of prices of goods and services.

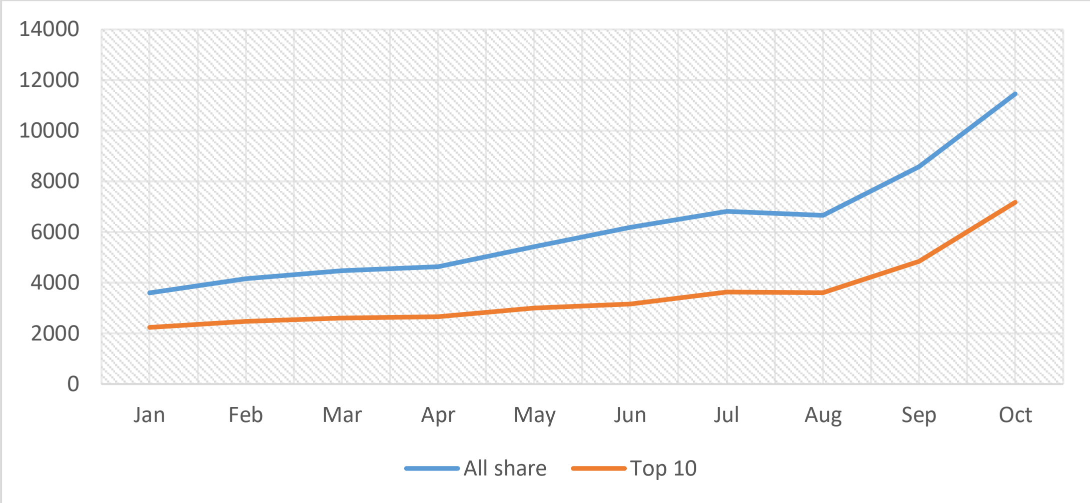
64. To this end, the Financial Intelligence Unit has intensified the monitoring of financial transactions to identify and take action against businesses that deliberately disregard the requirements of the Bank Use Promotion Act, the Exchange Control Act and anti-money laundering standards.

65. Furthermore, corrective measures are being taken against businesses that fail to bank their cash receipts, price their goods and services using speculative exchange rates or trade foreign currency on the parallel market.

Securities Market

66. The number of listed companies on the ZSE stands at 55, with one Exchange Traded Fund (ETF). The first ETF in the country was listed on 4 January, 2021. A new listing on the Victoria Falls Stock Exchange, Caledonia Mining Corporation is also on the cards. In terms of trading, 'all-share index' gained 334% as at 26 October 2021, spurred by gains in the heavyweight counters as reflected in the growth of the ZSE Top 10 counters which were up 329% during the same period.

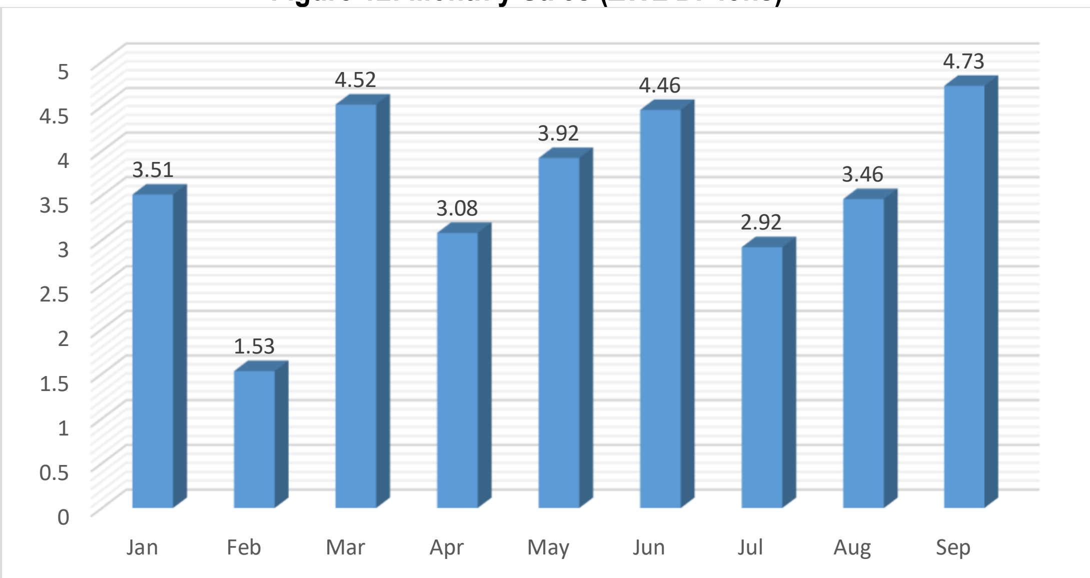
Figure 11: ZSE Indices



INDEX	31-Dec-20	26-OCT-21	CHANGE
All share	2,636.34	11,456.15	334.55%
Top 10	1,671.47	7,175.61	329.30%

Source: ZSE

Figure 12: Monthly Sales (ZWL Billions)



Source: ZSE

67. Cumulative sales to 30 September 2021 were ZWL$32.13 billion, compared to ZWL9.50 billion during the same period in 2020.

Market Capitalisation

68. The ZSE total market capitalisation recorded a new high of ZWL 1.39 trillion on 26 October 2021 compared to ZWL 317.88 billion as at 31 December 2020.

Figure 13: Market Capitalisation (ZWL$ Trillion)

Source: ZSE

Compensation for Insurance and Pensions Loss due to Currency Reform

69. The Insurance and Pensions players are now in the process of equitably distributing revaluation gains on assets attributable to currency reforms undertaken in 2019 in line with the Guideline on Adjusting Insurance and Pension Values provided by IPEC.

70. In addition, pursuant to an allocation of US$75 million investment asset by Government to IPEC, as part of compensation measures for lost value by pensioners, a dividend of US$400 000 was declared and is being disbursed to targeted beneficiaries. Subsequent disbursements will be made in 2022 and beyond, leveraging on this investment.

Compensation of 2009 Loss of Value

71. Government, in consultation with industry representatives, has been working on bringing closure to the pre-2009 compensation. To this end, Government is finalising the 2009 Compensation Framework that will provide guiding principles on the criteria for assessing and quantifying prejudice in relation to the insurance and pensions contracts, as highlighted in the Smith Commission of Inquiry on Conversion of Insurance and Pensions Values from Zimbabwe dollar to US dollar Report.

72. It is envisaged that the compensation modalities will be concluded before the end of 2021, with pensioners starting to get payments in 2022.

Minimum Capital Requirements

73. Government launched the Zimbabwe Integrated Capital and Risk Programme (ZICARP) in June 2021, aimed at promoting financial stability of the insurance sector through setting capital requirements proportionate to the level of risk. The recommended capital requirements to guide the industry are being finalised.

Prescribed Asset Status

74. The insurance industry's level of compliance with minimum prescribed assets (PA) threshold remains low, compromising Government investment in infrastructure and other initiatives.

Table 9: Compliance Levels and Proposed Thresholds

Type of Business	Average Compliance Ratio as at 31 December 2020	Compliance Ratio as at 30 September 2021	S.I 206 of 2019 Thresholds
Pension Funds	6.41%	3.62%	20%
Life Assurance	2.23%	0.33%	15%
Non-life Insurance	3.69%	2.50%	10%

Source: IPEC

75. In order to ensure a wide range of investment products, Government has expanded the Prescribed Asset Status framework to include bankable projects and private equity projects that are in line with NDS1 policy thrust.

Review of Insurance and Pensions Legislation: Insurance and Pensions Bills

76. The Insurance and Pensions Commission (IPEC) Bill, the Pensions and Provident Funds Bill and the Insurance Bill, whose enactment will go a long way in addressing deficiencies in the current regulatory framework and empower the Commission to deliver its mandate are at various stages of approval.

International Financial Services Centre

77. Government is in the process of establishing an International Financial Services Centre (IFSC) in Victoria Falls to develop the financial services sector, through provision of opportunities for global investment. This is expected to attract foreign direct investment, domestic investment, and export development in the country.

78. The rules and regulations governing the IFSC are being drafted and consideration is underway to extend necessary incentives.

THE 2021 PUBLIC FINANCES AND OUTLOOK

79. The state of public finances has improved significantly, consistent with the 2021 National Budget objectives and targets. For the period January to September, revenue collections were ZWL$317.4 billion against expenditures of ZWL$351.7 billion, giving a deficit of ZWL$34.3 billion. By end of the year, a narrower deficit of ZWL$14 billion is projected, to be entirely funded through domestic market borrowing.

Revenue

80. Revenue collections during the first nine months to September 2021 amounted to ZW$317.4 billion, against a projection of ZW$291.5 billion for the period, resulting in a positive variance of ZW$25.8 billion (8.9%). Tax revenues contributed 94.7% with the remainder coming from non-tax revenue.

Table 10: Revenue Performance January-September 2021

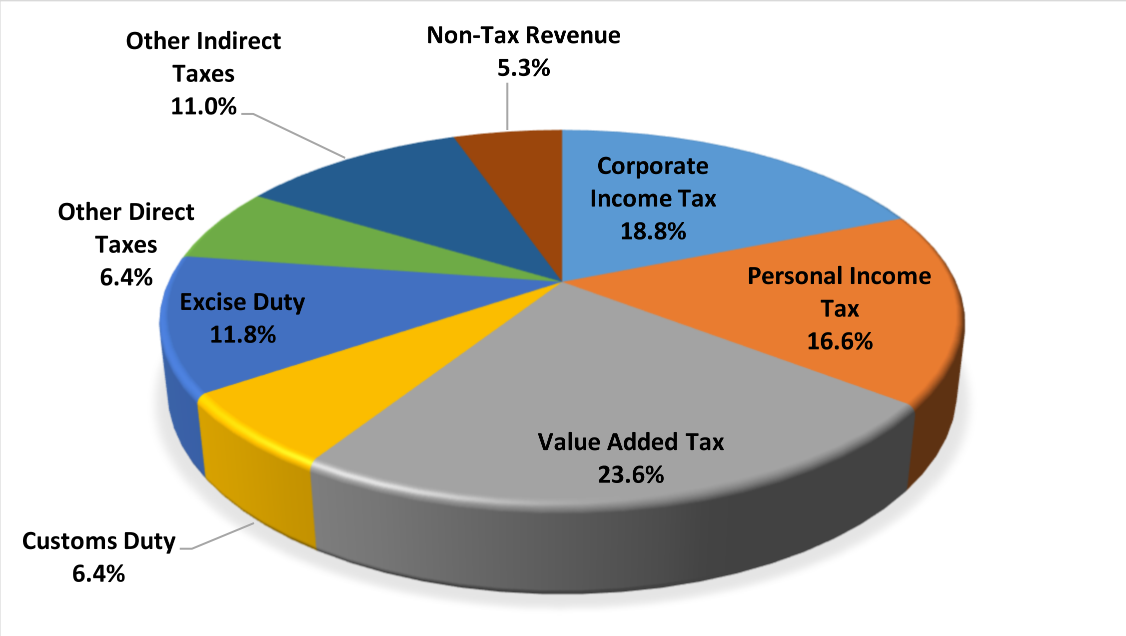
	Actual (ZW$B)	Target (ZW$B)	Variance (ZW$b)	% Variance
Tax Revenue	300.6	287.3	13.3	4.6%
Non-Tax Revenue	16.7	4.2	12.5	300.4%
Total Revenue	**317.4**	**291.5**	**25.8**	**8.9**

Source: MoFED

Contribution of Major Revenue Heads

81. The major contributing revenue heads during the 2021 fiscal year were VAT (24%), Corporate Income Tax (18%) and Personal Income Tax (17%).

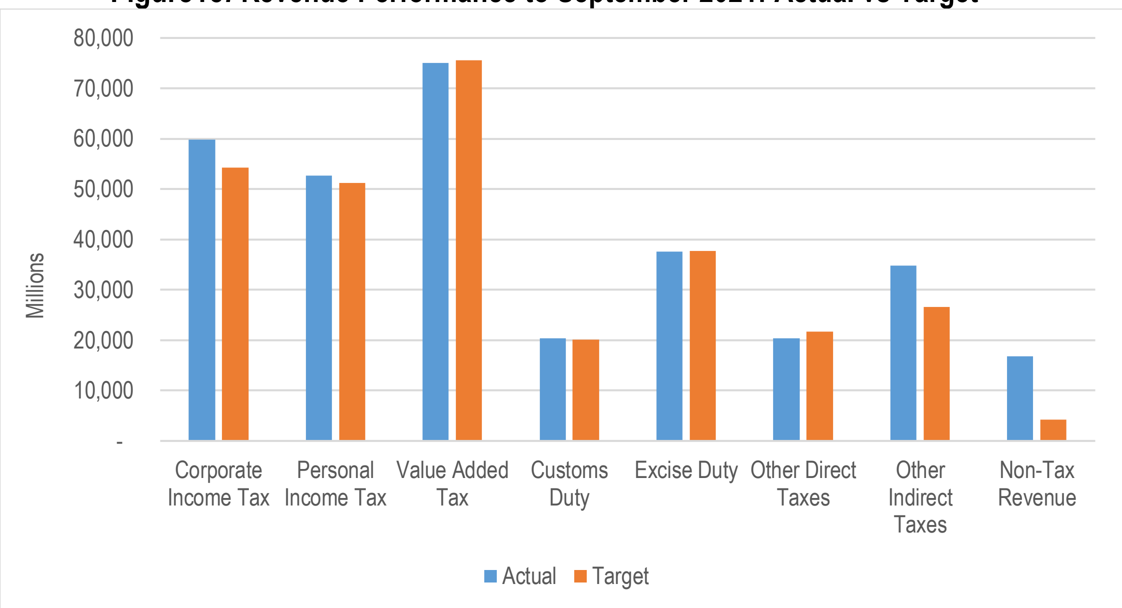
Figure 14: Contributors to Total Revenue



Source: MoFED

82. Revenue collections on all other revenue heads performed above the set targets save for other direct taxes, resulting in a 12.6% overall revenue positive variance.

Figure15*:* Revenue Performance to September 2021: Actual vs Target



Source: MoFED

Personal Income Tax

83. Personal Income amounted to ZW$52.6 billion against a target of ZW$51.2 billion, resulting in a positive variance of ZW$1.4 billion or 2.7%. The performance is reflective of the impact of bracket creep following salary adjustments within the public and private sector.

Corporate Income Tax

84. Corporate Income was ZW$59.8 billion against a target of ZW$54.2 billion, resulting in a positive variance of ZWL5.6 billion or 10.3%. The positive performance was largely driven by improved performance in sectors such as mining that benefited from higher output and firm international commodity prices. Furthermore, improved access to foreign currency at a stable exchange rate and the gradual easing of lockdown measures improved the profitability of a number of corporates.

Value Added Tax

85. Value Added amounted to ZW$75 billion against a target of ZW$75.6 billion, resulting in a negative variance of ZW$576.6 million or -0.8%. The under-performance is attributed to possible leakages arising from underreporting of revenue collected, particularly foreign currency receipts, as businesses exploit arbitrage opportunities on the foreign exchange market.

86. This has been compounded by deliberate actions by some registered operators to circumvent the use of fiscal devices, deployed to facilitate compliance to VAT legislation.

Excise Duty

87. Excise duty recorded a marginal negative variance of -0.6%, with actual collections of ZWL$37.6 billion against a target of ZWL$37.8 billion mainly on account of the under-

performance of fuel excise. Fuel excise, which accounted for 83.1% of total excise collections, recorded a negative variance of -2.7% or ZWL$731.6 million.

Customs Duty

88. Customs duty amounted to ZW$20.4 billion against a target of ZW$20.1 billion, resulting in a positive variance of 1.4%. Customs duty collections were not significantly affected by lockdown measures since commercial consignments continue to be cleared even during COVID-19 restrictions.

Intermediated Money Transfer Tax

89. IMTT amounted to ZW$28.9 billion against a target of ZW$22.7 billion, resulting in a positive variance of ZW$6.3 billion or 27.6%. Performance of the revenue head benefited from the extension of IMTT to foreign currency transactions and increased value and volume of transactions during the period under review.

Non-Tax Revenue

90. Non-Tax Revenue amounted to ZW$16.7 billion against a target of ZW$4.2 billion, resulting in a positive variance of ZW$12.5 billion or 300%. The positive performance is on account of the continued review of fees and charges levied by line Ministries and Departments, in some instances to cost recovery levels.

Revenue Outlook to December 2021

91. The 2021 National Budget projected revenues of ZW$390.8 billion for the year. However, indications are that ZW$495.01 billion (16.6% of GDP) will be realised by December 31.

Table 11: Revenue Performance ZWL$m

	2018 Outt	2019 Out	2020 Outt	2021 Budget	2021 Proj
Total Revenue	**5,533.5**	**22,970.7**	**183,039.1**	**390,803**	**495,037.1**
Tax Revenue	***5,000.4***	***22,570.4***	***175,385.1***	***387,251***	***474,265.5***
Personal Income Tax	855.9	3,235.3	28,509.4	72,206	78,356.4
Corporate Tax	801.7	3,154.9	33,868.8	73,523	124,985.5

Other Direct Taxes	261.4	963.9	12,166.5	29,091	26,316.9
Customs Duty	432.8	1,961.7	14,571.5	21,043	28,228.3
Excise Duty	908.9	4,117.3	25,823.8	60,445	51,736.0
Value Added Tax	1,362.6	5,948.7	43,796.8	94,816	112,854.1
Other Indirect Tax	377.1	3,188.6	16,648.2	36,128	51,788.2
of which IMTT	*177.6*	*2,662.7*	*13,751.5*	*29,039*	*43,411.2*
Non- Tax revenue	***533.1***	***400.2***	***7,654.0***	***3,552***	***20,771.6***

Source: MoFED

92. The increase in revenue is largely on account of the performance of the following specific revenue heads:

- Corporate Income Tax - Collections are projected to increase in line with corporate performance and parallel market pricing of goods and services.
- Tobacco Levy - Tobacco output is projected to increase from 190 million to 210 million kgs while prices on auction and contract floors were firmer than envisaged.
- Excise Duty - Higher than projected increase in volumes of alcoholic beverages.
- Value Added Tax - The revenue head is expected to benefit from increased disposable incomes following the civil service wage adjustment that is also normally replicated in the private sector.
- Intermediated Money Transfer Tax (IMTT) - The revenue head is expected to benefit from the gradual increase in the value of electronic transactions.
- Non-tax Revenue - The revenue head should continue to benefit from continuous review of charges for Government goods and services.

Expenditure

93. Total expenditures for the period January to September 2021 amounted to ZWL$351.7 billion, against a target of ZWL$305.3 billion resulting in an expenditure overrun of ZWL$46.3 billion (15.2%) as shown on the table below.

Table 12: Expenditure (ZWL$ Million): Jan – Sept 2021

	Actual	Target	Variance	% Variance
Compensation of Employees	111,609.6	101,084.6	10,525.0	10.4
Use of Goods and Services	47,632.7	51,036.2	-3,403.5	-6.7
Interest	1,076.5	1,117.5	-41.0	-3.7
Subsidies	4,676.1	2,129.0	2,547.2	119.6
Grants	31,557.1	27,595.9	3,961.2	14.4
Social Benefits	20,136.0	9,092.2	11,043.8	121.5

Other Expenses	8,200.0	15,214.1	-7,014.2	-46.1
Devolution Transfers	6,310.8	14,087.1	-7,776.3	-55.2
Acquisition of Non-Financial Assets (Capital Expenditure)	126,775.2	98,054.7	28,720.5	29.3
Total Expenditure	**351,663.3**	**305,324.2**	**46,339.0**	**15.2**

Source: MoFED

94. Major expenditures were on Net Acquisition of Non-Financial Assets (Capital Expenditure) at ZWL$126.8 billion, against a target of ZWL$98.1 billion and Compensation of Employees at ZWL$111.6 billion, against a target of ZWL$101.1 billion.

95. While, use of goods and services at ZWL$47.6 billion performed below the target of ZWL$51 billion, social benefits and subsidies were at ZWL$20.1 billion and ZWL$4.7 billion, respectively, against the nine months targets of ZWL$9.1 billion and ZWL$2.1 billion, respectively.

96. Compensation of employees for the first nine months amounted to ZWL$111.6 billion against a target of ZWL$101.1 billion, reflecting a 10.4% expenditure overrun with the expenditure head now constituting 31.2% of total expenditures compared to 38.7% in 2020.

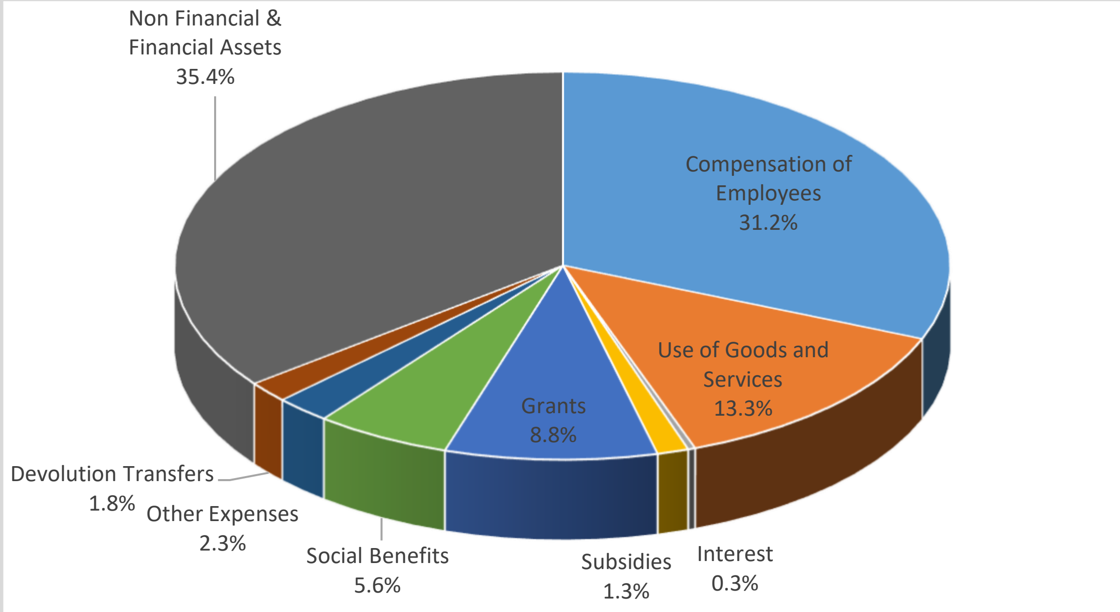
97. The over-expenditure of ZWL$10.5 billion (10.4%) was on account of hiring of additional personnel for critical posts in the education sector following recruitment of 3 000 teachers in January and 1 000 police officers effective 1 April 2021, as well as cost of living adjustments effected in February and April 2021.

Other Recurrent Expenditures

98. Use of goods and services for the first three quarters of the year amounted to ZWL$47.6 billion, constituting 13.3% of total expenditures, against a target of ZWL$51 billion. Expenditures were mainly on enforcement of lockdown restrictions, COVID-19 vaccination campaign, maintenance of Government buildings and other assets, as well as support to extra budgetary units.

99. Interest payments on debt amounted to ZWL$1.1 billion, with 86% being channelled towards domestic interest payments while 14% went towards foreign debt interest.

Figure 16: Expenditure Distribution



Source: MoFED

Votes Performance: 2021

100. Expenditure to September 2021 reflects budget utilisation of 86%, with 7 Votes having already spent above the budgeted levels, a reflection of forced reprioritisation of expenditures, mainly to mitigate the impact of the pandemic as Government sought to save lives and sustain livelihoods, as well as support to agriculture to ensure food security.

Table 13: Votes Performance: Jan-Sept 2021 (ZWL$ Million)

Vote Appropriations	Original Estimate	Revised Estimate	Cumulative Expenditure to 30 September	Budget Utilisation
	ZWL$m	ZWL$m	ZWL$m	%
Office of the President and Cabinet	14,260	14,260	15,919	112%
Parliament of Zimbabwe	7,306	7,306	2,416	33%
Public Service, Labour and Social Welfare	6,929	6,929	5,486	79%
Defence and War Veterans	23,754	23,754	27,170	114%
Finance and Economic Development	28,956	21,327	28,866	135%
Audit Office	1,349	1,349	409	30%
Industry and Commerce	2,345	2,345	759	32%
Lands, Agriculture, Fisheries, Water and Rural Development	46,259	51,276	87,519	171%
Mines & Mining Development	1,399	1,399	797	57%
Environment, Tourism and Hospitality Industry	1,787	1,787	677	38%
Transport and Infrastructural Development	30,064	30,500	22,731	75%
Foreign Affairs and International Trade	8,640	8,640	2,674	31%
Local Government and Public Works	10,070	10,111	7,826	77%
Health and Child Care	54,705	55,135	25,286	46%

Vote Appropriations	Original Estimate	Revised Estimate	Cumulative Expenditure to 30 September	Budget Utilisation
Primary and Secondary Education	55,221	55,221	36,768	67%
Higher & Tertiary Education, Innovation, Science and Technology Development	14,368	14,368	10,871	76%
Women Affairs, Community, Small and Medium Enterprises Development	2,157	2,157	1,103	51%
Home Affairs and Cultural Heritage	23,557	23,967	17,665	74%
Justice, Legal and Parliamentary Affairs	7,340	7,340	6,824	93%
Information, Publicity and Broadcasting Services	1,479	1,479	896	61%
Youth, Sport, Arts and Recreation	3,557	3,557	1,406	40%
Energy and Power Development	1,641	1,641	2,155	131%
Information Communication Technology and Courier Services	1,972	1,972	557	28%
National Housing and Social Amenities	2,801	2,801	487	17%
Judicial Services Commission	2,487	2,487	1,610	65%
Public Service Commission	9,004	10,299	10,737	104%
Council of Chiefs	317	317	130	41%
Human Rights Commission	148	148	89	60%
National Peace and Reconciliation Commission	133	133	119	90%
National Prosecuting Authority	610	610	426	70%
Zimbabwe Anti-Corruption Commission	317	317	151	48%
Zimbabwe Electoral Commission	2,321	2,321	669	29%
Zimbabwe Gender Commission	153	153	143	93%
Zimbabwe Land Commission	934	934	257	27%
Zimbabwe Media Commission	175	175	202	116%
TOTAL	**368,514**	**368,514**	**321,798**	**87%**
Debt Service: Interest Bill	1,462	1,462	1,076	74%
Pension	30,624	30,624	21,180	69%
Transfers to Provincial Councils and Local Authorities	19,540	19,540	6,311	32%
Other Constitutional & Statutory Appropriations	1,477	1,477	1,265	86%
Total Expenditure & Net Lending	**421,617**	**421,617**	**351,630**	**83%**
Repayment of Loans	7,724	7,724	20,488	265%
Total Expenditure & Net Lending Including Loan Repayments	**429,341**	**429,341**	**372,118**	**87%**

Source: MoFED

Expenditure Outlook to December

101. By end December 2021, expenditures are expected to reach ZWL$509 billion (17% of GDP) against the original Budget of ZWL$421.6 billion. This expected outturn is mainly on account of COVID-19 related expenditures, increased outlays on grain procurement, as well as other developments.

Public Debt

102. The total public debt as at end September 2021 amounted to US$13.7 billion, comprising of public external debt of US$13.2 billion and domestic debt of US$532 million, as shown in Table below.

Table 14: Total Public Debt Stock end September 2021(US$ millions)

	Non-Guaranteed	Guaranteed	Grand Total

	DOD	Arrears	Total	DOD	Arrears	Total	
Total Public Debt	**2,269**	**5,182**	**7,452**	**4,883**	**1,388**	**6,271**	**13,722**
1. External Debt (a+b+c+d)	**1,738**	**5,182**	**6,920**	**4,883**	**1,388**	**6,271**	**13,191**
a. Bilateral Creditors	***1,271***	***3,320***	***4,591***	***22***	***832***	***854***	***5,445***
Paris Club	110	2,831	2,942	19	823	843	*3,784*
Non-Paris Club	1,160	489	1,649	3	8	11	*1,661*
b. Multilateral Creditors	**246**	**1,862**	**2,108**	**0**	**557**	**557**	***2,664***
World Bank	162	1,070	1,232	0	291	291	*1,523*
African Development Bank	31	599	630	0	87	87	*716*
European Investment Bank	14	167	181	0	179	179	*361*
Others	38	26	64	0	0	0	*64*
c. RBZ Assumed Debt (2015)	***221***	***0***	***221***	***0***	***0***	***0***	***221***
d. RBZ Balance Sheet Debt				***4,860***		***4,860***	***4,860***
RBZ Borrowing - Guaranteed				1,448		1,448	*1,448*
RBZ Borrowing - Non-Guaranteed				72		72	*72*
Blocked Funds				3,340		3,340	*3,340*
2. Domestic Debt (e+f+g)	**532**	**0**	**532**	**0**	**0**	**0**	**532**
e. Treasury Bills	426		426				426
f. Treasury Bonds	62		62				62
g. Domestic Arrears	44		44				44

Source: ZPDMO&RBZ, Notes: Exchange rate as at end September 2021 87.7,
Contingent liabilities: Compensation of Former Farm Owners US$3.5 billion

103. The total public debt stock excludes contingent liabilities of US$3.5 billion for the compensation of former farm owners, which will be incorporated on completion of cession agreements with former farm owners.

External Debt

104. Zimbabwe's public external debt stock is estimated at US$13.2 billion as at end September 2021. Of the public external debt, US$5.45 billion is owed to bilateral creditors, US$2.67 billion to multilateral creditors, US$221 million to creditors under the 2015 RBZ Debt Assumption Act and US$4.9 billion is RBZ's balance sheet external debt.

105. RBZ's balance sheet external debt comprises of US$1.4 billion guaranteed debt, US$72 million non-guaranteed debt and US$3.3 billion of blocked funds.

Table15: Public External Debt end September 2021 (US$ millions)

	Non-Guaranteed			Guaranteed			Grand Total
	DOD	Arrears	Total	DOD	Arrears	Total	
External Debt (a+b+c+d)	**1,738**	**5,182**	**6,920**	**4,883**	**1,388**	**6,271**	**13,191**
a. Bilateral Creditors	***1,271***	***3,320***	***4,591***	***22***	***832***	***854***	***5,445***
Paris Club	110	2,831	2,942	19	823	843	*3,784*
Non-Paris Club	1,160	489	1,649	3	8	11	*1,661*
b. Multilateral Creditors	**246**	**1,862**	**2,108**	**0**	**557**	**557**	***2,664***
World Bank	162	1,070	1,232	0	291	291	*1,523*
African Development Bank	31	599	630	0	87	87	*716*
European Investment Bank	14	167	181	0	179	179	*361*
Others	38	26	64	0	0	0	*64*

c. RBZ Assumed Debt (2015)	***221***	***0***	***221***	***0***	***0***	***0***	***221***
d. RBZ Balance sheet Debt				***4,860***		***4,860***	***4,860***
RBZ Borrowing – Guaranteed				1,448		1,448	*1,448*
RBZ Borrowing - Non-Guaranteed				72		72	*72*
Blocked Funds				3,340		3,340	*3,340*

Source: Zimbabwe Public Debt Management Office and the Reserve Bank of Zimbabwe

External Debt Service

106. During the period January to September 2021, Treasury made payments to external creditors amounting to US$44.2 million. These payments were made to active portfolios and for token payments to IFIs and bilateral Paris Club creditors. Payments to active portfolios are critical in unlocking disbursements for on-going projects.

Table 16: External Debt Service January to September 2021 (US$)

	Jan-Mar	Apr-Jun	Jul-Sep	Cum Total
Active Portfolios				
China Eximbank	9.00	3.00	3.00	**15.00**
SINOSURE	-	3.00	3.00	**6.00**
BADEA	3.01	8.68	-	**11.69**
India Eximbank	1.33	1.34	-	**2.67**
IFAD	0.17	-	0.20	**0.37**
OFID	0.90	0.94	-	**1.84**
Kuwait Fund	-	-	0.24	**0.24**
Token Payments				
World Bank Group	1.00	1.00	1.00	**3.00**
African Development Bank	0.50	0.50	0.50	**1.50**
European Investment Bank	0.10	0.10	0.10	**0.30**
Paris Club Creditors	-	-	1.60	**1.60**
Total	**16.00**	**18.56**	**9.64**	**44.21**

Source: Zimbabwe Public Debt Management Office

External Loan Disbursements

107. Total external on-lent loan disbursements for the period January to September 2021 amounted to US$3.9 million, from the India Exim Bank for the Deka Pumping Station and River Water Intake System project. The low disbursements are due to accumulation of arrears on projects such as Victoria Falls Airport (China Eximbank), Netone Network Expansion Phase III (China Eximbank) and Telone Backbone Network and Broadband Access (China Eximbank).

108. Projected external loan disbursements for 2022 for projects implemented by State Owned Enterprises are estimated at US$308.6 million. The disbursements will be towards the Hwange

7 and 8 Thermal Power Station, Deka Pumping Station, R.G. Mugabe International Airport, Netone Network Expansion Phase III and the Bulawayo Thermal Power Station.

Table 17: 2021 Disbursements (Jan to Sept) and 2022 Projected Disbursements US$ millions

Loan Facility	Lender	Loan Amount	2021 Actual	2021 Q4 Proj	2021 Total	2022 Proj
Hwange 7 & 8 Thermal Power Station	China Eximbank	997.7	-	33.83	33.83	200
Deka Pumping Station and River Water Intake System	India Eximbank	28.6	3.9	-	3.9	10
R.G. Mugabe International Airport	China Eximbank	153	-	-		51
Netone Network Expansion Phase III	China Eximbank	71	-	-		27.6
Bulawayo Thermal Power Station	India Eximbank	87	-	-		20
Total			**3.9**	**33.83**	**37.73**	**308.6**

Source: Zimbabwe Public Debt Management Office

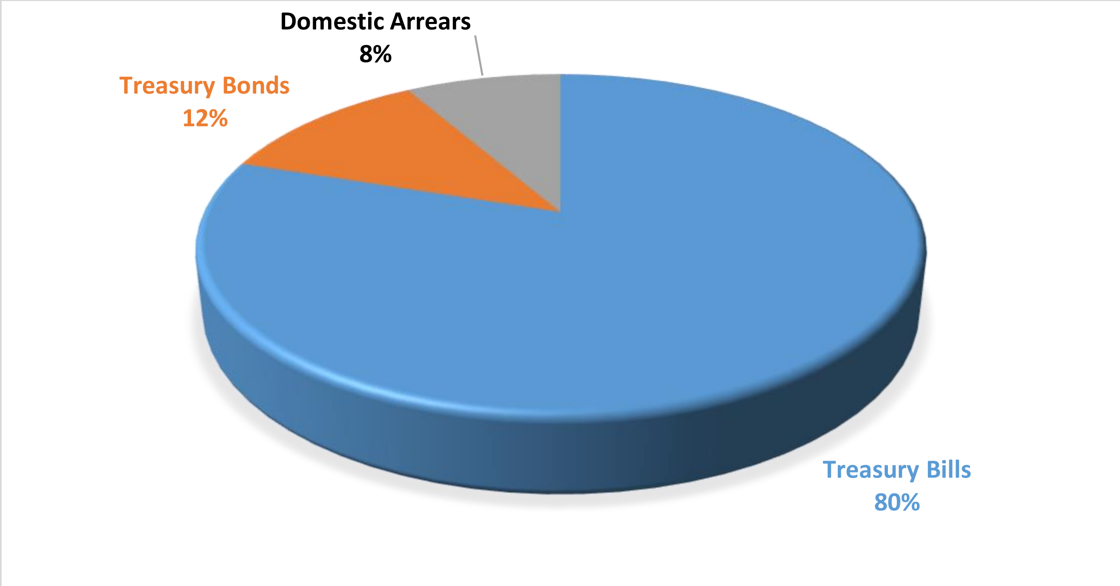
External Loans Concluded in 2021

109. In 2021, Government concluded a concessional loan agreements amounting to US$35.7 million for the smallholder irrigation revitalisation programme funded by the International Fund for Agricultural Development (IFAD).

Domestic Debt Stock

110. Domestic debt stock as at end September 2021 amounted to ZWL$46.6 billion, with Treasury bills accounting for 80% of the total domestic debt (ZWL$37.3 billion), Treasury bonds 12% (ZWL$5.4 billion), while domestic arrears were at 8% (ZWL$3.9 billion).

Figure 17: Domestic Debt end 2020 and September 2021



Source: Zimbabwe Public Debt Management Office

111. Domestic debt Treasury bill issuances for the period January to September 2021 for budget financing amounted to ZWL$28.2 billion, mainly short-term with average interest rates ranging from 15 to 21%. The biggest share is in 365 days with 51.2% and 270 days with 47.4%. In August 2021, Government began issuing long term securities starting with a two-year bond issued at 18%.

Table 18: Domestic Debt Issuances January to September 2021

Tenure (days)	Amount (ZWL$)	Average Rate (%)	Share (%)
90	300	15	1.1
180	50	17	0.2
270	13,395	19	47.4
365	14,463	21	51.2
730	25	18	0.1
Total	**28,233**		**100**

Source: Zimbabwe Public Debt Management Office

Domestic Debt Maturity Profile

112. The domestic debt maturity profile reflects the short-term nature of the domestic debt securities, as investors of Government securities have preference for short term instruments to hedge against inflationary pressures. The maturity profile indicates that ZWL$31.3 billion (81%) of outstanding debt securities is maturing in 2022, with a corresponding interest bill of ZWL$5.1 billion.

Guarantees

113. During the period January to September 2021, Government issued guarantees for domestic creditors amounting to ZWL$20.3 billion and US$1.4 billion as shown in the table below for the purposes of financing agriculture inputs, grain purchase, importation of strategic commodities and development of a residential area.

Table 19: Guarantees issued from Jan to Sept 2021

Borrower	Amount - US$ m	Amount-ZWL$m	Purpose	Date Approved	Expiry Date
Agribank and AMA		100	Finance horticulture and oil seed production for the 2020/21 agricultural season	8-Mar-21	31-Dec-21
AMA		20,000	Grain purchase	8-Jun-21	8-Jun-22
RBZ-Africa Export Import Bank	1,425		Facility Restructuring-Importation of strategic commodities	10-Mar-21	10-Mar-24
IDBZ		200	Financing the development of a low-density residential area	18-Aug-21	17-Aug-22
Luxaflor Roses	0.75		Working capital requirements	16-Mar-21	16-Mar-24
Mbano Manor Hotel		10	Working capital requirements	8-Mar-21	8-Sep-22
Total	**1,425.75**	**20,320**			

Source: Zimbabwe Public Debt Management Office

114. These also include guarantees issued to the private sector companies under the COVID-19 Economic Recovery and Stimulus Package. The issuance of guarantees followed the due diligence, risk assessment and analysis of these beneficiaries in line with the Framework for Evaluating Monitoring and Managing Guaranteed and On-lent Loans.

115. In 2020, Government issued domestic guarantees, including to private companies under the COVID-19 Economic Recovery and Stimulus Package, amounting to ZWL$24.2 billion and US$15.2 million. Guarantees issued to Agribank, Silo Food Industries, IDBZ, and CBZ Agro Yield (winter wheat) are on track, while guarantees issued to CBZ Agro Yield for winter and summer maize are facing challenges of repayments, which indicates a relatively high probability of being called up in 2022. The table below shows the performance of the guarantees issued in 2020.

Table 20: Performance of Guarantees Issued in 2020

Borrower	Purpose	Amount Millions		Performance Status as at 11 November 2021
		US$	ZWL$	
Agribank and FBC Bank	Issuance of Agrobills to finance 2019/2020 Agricultural season		100	Fully paid

Agribank and FBC Bank	Issuance of Agrobills to finance 2020/2021 Tobacco season		200	Fully paid
Silo Food Industries	Finance of short-term trading capital requirements of the issuer		350	Of the ZWL$411 million total obligation inclusive of interest payments, ZWL$235.5 million has been repaid with the remaining balance of ZWL$175.7 million to be paid by end of November 2021.
IDBZ	To finance site servicing of Sumben Housing Project		300	Interest payments are on track, the capital repayments will be paid in 2022 as the Facility had a two-year tenor.
CBZ Agroyield (Pvt) Limited (Wheat Farmers)	Financing of 2020 winter wheat cropping season (100% Guarantee)		1.57	Of the ZWL$1.57 billion disbursed, ZWL$1.21 billion has been recovered representing 77% recovery rate[1]
CBZ Agroyield (Pvt) Limited (Maize Farmers)	Financing of 2020 winter maize cropping season (50% Partial Guarantee)		76.8	Of the ZWL$76. 8 million disbursed, ZWL$0.44 million has been recovered representing 0.6% recovery rate.
CBZ Agroyield (Pvt) Limited (Maize Farmers)	Financing of the 2020/2021 summer maize cropping season (80% Partial Guarantee)		21,700	Of the ZWL$21.7 billion disbursed, ZWL$4.8 billion has been recovered representing 22% recovery rate.
CBZ Agroyield (Pvt) Limited (Soyabean Farmers)	Financing of the 2020/2021 soya beans summer cropping season (80% Partial Guarantee)		1,500	Of the ZWL$1.5 billion disbursed, ZWL$0.199 million has been recovered, representing 13.29% recovery rate.
Steel Makers (Pvt) Ltd	Working capital requirements (65% Partial Guarantee)	11.18		The facility has a five-year tenor, the first repayment instalment is due in August 2022.
Sub-Sahara Tobacco (Pvt) Limited	Financing of Export and Contract Order (40% Partial Guarantee)	4		The Facility is maturing on 31st December 2021 and resources have been ringfenced towards servicing the Facility.
Total		**15.18**	**24,228**	

Source: Zimbabwe Public Debt Management Office

116. Treasury is conducting performance monitoring of these guarantees to ensure that corrective measures are taken to minimise called up guarantees and related costs thereof.

Annual Borrowing Plan: 2022

117. The 2022 gross financing requirement is projected at ZWL$146.8 billion which will be financed through issuance of Government securities, utilisation of SDRs allocation and external loan disbursements.

118. On domestic borrowing, Government will continue to issue Treasury bills through the auction system for competitive pricing, as well as to improve accountability and transparency. The projected stable macroeconomic environment is expected to encourage uptake of medium to long-term Government securities by investors.

Table 21: 2022 Annual Borrowing Plan (ZWL$ billion)

[1] The funding amounts from CBZ Agroyield Pvt Ltd are preliminary, subject to external audits.

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total Borrowing
Total Treasury Bills	**4,534**	**9,068**	**13,601**	**18,135**	**45,338**
180 days	1,814			3,627	5,441
270 days	1,814	4,534	6,801	7,254	20,402
365 days	907	4,534	6,801	7,254	19,495
Treasury Bonds (2-7 years)		**3,703**	**7,407**	**7,407**	**18,517**
Total	**4,534**	**12,771**	**21,008**	**25,542**	**63,855**

119. As part of deficit financing, Government will issue US$ denominated Government Bonds of up to US$100 million to be listed on the Victoria Falls Securities Exchange (VFEX) during the first quarter of 2022.

120. The bonds will be issued to complement Government resources needed for the rehabilitation of roads, upgrading and equipping public healthcare facilities, as well as for investments in irrigation infrastructure.

121. Furthermore, the bonds will be issued to reduce the cost of borrowing and deepen the capital markets, with a particular objective of developing the Victoria Falls Offshore Financial Services Centre aimed at attracting foreign capital.

122. In this regard, Government has appointed the Infrastructure Development Bank of Zimbabwe (IDBZ) and the African Export-Import Bank (Afreximbank) as the Joint Lead Arrangers/Financial Advisors.

123. To enhance the credit structure of the US$ denominated Government bonds, Treasury will establish a dedicated Sinking Fund to ring-fence the identified carbon tax revenue streams for the repayment of the US$ Government bond.

124. In addition, Treasury has also requested for a payment guarantee from Afreximbank given that Afreximbank has a favourable credit rating of "BBB", offers a wide range of trade financing programmes, guarantee products and sovereign and corporate advisory services that support the expansion, diversification, promotion and development of intra Africa trade and access to African trade, financial and capital markets.

2022 Annual Borrowing Limits

125. Cognisant of the statutory borrowing requirements, the current high debt overhang and debt sustainability analysis under the National Development Strategy 1 (NDS1), the 2022 overall annual borrowing limit is set at 5.75 %of GDP, which is derived from the budget deficit financing requirements, amortisation of loans and securities and public entities project financing. In 2022, the following borrowing limit guidelines will, therefore, be applied for the following categories:

- Central Government, including borrowing for budget support – 1.5% of GDP (*for budget financing and amortisation of loans and securities*);
- State-Owned Enterprises, including on-lending from Central Government – 3% of GDP *(1% for guarantees, 1% for on-lending and 1% borrowing power authorities);*
- Local Authorities -10% of their respective previous year's revenues, with the overall borrowing limits of all local authorities limited to 0.25% of GDP *(0.125% guarantees, 0.125% borrowing power authorities)*; and
- Guarantees to the private sector -1% of GDP.

126. Given the above, total guarantees to be issued by the Government in 2022 will be limited to 2% of GDP. Guarantees to the Private Sector will only be considered in response to shocks such as Covid-19 pandemic, to stimulate private sector growth.

127. Approvals for all borrowings and Government guarantees will go through the mandatory due diligence procedure, evaluation, risk assessment and analysis in line with the Framework for Evaluating, Monitoring and Managing Guaranteed and On-lent Loans, to ensure that beneficiaries have the capacity to service the loans.

Debt Reporting

128. International standards and the Public Debt Management Act (Section 36) require that Treasury reports to Parliament on all public sector units' debts including liabilities of extra budgetary units and related debt service projections including classification of loans by Government, public entities, social security funds and local authorities. In this regard, all public entities and local authorities are now required to submit to Treasury, monthly returns on all their

borrowings and debt service projections including payment arrears for goods and services, as well as overdraft facilities.

Medium-Term Debt Management Strategy

129. Government is currently implementing a four-year Medium-Term Debt Management Strategy (MTDS) (2017-2021) which is expiring by end of 2021. Subsequently, Treasury has commenced the process of formulating an MTDS (2022-2025) aligned with the NDS1.

130. The MTDS will guide effective prudent debt management operations from 2022 to 2025 to achieve public debt management objectives of ensuring that Government's financing needs and its payment obligations are met at the lowest possible cost over the medium to long term, with a prudent level of risk, and to promote development of the domestic debt market.

Blocked Funds

131. During the transition from the multi-currency system to mono-currency in 2019, there were outstanding foreign payments estimated at US$3.3 billion as a result of shortages of foreign exchange. The outstanding payments were shelved as blocked funds/legacy debt.

132. Government seeks to assume the legacy debts/blocked funds held by the Central Bank on its balance sheet in order to create a sound RBZ balance sheet. The intervention is based on the recognition of the role of the financial sector in economic development and the need to ensure fair compensation for losses that occurred during the currency reform period.

133. The proposed blocked funds assumption will be done through issuance of long-term Government securities (tax exemption, liquid asset status, prescribed asset status and tradable). The Bill for assumption of blocked funds is anticipated to go through the Parliament during the first quarter of 2022, with the issuance of government securities commencing thereof.

THE 2022 MACRO-FISCAL FRAMEWORK

134. Consistent with a GDP growth projection of 5.5% in 2022, total revenue collections are projected at ZWL$850.8 billion (16.8% of GDP). Collections are projected to steadily increase to 17.6% of GDP in 2023, before stabilising at 17.4% in 2024.

135. To complement anticipated revenue collections in 2022, Government seeks to borrow resources amounting to ZWL$76.5 billion from the domestic market and additional drawdown from the SDRs resources.

Table 22: Macroeconomic Fiscal Framework: 2020-24

	2020	2021	2022	2023	2024
National Accounts (Real Sector)					
Real GDP at market prices (Million ZWL$)	177,519.83	191,297.50	201,821.43	212,379.14	223,340.95
GNI Per Capita Income (US$)	1,171.63	1,261.97	1,303.55	1,620.81	1,933.94
Nominal GDP at market prices (Million ZWL$)	1,157,099.90	2,987,453.98	5,058,075.91	6,281,441.16	7,487,034.05
Real GDP Growth (%)	-5.3	7.8	5.5	5.2	5.2
Inflation (Annual Average) %	557.2	94.6	32.6	17.5	9.8
Formal employment (000)	806.7	963.2	1095.7	1239.0	1398.9
% of People in Extreme Poverty	61.2	28.2	18.4	12.4	8.4
Government Accounts					
Revenues (excluding Retained Revenue)	183,039.06	495,037.08	850,770.66	1,108,444.7	1,299,677.6
% of GDP	15.8	16.6	16.8	17.6	17.4
Expenditures & Net Lending (Million ZWL$)	162,925.25	508,992.19	927,268.00	1,218,350.8	1,407,014.6
% of GDP	14.1	17.0	18.3	19.4	18.8
Recurrent Expenditures	108,648.15	363,266.19	676,107.00	876,974.4	987,366.6
% of GDP	9.4	12.2	13.4	14.0	13.2
Employment Costs including Pension	63,121.40	193,261.03	340,000.10	440,248.74	532,424.94
% of GDP	5.5	6.5	6.7	7.0	7.1
% Total Expenditure	38.7	38.0	36.7	36.1	37.8
% of Revenue	34.5	39.0	40.0	39.7	41.0
Capital Expenditure & Net lending	54,277.10	145,726.00	251,161.00	341,376.4	419,647.9
% of GDP	4.7	4.9	5.0	5.4	5.6
Overall Balance	20,113.81	-13,955.11	-76,497.34	-109,906.1	-107,336.9
% of GDP	1.7	-0.5	-1.5	-1.7	-1.4
Financing	-20,113.8	13,955.1	76,497.3	109,906.1	107,336.9
Public Debt	705,622.13	828,319.98	1,129,962.99	3,349,912.91	4,937,450.43
% of GDP	61.0	27.7	22.3	53.3	65.9

Source: MoFED, RBZ, ZIMSTAT

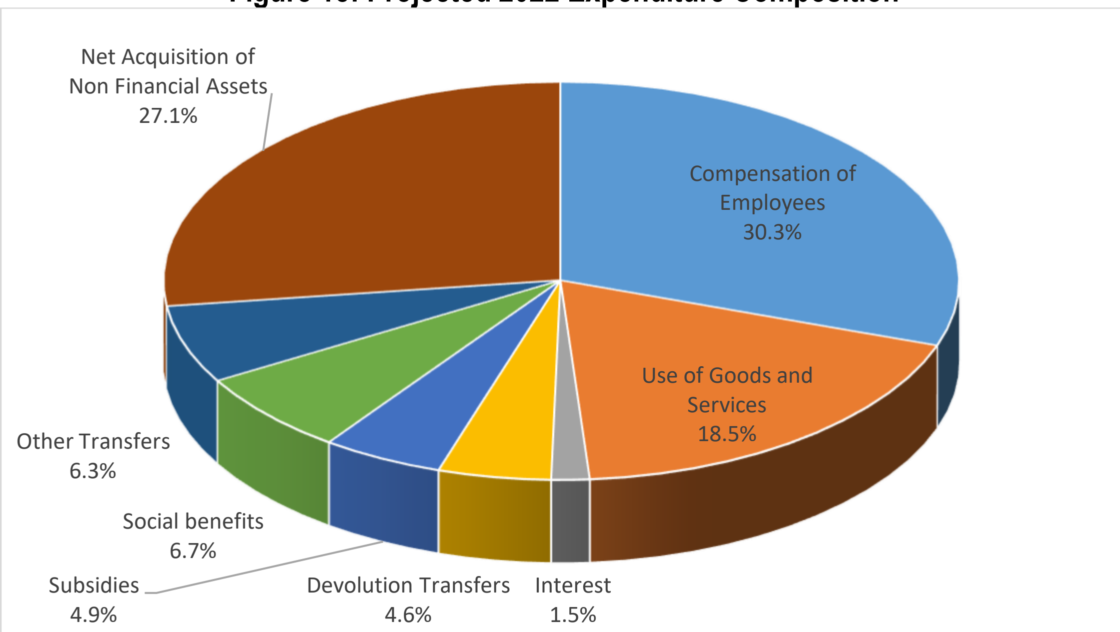
136. Therefore, Expenditures in 2022 are projected at ZWL$927.6 billion, with a targeted deficit of ZWL$76.5 billion (1.5% of GDP) with Recurrent Spending constituting 13.4% of GDP while Capital Programmes will take up 5% of GDP.

137. The 2022 Capital Budget provides an overall spending plan ZWL$334.2 billion, including devolution of ZWL$42.5 billion. In this amount, ZWL$156.4 billion is for infrastructure delivery mainly with ZWL$10.9 billion being for capitalisation of State-Owned Enterprises whilst ZWL$23.5 billion has been earmarked for capacitation of line Ministries in order to enhance public service delivery.

138. Furthermore, employment costs are provided ZW$340 billion which is 40% of Revenues of 6.7% of GDP, while a provision of ZWL$279.2 billion is for non-wage current spending which includes social benefits, use of goods and services, subsidies, other expenses with ZWL$14.4 billion being set aside for interest payments.

139. In addition, the Budget is also expected to cater for loan repayments of ZWL$28.3 billion and acquisition of financial assets of ZWL$41 billion.

Figure 18: Projected 2022 Expenditure Composition



Source: MoFED

Budget Balance

140. The scope for borrowing by Government in any given year is guided by the provisions of the Constitution, Section 300 and the Public Debt Management (PDM) Act Sections 11(2), 20 (2) and 22 (2).

141. Accordingly, a budget deficit of ZWL$76.5 billion (-1.5% of GDP) is targeted in 2022 in line with the above legal requirements, borrowing capacity and the prudent fiscal policy thrust.

Fiscal Policy Thrust

142. The 2022 Fiscal Policy thrust evolves around containing the Budget deficit in line with the NDS1 and Budget Strategy Paper targets of below 3% of GDP. This deficit level supports macro-economic stability and provides scope for further streamlining of wasteful expenditures in favour of essential growth and productive related spending, with higher spending on infrastructure development and social services delivery.

143. The above fiscal policy thrust is being supported through the following principles and measures:
   - Adherence to the cash budgeting principle;
   - Improved revenue collection efficiencies
   - Fine tuning the procurement system in order to reduce costs and resource leakage within the public sector;
   - No recourse to central bank borrowing through the overdraft;
   - Elimination of quasi fiscal activities at the RBZ;
   - A more targeted subsidy policy that ensures such expenditures are explicitly budgeted for, quantified and approved through the Budget;
   - Combating corruption and waste of resources; and
   - Managing the budget deficit within the NDS1 target of 1.54%.

144. Accordingly, disbursements to Government, Ministries, Departments and Agencies during 2022 will be limited to the Vote Appropriations in order to sustain the macro-fiscal stability so far achieved.

Complimentary Monetary Policy

145. The above fiscal policy stance is being buttressed by a supportive monetary policy, stance whose thrust is to sustainably manage money supply growth, and hence, stabilise the exchange rate and reduce inflation to single digit levels. Specific monetary policy measures will seek to strengthen the use of the local currency within the framework of the multiple currency regime, and hence, interventions will focus on the following:
    - Continuation of the reserve money targeting framework;
    - Deepening and refining the Dutch Auction System, including enhancing efficiency and transparency on the foreign exchange auction market;
    - Enhance liquidity management; and
    - Financial sector oversight.

Subsidies

146. As part of the wider reform process, Government seeks to streamline subsidies as a way of creating fiscal space for development programmes and projects, as well as social services. Unnecessary subsidies cause inefficiencies in resource allocation, promote rent seeking behaviour and discourage hard working.

147. Therefore, the macro-economic framework guiding the NDS1 and the 2022 National Budget has provided capacity to absorb streamlined, smart, targeted and transparent subsidies for critical areas such as social services.

148. This is informed by the Cabinet decision providing a guiding framework on subsidies, therefore, the 2022 National Budget will streamline subsidies in line with the following approved criteria:
    - Explicitly budgeted and quantified for and approved through the Annual Estimates of Expenditure (Budget);

- Time bound except for those meant for social protection programmes;
- Rigorously monitored, with their cost being regularly quantified, along with an evaluation of their benefits;
- Do away with all subsidies that are creating distortions in the economy and use targeted approach so as to make sure that those benefitting from the subsidy are those originally targeted; and
- Accorded to those who need them, and never to industries or individuals who can operate profitably without support, unless their activity has substantial positive externalities for society.

Utilisation of Special Drawing Rights

149. Under the General Allocation of SDR456 billion, (equivalent to about US$650 billion), Government of Zimbabwe in August 2021, was allocated SDR677.4 million (US$958 million equivalent) by the International Monetary Fund (IMF).

150. The SDRs are meant to address the long-term global need for reserves, build confidence, and foster the resilience and stability and to enable countries to cope with the impact of the COVID-19 crisis.

151. In Zimbabwe's context, the funds will be used prudently, with accountability and transparency to support projects in the social sectors namely health, education, and the vulnerable groups; productive sector value chains; infrastructure investment and foreign currency reserves and contingency fund.

Table 23: SDR proposed utilisation outline

Sector	Priority Area	Allocations	Drawdowns
1. Investments in social sectors			
	Health Support		
	Support to Covid-19 vaccination programs	*77*	*77*
	Construction of health infrastructure in regions with extreme poverty (NMS)	*35*	*0*
	Support for health consumables and equipment	*10*	*10*
	Sub total	***122***	***87***
	Education Support		
	Construction of education infrastructure in regions with extreme poverty	*10*	*0*
	Sub total	***10***	***0***
	Productive social safety nets		
	Agriculture Productive Social Protection Scheme	*80*	*80*
	Sub total	***80***	***80***
Sub Total		212	167
2. Agriculture support			

	Export revolving fund for agriculture targeting floriculture, blueberries and macadamia	30	0
	Small holder farmer irrigation schemes	20	0
Sub Total		**50**	**0**
3. Industry Support			
	Retooling/revolving fund for new equipment and replacement for the value chains		
	Cotton	*10*	*0*
	Leather	*10*	*0*
	Pharmaceuticals	*5*	*0*
	Other Agro-processing	*5*	*0*
Sub Total		**30**	**0**
4. Infrastructure Development			
	Transport Sector – Harare Beitbridge Road, Masvingo Road Interchange Development Project (Mbudzi) and Emergency Road Rehabilitation Program	144	144
	Housing Development	10	0
	Gold Centres	10	0
Sub Total		**164**	**144**
5. Contingency			
	Contingency Fund	222	0
Sub Total		**222**	**0**
6. International Reserves			
	Foreign Exchange Reserves	280	0
Sub Total		**280**	**0**
GRAND TOTAL		**958**	**311**

Source: Ministry of Finance and Economic Development

152. These SDRs will be utilised over a period of three years, with an amount of US$311 million expected to be disbursed towards the following social programmes:

- Procurement of Covid-19 vaccines (US$71 million);
- Vaccine roll-out programme (US$6 million);
- Procurement of Covid-19 related medical and testing equipment (US$10 million);
- Support for Agriculture Productive Social Protection Scheme for rural and peri-urban households (US$80 million); and
- Support to the Road Development Program - Harare Beitbridge Road, Masvingo Road Interchange Development Project (Mbudzi) and Emergency Road Rehabilitation Program (US$144 million).

153. In 2022, expected SDR disbursements of US$145 million will go towards the following areas:

Table 24: Projected 2022 SDR Disbursements (US$ millions)

Sector	US$ million
Investments in social sectors (Health - NMS (US$35m) and Education (US$10m))	45
Agriculture support (Export revolving fund for agriculture (US$30m)-Cash Guarantee to banks) and Small holder farmer irrigation schemes (US$20m)	50
Industry Support - (Retooling/revolving fund for new equipment and replacement for the value chains-Cash Guarantee to banks)	30
Infrastructure Development - Housing Development (US$10m) and Gold Centres (US$10m)	20
Total	**145**

Source: Ministry of Finance and Economic Development

Development Partners Support

154. Development Partners continue to play a pivotal role in supporting Government's efforts towards the implementation of development programmes and projects across various priority sectors of our economy.

155. As a result, during the period January to September 2021, the country received development assistance amounting to US$647.8 million, of which US$401.9 million was from bilateral partners and US$245.9 million from multilateral partners. A further US$202.4 million in development assistance is projected during the fourth quarter of 2021, giving cumulative receipts of US$850.2 million for the year.

156. The Table below shows the actual disbursements for the period January – September 2021 and 2022 projections by Development Partner.

Table 25: Development Partner Disbursements by Donor (US$)

Development Partner	2021			
	Jan to Sept Actuals	Q4 Projection	Total Estimates	2022 Projection
Bilaterals				
USA	273,794,777	69,973,563	343,768,340	364,500,000
UK	44,082,000	25,669,900	69,751,900	63,082,800
European Union*	27,120,068	-	27,120,068	31,128,729
Sweden	27,425,331	10,907,482	38,332,813	-
Japan	14,507,649	698,750	15,206,399	2,899,000
South Korea*	454,300	-	454,300	864,000
Switzerland	6,894,743	3,204,000	10,098,743	8,218,704
Germany	3,440,351	2,301,277	5,741,628	8,603,769
France	1,156, 421	34,693	1,191,113	3,376,748
Netherlands*	3,000,711	-	3,000,711	4,593,426
Sub – total	**401,876,349**	**112,789,665**	**514,666,014**	**487,267,176**
Multilaterals				
Global Fund	177,205,601	54,950,870	232,156,471	196,967,102
World Bank	17,470,502	19,502,306	36,972,808	20,486,593
AfDB*	14,996,146	13,062,669	28,058,814	35,635,435
UNICEF*	5,376,787	-	5,376,787	6,676,000
UNDP*	8,246,861	-	8,246,861	1,379,044
WHO*	8,416,250	-	8,416,250	-
UNFPA*	1,761,245	-	1,761,245	2,790,000
IFAD	5,554,548	2,054,690	7,609,238	8,000,000
FAO*	434,584	-	434,584	1,127,267
ILO*	878,392	-	878,392	1,213,242
UNESCO*	25,330	-	25,330	-
UNCTAD*	450,000	-	450,000	-
UNAIDS*	193,983	-	193,983	-
Global Partnership for Education	4,914,622	-	4,914,622	-
Sub – total	**245,924,850**	**89,570,535**	**335,495,385**	**274,274,683**
GRAND TOTAL	**647,801,200**	**202,360,199**	**850,161,399**	**761,541,860**

**Projections for fourth quarter 2021 and 2022 are still being finalised*

157. The Table below shows the actual disbursements for January – September 2021 and projections for fourth quarter 2021 and 2022 by sector.

Table 26: Development Partner Disbursements by Sector

Sector	2021 Estimates			2022 Projection
	Jan to Sept 2021 Actual	2021 Q4 Projection	Total 2021 Estimates	
Agriculture	18,717,202	4,718,108	23,435,310	35,418,268
Transport	2,058,000	-	2,058,000	670,894
Power and Energy	7,125,160	4,137,130	11,262,290	29,992,390
Water and Sanitation	5,252,823	8,090,379	13,343,202	4,091,902
Health	390,652,661	120,506,320	511,158,981	482,059,110
Education	15,816,660	10,356,750	26,173,410	20,996,350
Governance	27,923,786	11,978,714	39,902,500	23,260,642
Multi-sector	39,720,713	9,140,497	48,861,210	37,407,130
Humanitarian	114,846,020	14,910,195	129,756,215	103,450,375
Capacity Building	4,072,204	1,509,129	5,581,333	10,713,167
Basic Social Services	6,729,350	178,370	6,907,720	1,216,444
Cyclone Idai Recovery	14,886,620	16,834,608	31,721,228	12,265,188
Total	**647,801,200**	**202,360,199**	**850,161,399**	**761,541,860**

158. In 2022, support from the Development Partners is projected at US$761.5 million, broken down as, US$274.3 million and US$487.2 million from multilateral and bilateral partners, respectively.

159. It is worth noting that a number of Development Partners have been going through their re-programming processes, on realigning future support with the National Development Strategy 1. This, together with the operationalisation of the Development Cooperation Policy (DCP), is expected to improve coordination and alignment of development assistance to national priorities.

160. Government also acknowledges support received from the People's Republic of China towards the construction of Parliament Building and Pharmaceutical Warehouse, drilling of 500 boreholes, Covid vaccines as well as rehabilitation of infrastructure destroyed by Cyclone Idai.

BUDGET PRIORITY AREAS

161. Consistent with the IRBM system, vote appropriations to Government line ministries, Departments and agencies (MDAs) have been aligned with the 14 National Priority Areas, in

order to allow for greater coordination and accountability, as well as provide a clear linkage between NDS1 priorities and MDAs spending plans.

162. The Table below shows the deployment of the 2022 National Budget in support of the 14 National Priority Areas under NDS1.

Table 27: NDS1 Pillars

NATIONAL PRIORITY	2020	2021		2022	INDICATIVE ESTIMATES	
	UNAUDITED OUTTURN	REVISED ESTIMATE	UNAUDITED OUTTURN TO SEPTEMBER	APPROVED APPROPRIATION	2023	2024
	Amount ZWL$	Amount ZWL$	Amount ZWL$	**Amount ZWL$**	Amount ZWL$	Amount ZWL$
Image building, International Engagement and Re-engagement	2155.5	10037.1	3479.6	17348.2	22697.0	27713.3
Health and wellbeing	11560.6	55135.5	25286.1	117714.2	151958.4	166280.3
Governance	79075.5	161080.6	194947.9	374725.6	506620.9	515908.3
Housing Delivery	5190.5	9698.7	7173.2	27462.3	24981.5	29839.3
Economic Growth and Stability	11821.0	33232.8	42974.5	87170.1	114145.9	182918.7
Food and Nutrition Security	8544.3	30367.2	18361.3	60202.9	79808.9	95643.6
Moving the economy up the value chain and structural transformation	9453.4	3113.5	1144.6	4754.4	7075.5	8889.7
Social Protection	2965.7	8989.2	6900.4	20532.9	23344.8	26020.5
Human Capital Development and Innovation	20235.3	63703.4	44220.5	147382.5	194974.3	235705.4
Digital Economy	72.4	1720.6	350.8	2669.0	3931.7	4981.4
Environmental Protection, Climate Resilience and Natural Resource Management	241.5	1786.6	677.2	3711.4	3617.5	4812.0
Devolution	1045.0	19540.0	6310.8	42000.0	54471.0	64737.0
Youth, Sport and Culture	337.1	2750.5	1088.7	6257.2	7685.5	9533.6
Infrastructure and Utilities	12432.9	28185.6	19201.8	56337.8	77880.0	94945.9
Grand Total	**165130.7**	**429341.3**	**372117.6**	**968268.5**	**1273193.0**	**1467929.0**

THE 2022 VOTE APPROPRIATIONS

163. The Proposed Estimates for 2022 (including Constitutional and Statutory Appropriations) amounts to ZWL$927.3 billion (18.3% of GDP). The amount, however, falls far short of requests submitted by Line Ministries, Departments and Agencies (MDAs) and presented during the 2022 National Budget hearings, which were in excess of ZWL$2.7 trillion.

164. Government's overriding objective in the context of NDS1 and our journey towards achieving Vision 2030 is to re-establish fiscal sustainability, while creating fiscal space to meet any exogenous shocks which may face the country. Such shocks, especially climate change related ones have unfortunately become more frequent and extreme during the recent past.

165. The Proposed Vote Appropriations, as contained in **Annex. 1**, give priority to projects and programmes that are drawn from NDS1 and supportive of infrastructure investments and enhanced public service delivery.

166. In the face of limited resources, reprioritisation of planned projects and programmes becomes inevitable, in order to align with the National Budget capacity and NDS1 objectives.

Agriculture, Water, Climate and Rural Development

167. The 2020/2021 agriculture season output was remarkable, benefiting from good rains and timely preparedness, especially in terms of financing and the provision of inputs. Government, in conjunction with development partners supported vulnerable household farmers with agricultural inputs, while the banking sector provided loan financing to commercial farmers. These support initiatives were complemented by contract farming arrangements and own farmer resources.

168. Resultantly, the country witnessed a bumper harvest of over 3 million tonnes of grain, to give an overall growth of the sector at 36.2% in 2021.

169. In 2022, the sector is projected to grow by a modest 5.1% attributable to expected favourable rainfall season and implementation of Government support programmes. The livestock sub-sector is also expected to remain buoyant in support of this growth, on the back of good pastures and water availability.

Table 28: Agriculture Sector Output: 2018-2021 *(000 tonnes)*

	2018	*2019*	*2020 Est.*	*2021 Budget*	*2021 May Rev*	*2021 Sep Rev*	*2022 Prj*
Overall Growth (%)	***8***	***-17.8***	***4.2***	***11***	***34***	***36.2***	***5.1***
Tobacco (flue cured)	252	260	184	205	195	210	218
Maize	1831	777	927	1400	2717	2717	2502
Beef	75	63	62	55	64.7	67.76	71
Cotton	144	77	101	102	140	140	140
Sugar Cane	3903	4000	4272	4200	4350	4350	4500
Horticulture	71	77	97	96	98	98	105
Poultry	161	152	148.6	149	156.1	163.5	172
Groundnuts	127	71	87	134	208.9	208.9	210
Wheat	161	95	212	193	280	276	336
Dairy (m lt)	92	96	92	97	97	92	95
Coffee	0.59	1	0.6	0.65	0.6	0.6	0.8
Soybeans	54	60	47.1	80	80	71	78

Source: MLAWFRD

170. The thrust under the 2022 National Budget is to surpass the 2021 production levels through implementation of the key tenets of the Agriculture Recovery Plan (2020-23). Based on the current agriculture financing model, Government will finance the Agriculture Productive Social Protection Scheme for crops and livestock (which targets vulnerable households) while banks will fund commercial farming activities, through the National Enhanced Agriculture Productivity Scheme (NEAPS), with Government only providing guarantees on a risk sharing basis.

171. Consequently, an allocation of ZWL$124 billion to the Ministry of Lands, Agriculture, Water, Fisheries, Climate and Rural Development has been provided under this Budget, targeted towards the following interventions:

Grain

172. The growing of traditional grains in the dry regions of the country will be promoted as a mitigation measure to climate change and to diversification of food production and consumption away from maize in order to promote nutritious foods.

173. In this regard, allocation under the Agriculture Productive Social Protection Scheme of ZWL$18 billion, Government is targeting to support 540 000 vulnerable households with 5kg of sorghum seed and 260 000 households with 2kg of millet seed under the Pfumvudza/Intwasa Programme.

Horticulture

174. Horticulture has the advantage of allowing all year production and historically, the sector generated significant amounts of foreign exchange, which at one point was the second largest foreign exchange earner, after tobacco. Given its potential, horticulture could be one of the key drivers of the Zimbabwean economy in terms of foreign currency generation.

175. The major challenge currently facing the horticulture industry is lack of access to appropriately structured and sustainable financing mechanisms, compounded by the shortage of foreign

currency to import critical inputs which limits the capacity for horticulture seed production and poor internal cold chain management.

176. Cognisant of these challenges, Government is setting up a Horticulture Export Revolving Fund (HERF) that will support respective beneficiaries with foreign currency requirements geared towards horticulture export production.

177. The facility will be accessed through the normal banking channels, and in line with the risk sharing model, banking institutions shall undertake due diligence, monitoring and evaluation of use of resources whilst Government provides the necessary guarantees.

178. In this regard, Government will utilise part of the SDRs to support horticulture inclusive of irrigation and the 2022 National Budget has allocated US$30 million for reviving the horticulture sub-sector.

Business Advisory and Extension Services

179. Provision of adequate extensions services to farmers is at the core of interventions towards promoting agriculture productivity and production.

180. Whilst deliberate efforts have been made to capacitate our extension officers, further interventions are still required to enable the officers increase the scope and coverage of their services.

181. The 2022 National Budget has, therefore, set aside ZWL$970 million towards the provision of housing and essential tools of trade, covering motor-cycles, vehicles and equipment.

182. Furthermore, Government is exploring options of issuing the recently availed motorbikes as part of conditions of service for extension workers under a personal issue arrangement in order to ensure ownership, accountability and responsible use.

Agriculture Research and Colleges

183. Our agricultural colleges and research institutions play a significant role in human capital development and promotion of new technologies. However, capacity gaps exist within the institutions for machinery and equipment, infrastructure, breeding stock, operational vehicles and other tools of trade.

184. In this regard, the 2022 National Budget has a provision of ZWL$3.8 billion towards capacitation of these institutions. To ensure Government benefits from economies of scale and standardisation of quality, the items will be centrally procured.

185. The above support will enable the institutions to fully utilise the allocated land in order to increase college incomes and contribute towards overall economic growth.

Marketing

186. The Agriculture Commodity Exchange remains a sustainable way of creating effective and efficient agriculture commodity markets. The thrust is to facilitate the smooth transition of the marketing of agriculture commodities away from Government control towards a market driven system.

187. Therefore, through the Agricultural Marketing Authority (AMA), Government will promote policies and investments which encourage the adoption of digital and modern agriculture production and marketing technologies.

Animal Disease Prevention & Control

188. Livestock activities, particularly beef production, have generally been subdued in recent years mainly due to droughts, widespread outbreak of diseases and a challenging macro-economic environment.

189. Growth of the sector requires interventions that reinforce animal movement control, frequent dipping sessions, vaccination programmes and general disease control.

190. In this regard, the 2022 National Budget has a provision of ZWL$3.1 billion in support of new and ongoing projects and programmes covering the following key areas:

- Construction of Foot and Mouth Disease Control fence covering 93 km for Gonarezhou;
- Construction of 75 dip tanks and rehabilitation of 285 dip tanks across the country;
- Construction of veterinary districts offices in Marondera, Esigodini, Binga, Nkayi and Chimanimani;
- ZWL$700 million operational vehicles for field use; and
- Dipping services and vaccination amounting to ZWL$1.8 billion.

Agricultural Engineering and Mechanisation

191. The transformation of the agriculture sector requires investments in farm mechanisation in order to improve production and productivity, as well as reduce post-harvest losses.

192. The value chain approach already adopted, which includes importation, manufacturing, distribution, utilisation, provision of spare parts, after-sales services, training, research and development, as well as extension services will be strengthened.

193. The 2022 National Budget has a provision of ZWL$1.5 billion towards local manufacture of complimentary farm mechanisation implements

Water and Sanitation

194. The strategic objective under the sector is to ensure access to portable water and sanitation coverage, as well as improving availability of water for agriculture purposes.

195. Under the *Integrated Approach to Water Supply Development,* a number of projects are ongoing and planned for 2022.

Dam Projects

196. Current priority is on implementation of Gwayi Shangani and Chivhu dams with ZWL$4 billion and ZWL$2.2 billion having been availed, respectively, for the period under review. Gwayi-Shangani dam is currently at 44.5% completion, with works such as excavations of dam spillway and outlets having been undertaken and the dam wall constructed to a height of 26 out of 72 metres. On the other hand, Chivhu dam is at 59% complete, with major works such as excavations of core trench including riverbed, outlet pipe trench and excavation of water treatment plant having been completed.

197. Progress on the two projects has, however, been delayed by the COVID-19 pandemic and other project implementation bottlenecks.

Preparation to Place Concrete on Gwayi Shangani dam wall

Pipeline conveyancing from Chivhu dam project to Chivhu town

Chivhu Water Supply Treatment Plant

198. In 2022, ZWL$22.4 billion will be channelled towards sustaining works on ongoing dam construction projects as indicated in the Table below.

Table 29: Dam Construction

Project	Location	Progress %	2022 Targeted Works	Allocation ZWL$
Gwayi-Shangani	Matabeleland North	44.5	Construction of spillway, outlet works tunnel, and 46m of the dam to reach a full height of 72m, completion of outlet works and installation of precast concrete formwork for inspection galleries.	3,600,000,000
Tuli-Manyange	Matabeleland South	15	Site establishment, foundation excavations, grouting, backfilling to river bed level and construction of saddle dams and main dam embankment.	3,500,000,000
Gwayi-Shangani Pipeline	Matabeleland North		Establishment of Engineer's camp and commencement of pipeline construction.	3,600,000,000
Chivhu	Mashonaland East	59	Construction of spillway, main dam embankment, treatment works and 31mm pipeline as well as undertaking of outlet works.	600,000,000
Kunzvi	Mashonaland East		Completion of site establishment, foundation excavations and placement of embankment.	3,643,000,000
Bindura	Mashonaland Central	40	Completion of foundation excavations, grouting, and left bank saddle dam as well as construction of inlet and outlet works.	400,000,000
Semwa	Mashonaland Central	40	Completion of diversion tunnel, u/s coffer dam, and downstream coffer dam as well as construction of saddle dam, outlet tunnel and bulk treatment works and pipeline.	3,800,000,000
Dande dam and Tunnel	Mashonaland Central	22	Grouting on the main dam foundation, construction of outlet works, backfilling on the main dam and saddle dams, construction of spillway, intake tower and conveyancing system tunnel as well as completion of blasting of the 7km tunnel.	400,000,000
Ziminya	Matabeleland North		Completion of site establishment, foundation excavations and backfilling of foundation to original river bed level	1,500,000,000
Vungu	Midlands		Completion of site establishment, foundation excavations and foundation to original river bed level.	
Mbada (Silverstroom)	Matabeleland North	12	Completion of site establishment and foundation excavations as well as construction of main dam, outlet works and raw water pipeline	400,000,000
Total				**22,343,000,000**

199. In line with the Integrated Approach to Water Supply Development, the amount allocated for the National Matabeleland Water Pipeline Project will enable the construction of the 245km pipeline linking the Gwayi-Shangani dam to Bulawayo water treatment works.

200. Furthermore, preparatory activities for the construction of Runde-Tende dam, to be constructed under PPP arrangement are underway with the designs expected to be completed during the first half of 2022.

Urban Water and Sanitation

201. Aging infrastructure coupled with increasing population, as well as rural-urban migration have necessitated the need for Government to urgently invest in new water supply sources and

sewer infrastructure. This, will, in the interim entail the need to rehabilitate and upgrade the existing water supply and sewer infrastructure in major cities.

202. To this end, the 2022 National Budget conditional grants of ZWL$2.1 billion will be availed to the following urban and rural local authorities:

Table 30: Urban and Rural Local Authorities Grants

LOCAL AUTHORITY	ALLOCATION
Urban Local Authorities	
Harare City Council	350,000,000
Bulawayo City Council	100,000,000
Gweru City Council	387,000,000
Victoria Falls Municipality	176,000,000
Mutare City Council	144,000,000
Masvingo Municipality	203,600,000
Gwanda Municipality	5,500,000
Chinhoyi Municipality	29,000,000
Kwekwe Municipality	30,000,000
Mvurwi Town Council	28,000,000
Redcliff Town Council	30,000,000
Chipinge Town Council	16,900,000
Sub-Total	**1,500,000,000**
Rural Local Authorities	
Mutoko RDC	90,000,000
Murehwa RDC	40,000,000
Buhera RDC	40,000,000
Pfura RDC	75,000,000
Chikomba RDC	59,000,000
Zvimba RDC	90,000,000
Gutu RDC	56,000,000
Mhondoro Ngezi RDC	50,000,000
Chirumanzu RDC	50,000,000
Sub-Total	**550,000,000**
Total	**2,050,000,000**

Water Supply Schemes for Small Towns and Growth Points

203. Government has also prioritised water supply for small towns and growth points as part of measures to ensure balanced development, stimulate economic activity and development.

204. The 2022 National Budget has, therefore, allocated ZWL$928 million targeting revamping of water supply schemes for the settlements indicated in the Table below.

Table 31: 2022 Water Supply Projects

Project Name	2022 Planned Works	2022 Allocation (ZWL$)
Goromonzi	Construction of 200mm PVC, raw water pumping main, 50m^3/h radial filter and sedimentation unit including the backwash system, 1000m^3 storage tank at Goromonzi and 500m^3 tank for Chinyika.	79,000,000
Nyanga	Construction of a new treatment plant (50m^3/hr)	13,000,000

Gokwe	Drilling and equipping of 3 additional boreholes, rehabilitation of 200m of pumping mains from borehole to storage site and upgrading of Kambasha booster pump station	50,000,000
Hauna	Construction of twin 50m3/h radial filter and sedimentation unit.	91,000,000
Collen Bawn	Construction of sedimentation tank (50m3/hr)	146,000,000
Parirewa	Construction of 1000m3 tank, installation of raw water flyght pumps and clear water pumps to hospital.	22,000,000
Filabusi	Completion of a new treatment plant (50m3/hr) and 500 m3 brick reservoir as well as upgrading of clear water pumps	17,000,000
Inyati	Rehabilitation of pumping units, upgrading of clear water pumping main and installation of elevated tanks at booster station.	40,000,000
Dema	Installation of 200mm raw water pumping main and construction of 1000m3 tank.	24,000,000
Victoria Falls	Construction of a new treatment plant (100m3/hr) and 500m3/hr tank	33,000,000
Mataga	Laying of raw water pumping main, completion of 120m3/hr treatment plant, clear water pump house and chlorination tanks.	82,000,000
Nyabira	Construction of raw and clear water pump house at Hale dam.	98,000,000
Mberengwa	Construction of 500m3 brick reservoir and booster pump station and installation of 23m high level tanks at Mberengwa turn off.	24,000,000
Lutumba	Construction of 20km pumping main from Beitbridge Lutumba and 500m3 reservoir tank.	56,000,000
Mhangura	Reticulation of Damba and Chebanga high density area	42,000,000
Checheche	Construction of 100m3/hr treatment plant and 1000 m3 tank and upgrading of clear water pumping main.	55,000,000
Jerera	Construction of new treatment plant (50m3/hr) and rehabilitation of existing 100m3/hr as well as upgrading of clear water pumping main.	30,000,000
Total		**928,000,000**

Rural Water, Sanitation and Hygiene (WASH) Programme

205. Recuring droughts and floods, coupled with the COVID-19 pandemic have underlined the challenges facing communities in accessing both water and sanitation services.

206. In line with the thrust of Accelerating Resilient and Sustainable Access to WASH services, the 2022 National Budget has provision of ZWL$1.9 billion towards restoration of basic water and sanitation services for underserviced areas and communities.

207. An allocation of ZWL$525 million has been set aside to ZINWA for procurement of drilling rigs that will capacitate and reposition the Authority to effectively discharge its mandate. In total, Government targets to drill and rehabilitate 20 000 boreholes in the medium term across the country.

Irrigation Development

208. Support towards the National Accelerated Irrigation Development and Rehabilitation Programme targets irrigation rehabilitation and development, maintenance of communal irrigation schemes and capacitation of A2 farmers.

209. Accordingly, ZWL$1.5 billion was expended during the period January to September 2021 in support of the following irrigation programs: -

- Development of 21 Irrigation projects through the Turnkey Phase 1 program wherein to date 11 projects covering 6311ha have been completed and awaiting commissioning;
- Pedstock Center Pivot Facility where a total of 46 pivots have been installed with 36 of them now irrigating a combined area of 1 610ha; and
- 30 ongoing irrigation projects covering 1 450ha which are being implemented through the National Accelerated Irrigation Development Programme;
- Smallholder Irrigation Revatilsation Program (SIRP) being co-funded by the Government of Zimbabwe and IFAD where 631ha now under irrigation out of the targeted 6 100ha.

210. In 2022, interventions will seek to ensure existing schemes are maintained and proper institutional arrangements are put in place to enhance production and productivity, as well as sustenance of the schemes.

211. In this regard, the Budget has set aside ZWL$6 billion for the National Accelerated Irrigation and Development Programme, targeting the following:

- Irrigation rehabilitation and development of 56 schemes covering 6 256 ha under the already adopted 200 ha in every district programme being implemented annually.
- Turnkey irrigation development, targeting 4 026 ha in communal, old resettlement and A1 farms.
- The Center Pivot Facility targeting 40 pivots covering a total of 1190 ha;
- Land clearing in the Lowveld areas, covering Kanyemba, Mushumbi and Masvingo under the Lowveld Green Belt Initiative (LGBVI) targeting 7 000 ha;

212. Specific interventions are as indicated in the Table below.

Table 32: 2022 Targeted Irrigation Projects (ZWL$)

Project Name	Potential Ha	Targeted Ha	Fiscal Resources	Loan	Development Partners	Total Resources
Development of Irrigation Infrastructure	19,724	8,594	4,862,000,000	1,500,000,000	-	6,362,000,000

Smallholder Irrigation Revitalisation Programme (IFAD)	6,100	2,000	400,000,000		1,580,000,000	1,980,000,000
Green Climate Fund Project (GCF, UNDP)	1,786	359	90,000,000		310,000,000	400,000,000
Operation and Maintenance of Irrigation Schemes	15,000	15,000	400,000,000			400,000,000
Pedstock Irrigation Equipment Facility	2,900	1,190	164,000,000			164,000,000
Upgrading of Fels Demonstration Centre	36	36	69,000,000			69,000,000
Upgrading and Rehabilitation of Irrigation Demonstration Plots	10	10	10,000,000			10,000,000
Off-grid Small Holder Farmer led Irrigation Systems	100	25	5,000,000			5,000,000
Grand Total	**45,510**	**27,214**	**6,000,000,000**	**1,500,000,000**	**1,890,000,000**	**9,390,000,000**

213. The Irrigation Programme is also getting support from Development Partners. Under the Green Climate Fund (GCF), a total of US$3.1 million will be availed targeting the rehabilitation and upgrading of 350ha on 12 communal irrigation schemes in Masvingo, Manicaland and Matabeleland South provinces.

214. Furthermore, through support from the International Fund for Agricultural Development (IFAD), a total of US$8 million will be availed towards rehabilitation of 2 938ha out of the targeted of 6100 ha under the Small Holder Irrigation Revitalisation Programme (SIRP).

Rural Development

215. Government recognises the importance of our rural service centres, which have become the nuclei of rural development. However, the bulk of these centres lack the requisite infrastructure and services such as, water supply systems, road networks, ICT, health, power among others, which impede their development.

216. In order to accelerate rural development, the 2022 National Budget has set aside an allocation of ZWL$400 million for the above amenities and requirements, including solid waste management, such as flush toilets beginning with schools and health centres

217. Additionally, Government will support the 200ha irrigation development per each district as a way of promoting income generation at district level, as this also supports economic activity at centre/local level.

Mining

218. Growth in mining is estimated to reach 3.4% in 2021, on account of improved performance by all minerals, as well favourable international mineral prices, on the back of strong global demand and ongoing economic recovery.

Table 33: Mining Production

	2020	2021 May Proj.	2021 Rev Sept	2022 Proj.
Black Granite \t	164.0	172.9	172.9	180
Chrome \t	1272.1	1500.0	1300.0	1400
Coal \t	2750.9	2834.0	2780.0	2800
Cobalt \t	955.9	227.5	227.5	300
Copper \t	7932.8	8456.0	8456.0	8690
Gold \kg	20873.2	21000.0	22500.0	26500
Iridium \t	836.7	769.4	769.4	800
Nickel \t	16479.9	16500.0	16500.0	16800
Palladium \kg	12889.9	12986.0	12986.0	13856
Phosphate \t	45083.5	39862.0	39862.0	42000
Platinum \kg	15003.9	15100.0	15100.0	15200
Rhodium \kg	1367.5	1370.0	1370.0	1390
Ruthenium (kg)	1026.3	1026.8	1026.8	1040
Diamonds (crts)	2670.5	3000.0	3400.0	3800
Overall Mining Growth Rate	**-9.0**	**2.0**	**3.4**	**8.0**

Source: Ministry of Mines and Mining Development

219. Going forward, the country will, therefore, continue to leverage its mineral resources in order to achieve the desired mining growth of 8% in 2022 and in line with the US$12 billion mining industry by 2023.

220. In order to attain this growth target, the Budget has a provision of ZWL$3 billion to the Ministry of Mines and Mining Development for implementation of the following programmes and activities:

Mining Exploration

221. The Budget will also capacitate Mining Promotion Corporation (MPC) to enable it to spearhead exploration by the private sector and the Zimbabwe Geological Survey. In this regard, a total of ZWL$203.6 million is estimated to cater for the exploration needs for the year 2022.

Operationalisation of the Cadastre System

222. A pilot project on the new cadastre system was successfully completed in Manicaland province, and will now be rolled out to the rest of the provinces during 2022.

223. In support of the programme, an amount of ZWL$146 million has been set aside under the 2022 National Budget for that purpose.

Decentralisation of Operations

224. In line with the Devolution and Decentralisation agenda, the Ministry of Mines and Mining Development is establishing of provincial office centres, such as Hwange, Kadoma, Zvishavane and Lupane

225. The Lupane Office will be transformed into a fully-fledged Provincial Office, and the 2022 National Budget has allocated ZWL$60 million for acquisition of land, construction of appropriate offices and provision of requisite tools of trade.

Opening of Closed Mines

226. Efforts towards resuscitation of closed mines is being pursued to increase investments and production in the sector. ZMDC will be engaging various investors, focusing on reopening of closed mines.

Establishment of Gold Service Centres

227. The small scale and artisanal miners contribute significantly to mining production, delivering over 60% of gold, among other minerals. However, this sector faces high cost of capital and other consumables required for mineral processing.

228. As part of measures to capacitate small miners, Government has set aside of US$10 million of the SDR resources for the opening of Bubi gold service centre.

Mineral Beneficiation and Value Addition

229. In order to realise maximum value from the country's minerals, Government will target beneficiation of the following mineral value chains:

- Gold ore to bullion processing - through setting up of gold processing/milling service centres;
- Diamond cutting and polishing - facilitate establishment of more cutting and polishing factories;
- Base metals (nickel, copper, iron, cobalt) recovery from PGMs -Government is supporting the private sector towards establishment of Base Metal Refinery (BMR);
- Coal to Coke Processing Plants - Government issuance of coal licences to mining companies will now be dependent on establishment coke oven batteries.
- Chrome to ferrochrome – Government will enforce the ban on export of unprocessed chrome ore and chrome concentrates, whilst export of chrome concentrates will be banned with effect from 1 July 2022. Going forward, awarding of chrome mining claims will be dependent upon the setting up of integrated chrome mining and ferrochrome smelting by prospective mining houses.

230. Furthermore, the Budget has set aside resources for hiring and capacitation of *Mining Extension Officers* to enable them to monitor and support mining activities at provincial and district levels to enhance production and productivity.

Mines and Minerals Act Amendment

231. Government is prioritising the completion of the Amendments to the Mines and Minerals Act to align it with international best practices. The draft Amendment Bill has been completed and under consideration by Parliament.

Mineral Commodities Exchange

232. To improve access to international market, increased productivity, enhanced liquidity and better pricing of our mineral resources, Government seeks to establish the Mineral Commodities Exchange riding on the existing Zimbabwe Mercantile Exchange.

233. The Exchange will provide for both spot market and futures market, that enables the trading of mineral commodities on an organised, transparent and regulated marketplace for the benefit of all miners including artisanal and small-scale miners, and the nation at large.

Industry

234. Growth of the manufacturing sector has slightly been reviewed downwards from the initial projection of 7% to 6.2% during 2021. This is on account of COVID-19 national lockdown measures instituted towards the end of the second quarter, delays in access to foreign currency on the auction system and intermittent supply of electricity during the third quarter.

235. The growth is being sustained by relatively high consumer demand mainly from increased incomes from agricultural activities, infrastructure spending, increased mining activity and general reopening of the economy.

236. In 2022, manufacturing growth is expected to remain positive and firm at 5.5%, underpinned by continued macroeconomic stability and improved access to foreign currency on the formal market.

Table 34: Volume of Manufacturing Index

Manufacturing	2019	2020	2021 May	2021 Sep	2022
Growth Rate (%)	**-8.7**	**-3.2**	**7.0**	**6.2**	**5.5**
Foodstuffs	109.4	100.6	110.8	108.0	111.2
Drinks, Tobacco and Beverages	76.6	71.2	75.8	75.8	94.0

Textiles and Ginning	90.6	91.5	93.9	93.9	93.9
Clothing and Footwear	26.8	27.0	28.4	28.4	31.0
Wood and Furniture	214.4	208.0	211.1	211.1	220.0
Paper, printing and Publishing	90.1	72.1	75.0	73.5	83
Chemical and Petroleum Products	76.3	83.9	92.5	92.5	93.0
Non-metallic mineral products	130.2	134.1	143.4	143.4	150.6
Metals and Metal products	59.7	58.5	62.5	62.5	66.9
Transport, Equipment	56.6	57.3	58.0	65.0	66.0
Other manufactured goods	95.2	95.5	95.8	96.0	96.2
Manufacturing Index	87.4	84.7	90.6	89.9	94.9

Source: MoFED, ZIMSTAT & RBZ

237. The Budget, therefore, seeks to facilitate a shift towards production of high value manufactured products which contribute more to output, export earnings and create decent jobs.

238. To this end, a provision of ZWL$3.9 billion has been allocated to the Ministry of Industry and Commerce. Some of the resources will go towards the following programmes and projects:

Capacitation of the Industrial Development Corporation of Zimbabwe

239. Subsidiaries of the Industrial Development Corporation which span across the sectors of mining, car assembly, real estate, fertilizer manufacturing, cement production and food processing presents an opportunity for the Government to directly drive the value addition agenda by growing locally manufactured products. For the period to September 2021, an amount of ZWL$525.7 million has been released towards capacitation of some of the companies.

240. In 2022, ZWL$2.3 billion has been set aside for the Industrial Development Corporation to provide medium and long-term finance to enable companies across the agricultural, mining and service sectors implement value addition activities, following the addressing of outstanding governance issues.

Industrial Upgrading

241. With the ever-changing global technology landscape, it is imperative that industry adopts the Fourth Industrial Revolution which encompasses the two vital elements of upgrading and modernisation.

242. Government, therefore, supports the collaboration between the institutions of higher learning, industry and research bodies to ensure that institutions produce high end scientific, technological, research and engineering skills that enable local industries to compete globally.

243. The innovation hubs already set up at some of the country's tertiary institutions provide the necessary catalyst for provision of technical and research-based solutions required by industry and in support of economic industrialisation.

Zisco Steel Revival

244. The revival of Ziscosteel is key to the economy given its potential benefits in jobs creation and value chain impact in companies such as National Railways of Zimbabwe and Hwange colliery, as well as foreign currency savings from import of steel products in excess of US$1 billion.

245. Going forward, Government will continue work with potential investors for the resuscitation of Ziscosteel. In the meantime, a short-term roadmap targets recapitalisation and resuscitation of the firm's subsidiaries in the steel industry, particularly Lancashire Steel is in place.

Value Chain Development

246. Implementation of the Zimbabwe National industrial Development Policy, particularly focussing on agro-processing and mineral beneficiation requires access to affordable financing for retooling.

247. In support of the retooling and capitalisation of the local industry, a revolving facility administered through commercial banks will be established using SDRs. Modalities for accessing the funds are still being worked out in consultation with relevant stakeholders.

248. This will be complimented by support from the African Development Bank (AfDB) to the tune of US$0.9 million to Small and Medium Enterprises on gemstone value addition and beneficiation. The project is expected to benefit approximately 100 000 people across the value chain, including youth and women.

Tourism and Environment

249. Tourism is expected to recover by 6.7% in 2021 with room occupancy rates anticipated to reach 22% while bed occupancy is expected to increase by 16% by end of 2021. The growth is mainly driven by domestic tourism following the relaxation of COVID-19 travel restrictions, increased vaccination rates and promotional activities such as destination marketing (ZimBho).

250. In 2022, the sector is expected to register higher recovery levels with growth projected at 18.8%, mainly driven by full resumption of domestic and international travel, removal of the country from the red list, resumption of flights into Harare by major airlines and Government incentives that will facilitate investment.

251. Furthermore, enhanced destination marketing, through improved marketing programmes and market representation to generate demand in traditional and emerging source markets that show early recovery such as the Middle East, Asia, Eastern Europe would be prioritised.

252. In addition, the establishment of the Tourism Revolving Fund will be expedited and therefore, the 2022 National Budget has allocated ZWL$3.7 billion to the Ministry of Environment, Climate, Tourism and Hospitality Industry for the above programmes and activities.

Climate Change Management

253. Climate change is real with devastating impact on the planet. Recurring droughts, floods, heatwaves, rising sea levels and cyclones have brought to the fore the need for aggressive mitigation and adaptation strategies, coordinated at both national and global levels.

254. Zimbabwe, as part of the global village has repositioned itself to participate in the implementation of climate change action, consistent with the NDS1 and the United Nations Sustainable Development Goal number 13.

255. As such, the 2022 National Budget will fund projects and programmes that mainstream climate change action in order to realise the revised Nationally Determined Contribution (NDC) already

submitted to the United Nations Framework Convention on Climate Change (UNFCCC) in 2021.

256. Accordingly, resources amounting to ZWL$54.2 billion has been set aside in support of the following climate change related programmes and projects:

Table 35: Climate Change Mitigation Projects

Sector	Intervention	Project/Programme	Allocation
Agriculture and Other Land Use	Climate Smart Agriculture	Pfumvudza/Intwasa	20,000,000,000
		Irrigation development	6,282,000,000
		Dam construction	22,453,000,000
		Crop and livestock research	2,155,000,000
	Ecosystem Management	Afforestation Programme	100,000,000
	Weather modification	Clouding seeding	40,000,000
Sub-total			**51,030,000,000**
Energy	Renewable energy	Solar and biogas systems development	900,000,000
Sub-total			**900,000,000**
Disaster Risk Management	Risk management	Weather early warning systems	395,000,000
		Disaster preparedness	100,000,000
Sub-total			**495,000,000**
TOTAL			**52,425,000,000**

257. The above climate change tagged projects and programmes will be continuously monitored during the implementation of the 2022 National Budget with the view to improve national adaptive capacity.

258. The Development Projects Management Information System currently under development will further reinforce tracking of climate finance inflows through capturing of all climate finance related projects and programmes.

Meteorological Services

259. The recurrence of droughts, floods and cyclones point to the urgent need for early warning systems among other critical interventions required to reduce vulnerabilities to extreme weather conditions in light of climate change. This is also important for agriculture planning and aviation purposes.

260. Government has commenced the procurement of 5 weather radars valued at US$6.1 million, of which US$4.2 million has already been paid. Factory inspection and training of engineers is scheduled for December 2021 paving way for delivery of the completed 3 radars during the

first quarter of 2022. The 2022 National Budget is, therefore, setting aside ZWL$155 million to pay for the outstanding balance.

261. Additionally, the Budget is also setting aside ZWL$240 million for rehabilitation and upgrading of Met Stations' infrastructure and airports targeting Victoria Falls, Bulawayo and Harare.

Youth, Sport, Arts and Recreation

262. Over 60% of the country's population consists of youths, of which over 25% fall within the 18-35 productive age, mostly unemployed. The challenge of youth unemployment is being compounded by emerging challenges of drug abuse that is now widespread in our communities. Resources will be set aside to tackle drug abuse and related health challenges.

263. The country should, however, leverage on this demographic dividend for higher economic growth by providing an enabling environment for the youth to become job creators in all the sectors of our economy.

264. The aim is to harness our talented and skilled youth population to be productive through inclusive growth by establishing production and incubation hubs, entrepreneurship training and interactive centres including entering into joint ventures or partnerships under Venture Capital arrangements. In particular, 'youth in farming' and 'youth in mining' programmes and projects will be supported.

265. Government will also establish and modernise the training institutions with the capacity to identify and nurture talent, starting from grassroots level with a bias on rural areas. This includes resuscitation of sport, arts and recreation facilities throughout the country to meet international standards taking into account people with disabilities for recreational activities cognisant that arts provide potential employment creation avenues through drama, visual and media arts, dance, music and literature.

266. The 2022 National Budget is, therefore, allocating ZWL$7.8 billion to the Ministry of Youth, Sport, Arts and Recreation, also caters for capitalisation of the following empowerment institutions:

- EmpowerBank;
- National Endowment Fund;
- Youth Development Fund; and
- Art and Culture Development Fund.

267. In addition, Government is extending the Youth Employment Tax Exemption (YETI), introduced in 2020, to facilitate job creation for the youths but whose impact was hampered by the COVID-19 situation.

Arts Fund

268. In order to support the implementation of the Cultural and Creative Industries Strategy 2020-30 (CCIS), the 2022 National Budget is establishing an Arts Fund with initial seed capital amounting to ZWL$100 million. The Fund is targeting artists in film and video, virtual arts, dance, theatre, music, literary arts, graphic design and crafts, among other arts areas.

Refurbishment and Upgrading of Sport Facilities

269. Government is proceeding with rehabilitation and upgrading programme of sport facilities, including the National Sports Stadium having concluded necessary preparatory activities, including signing of the contract for some of the required works. Completion of the critical works should facilitate the required certification of the National Sports Stadium by Confederation of African Football (CAF) to host both regional and international games.

270. An allocation of ZWL$920 million has been made for this purpose.

Women, Small and Medium Enterprises Development

271. Women play a critical role in the economy as producers, leaders, entrepreneurs and service providers. There is a strong positive correlation between women's access to financial products and services and increased economic growth and development of the country.

272. The empowerment of women, through various interventions, is meant to ensure equal opportunities in every field, irrespective of gender, and in line with the thrust of NDS1 of *"leave no-one and no place behind"*.

273. Capitalisation of empowerment institutions such as Women Development Fund, Community Development Fund, Zimbabwe Women's Microfinance Bank, Empower Bank (which is being remodelled into a Development Finance Institution) and Small and Medium Enterprises Development Corporation (SMEDCO) are critical in achieving a gender inclusive budget.

274. Since the launch of the National Financial Inclusion Strategy in March 2016, there has been notable progress on access to formal financial services by the targeted groups particularly with respect to loans to MSMEs, women and the youth. Notable progress has been noted from the formation of Women Microfinance Bank, Financial Inclusion Empowerment Fund, among others.

275. In support of the empowerment drive and a more inclusive society, the 2022 National Budget has a provision of ZWL$4.7 billion for the Ministry of Women Affairs, Community, Small and Medium Enterprise Development for interventions tailor made to meet the needs of women.

276. Some of the resources will go towards recapitalisation of the related financial institutions, as well as a Guarantee Fund to address collateral issues that are inhibiting access to finance by the target groups.

The National Venture Capital Fund

277. Government established the National Venture Capital Fund (NVC) in response to demand for jobs by the youths and women, as well as promote entrepreneurship and innovation by SMEs.

278. The Fund prioritises projects with a capacity to create new jobs, generate foreign currency through exports, substitute imports, promote women and youth entrepreneurship, as well as projects with high technological impact.

279. Since its establishment in 2020, the Fund has disbursed ZW$266.2 million and ZW$100 million during 2020 and 2021, respectively, towards the following projects:

- Financing the manufacturing plant for laptops and cellphones in Msasa, ZWL$18.5 million;
- Capitalisation of Verify Engineering, ZW$207.7 million; and
- PPEs production in colleges, ZW$40 million.

280. A number of prospective projects are currently being processed for funding, including an innovation by school kids towards making education accessible to students across the country through a digital tools group without the need for internet connectivity.

281. The 2022 National Budget has, therefore, allocated ZW$1 billion for further capitalisation of the National Venture Capital Fund to increase coverage in terms of projects.

282. Government is, however, open to partnership with the private sector to sufficiently capitalise the Fund and meet the huge demands of the market.

Gender Responsive Budgeting

283. Gender inequality is a global challenge that continues to undermine development, and hence, requires specific policies and strategies that transform social practices and attitudes, as well as ensure women and men benefit equally.

284. Women and girls, in particular, face challenges with regard to the following: -

- Access, control and ownership of productive resources;
- Access to Finance;
- Participation in decision-making;
- Access to reproductive health; and
- Access to Justice.

285. Government seeks to integrate and mainstream gender issues into the budgetary processes, with a view to achieving gender equality and inclusive economic growth and sustainable development in line with international, regional and national commitments.

286. Accordingly, the National Budget has provided ZWL$592.8 billion towards gender sensitive programmes and projects across all sectors. The resources will be directed towards financing equal opportunity, gender specific and mainstream expenditures that largely benefit women and other disadvantaged groups.

287. Equal opportunity expenditures comprising of employment costs, staff development programmes, institutional provisions and housing loan schemes received an allocation of ZWL$254.8 billion, with the employment cost component allocating ZWL$218.3 billion to benefit a total of 261 721 civil servants, of which 138 238 are female, with 30% of them in decision making positions, 57% holding technical grades and 39% playing a supportive role

288. The gender specific expenditure component will receive resources to the tune of ZWL$2.2 billion in support of the Women Micro Finance Bank which received ZWL$361 million, the maternal health care fees for disadvantaged expecting mothers to receive free antenatal health care services, sanitary ware in support for the girl child targeting primary school children.

289. The mainstream gender sensitive expenditures, which comprise projects and programmes, with 70% benefiting women, received an allocation of ZWL$335.8 billion. The expenditures relate to economic empowerment, educational, health, rural development and social protection programmes.

290. In addition, Government is also instituting fiscal policy measures set to benefit women and the disadvantaged groups. These policy measures include among others, upward review of tax-free thresholds for PAYE, the 2% Intermediary Transaction Tax (IMT) and the youth employment Credits, as well as awarding of the 2021 annual bonus in foreign currency.

291. Some of the additional gender sensitive measures being implemented by Government include continued provision of a transport subsidy for both the civil servants and the general public, as well as prioritising of women entrepreneurs in the awarding of Government contracts.

Transport

292. In 2022, the thrust is to continue to modernise the transport network, with particular focus on completion of on-going projects to ensure it facilitates the attainment of Vision 2030. Therefore, the Budget allocates ZWL$60.8 billion to the Ministry of Transport and Infrastructural Development following key programmes:

Roads

293. Government is undertaking various road rehabilitation and development across the country to reduce the cost of doing business with key successes being Seke road, 250km Harare-Beitbridge road, 6.5km Makuti-Hellsgate road, Emergency Roads Rehabilitation Programme Phase II (ERRP II) and Mbudzi Inter-change.

294. Under the Road Development Programme tremendous progress has been achieved on implementation of Harare-Masvingo-Beitbridge road with 255km having been completed to date. A total of ZWL$12.8 billion was availed during the period under review. Judging by the current progress, 300km will be completed by December 2021, with 560km now envisaged to be completed by 2023.

295. On the ERRP II, ZWL$8 billion was availed which benefited road authorities as follows:

Table 36: Disbursements towards the Roads Development Programme

Road Authority	(ZWL$ billion)
Road Fund	
Urban Local Authorities	1.3
Rural Local Authorities	1.3
Department of Roads	3.6
District Development Fund	1.8
Total	**8.0**

296. Major works successfully undertaken to date include the rehabilitation and upgrading of Seke road 6.5km, Pangula road 3.2km, Boshoff Drive 6.2km, 10 km section of Karoi-Binga road, Masiyephambili road, Chivi-Mandamabwe road 13.6 km & Musevezi, Karanda & Monte Casino

bridges. On rural feeder roads 443km were re-gravelled countrywide. Other roads that benefited under this programme are as indicated in the table below.

Table 37: DDF Roads Rehabilitation and Bridge Construction

Province	District	Road Name	Number of KMs Regraved
Manicaland	Buhera	Nyazvidzi Parallel	11.8
	Chimanimani	Changamire – Bvumbura	16
		Muuyuweburi – Muroti	1.4
	Chipinge	Samhutsa – Ngaone	7.3
Mashonaland Central	Bindura	Nyaure – Mudzengerere	1.4
	Mt. Darwin	Nyakasikana- Masango	1.5
		Chawanda – Chironga	12
	Rushinga	Gwangwava –Makachi	4.9
		Gwangwava –Makachi	4.6
	Shamva	Kaziro	13.5
		Tsitu	12
	Mazowe	Rosa – Portlock	8.1
		Gweshe – Vimbi	0.1
	Mbire	Kanyemba – Chapoto	4.7
		Mariga access road	6.8
Mash. East	Murehwa	Chitowa Loop	14
		Monte Cassino	3.5
	Mutoko	Mutoko - Nyamakosi - Chisambiro	1.3
	Mutoko	East Hunyani – Makosa	4.8
	Seke	Chitungwiza – Ushewokunze	5.7
		Manyame Access Road	0.7
Mash west	Chegutu	Kwari	5.5
		Katawa Clinic - Chirundazu road (38 km)	11
	Kadoma	Sanyati – Chiridzangoma	5
	Zvimba	Chikambi – Msengezi	10
		Murombedzi – Chivhere	4.6
Masvingo	Chiredzi	Makambe – Matihwa	10.6
	Chivi	Chivi – Maringire	11.3
	Gutu	Chimombe - Manjokonjo	13
	Mwenezi	Furidzi – Mboyi	13.8
Mat. North	Hwange	St. Mary's - Luseche (39km)	10
		Mabale Vlei	4
		Chidobe – Matata	9.6
	Lupane	Dandanda – Chitete	10
	Nkayi	Gwelutshena – Sebhumane	9.5
		Nesikwe – Sembeule	10.9
		Zinyangeni – Guwe	5
		Mgodimasili – Mzumutsha	7.4
		Bhekeni - Thokoani – Khayisa	7.8
Mat. South	Beitbridge	Lutumba - Tongwe - Bulawayo Main (38km)	19
	Umzingwane	Mawabeni - Kumbudzi – Dula	11.8
		Mzinyathini Irrigation	0.8
Midlands	Gokwe South	Manoti – Mbungu	18.5
	Gokwe North	Empress – Masoro	17
		Tshoda – Gandavaroyi	3
	Gweru	Mkoba – Dimbamiwa	10
	Kwekwe	Kwekwe – Mvuma	27
		Keyara – Mashura	31
	Mvuma	Mangoma – Maurunge	1.2
		Provincial Total	**434.4**
Bridge Construction			
Mash. Central	Guruve	Karoyi	Completed

297. Implementation of the R. G. Mugabe International Airport Expansion Project being financed under a loan facility of US$153 million from China Exim Bank remains on course with US$73.4 million having been drawn down to date. Overall progress on the project is now estimated at 60% and 80% completion for landside and airside works, respectively.

298. The rehabilitation and upgrading of Binga, Kanyemba, and Buffalo Range Airstrips has also registered remarkable progress with asphalt laying currently underway and expected to be completed by year end.

299. Work on the Beitbridge Border Post Modernisation Project is progressing well, with Phase 1 works covering maintenance of buildings, road for light commercial vehicles, gate houses and civil works on the access routes, new freight terminal building, freight warehouse, tagging building, VID building facilities, pump house, and scanner building, having been completed.

300. In 2022, consistent with the NDS1, our interventions will continue to be centred on scaling up implementation of the Road Development Programme with priority being on the highly trafficked and congested networks, as well as increasing access and connectivity to marginalised and underserviced areas.

301. A total of ZWL$43.9 billion has been set aside for the Roads Development Programme from fiscal resources, with ZWL$20 billion going towards the Harare-Beitbridge Road and ZWL$23.9 billion for other priority projects.

302. To complement the above efforts, Government has commenced the implementation of Mbudzi Interchange, critical in facilitating the smooth flow of traffic to and from Harare, with construction works having begun in earnest and expected to be completed in 18 months. It is therefore, critical that all stakeholders endeavor to ensure that all the necessary supportive aspects for execution of the project are in place.

303. Other key interventions benefiting from the Roads Development Programme include the following:

Table 38: Road Projects

Project	Targeted works	Allocation (ZWL$)
Trunk Roads	Road upgrading & rehabilitation of Harare-Beitbridge, Harare-Gweru-Bulawayo, Harare-Mutare Bulawayo-Beitbridge Roads.	21.8 billion
Emergency Road Rehabilitation Programme II	Enhanced maintenance of damaged roads.	23.2 billion
Bridges	Construction of Jeka, Melfort, & Rwenya bridges	704 million
Road Asset Management System	Road Inspection System, & Vehicles tracking system.	250 million
Project Preparatory works	Project planning, Research & Development, Topographical Surveys, Designs, Central laboratory	500 million

Beitbridge Border Post, Makuti – Chirundu road section.	VAT Government contribution	1 billion
Total		**47.45 billion**

Urban Traffic Congestion

304. The rapid growth in vehicular traffic in urban areas especially Harare is now causing a nightmare to the travelling public. This has mainly been due to traffic growth which is not in tandem with the original scoping and design capacity of our roads.

305. In the interim, it is now critical that relevant authorities develop a comprehensive plan and framework to address the current congestion bottlenecks.

Feeder Roads

306. To deepen our investments in rural road infrastructure, an allocation of ZWL$3 billion is being made towards construction, regravelling and maintenance of rural feeder roads through the District Development Fund (DDF). Additionally, ZWL$187 million will be channelled towards rehabilitation of air strips with priority being given to Binga, Kanyemba, Bumi, Murewa, Chivi and Buffalo Range.

307. Further intervention under the Road Development Programme is the repairing of Rwenya bridge. Government has already finalised all the necessary preparatory processes with the contractor expected to commence the targeted works in 2022 over a period of 32 weeks

Emergency Road Rehabilitation Programme

308. The Emergency Road Rehabilitation Programme continues to be a viable implementation model towards ensuring a planned and coordinated approach of delivering on our Road Development Programme and will, therefore, need to be further enhanced and consolidated to improve on efficiency and effectiveness.

309. Going forward, the Programme will be refocused to concentrate on high impact road development works, with activities such as routine maintenance and regravelling being left

under the purview of the respective road authorities. Therefore, ZWL$16.9 billion will be availed as follows:

Table 39: Allocations for Emergency Road Rehabilitation Programme (ZWL$)

Road Authority	(ZWL$ billion)
Road Fund	
Urban Local Authorities	3.3
Rural Local Authorities	2.8
Department of Roads	6.3
District Development Fund	4.5
Sub-total	**16.9**
Devolution	
Urban Local Authorities	2.1
Rural Local Authorities	5.3
Sub-total	**7.4**
Fiscus	
Department of Roads	25.7
District Development Fund	2.5
Sub-total	**28.2**
Grand total	**52.5**

Enhancing Capacity in Roads Development

310. Our Department of Roads plays a lead role in planning, coordinating and managing implementation our road development interventions. Despite this critical mandate, no meaningful support has been extended towards capacitating the Department over the years. It is therefore, imperative that resources be extended to ensure effective data collection, planning and construction of quality, climate proofed, modern and sustainable road infrastructure.

311. In this regard, an allocation of ZWL$500 million has been provided towards the following:

Table 40: Capacitation of Department of Roads

Item	Amount ZWL$
Planning, Training, Research & Development	150,000,000
Designs	50,000,000
Topographical Survey	100,000,000
Capacitation of laboratories	200,000,000
Total	**500,000,000**

Procurement of Road Construction Equipment

312. In order to capacitate local authorities in the construction, rehabilitation and maintenance of road infrastructure, it is critical that a phased procurement programme of roads equipment be initiated. This intervention will ensure preservation of investments being made under the Roads Development Programme.

313. To avoid procurement challenges and maximise on economies of scale, the equipment will be procured from one identified supplier under the procurement framework agreement. The local authorities will enter into equipment maintenance contract to avoid constant breakdowns.

314. Each province will procure a full set of road construction equipment which will service its districts and the equipment will be managed at provincial level under the Provincial Development Coordinators.

315. The standard package of the road construction equipment comprises:

- Motorised grader;
- Bowser;
- Front end loader;
- Excavator;
- 4 Tipper;
- Chip Spreader;
- Dozer D7;
- Vibratory roller;
- Pneumatic roller;
- Binder distributor;
- 2 Concrete mixer 500L; and
- Lowbed.

316. The 2022 National Budget allocates ZWL$2.7 billion towards recapitalisation of local authorities with critical equipment for their road maintenance units. This initiative will be funded through the devolution programme.

Tollgates

317. The country is experiencing congestion at Toll gates due to increased traffic and system inefficiencies. To address this, Government is now focussing on improving efficiencies through the use of modern technologies such as e-tolling. In addition, 4 Toll gates will be upgraded to a standard toll plaza, while 3 Toll gates located within the peripheries of Harare will be relocated further.

318. Therefore, an amount of ZWL$1.8 billion will be deployed towards these interventions through Zimbabwe National Road Authority (ZINARA) as shown in the table below.

Table 41: Toll Gates Upgrading Schedule

Name of Tollgate	Targeted works	Amount (ZWL$)
Mushangashe	Upgrading to a standard toll plaza with six lanes.	300,000,000
Dema Relocate	Relocation of toll gate to a new site covering six lanes.	292,000,000
Mupfurudzi	Upgrading to a standard toll plaza with four lanes.	200,000,000
Esbank	Upgrading to a standard toll plaza with six lanes.	300,000,000
Skyline	Relocation of toll gate to a new site covering six lanes.	300,000,000
Shamva	Relocation of toll gate to a new site covering six lanes.	200,000,000
Coleen Bawn	Upgrade Construction of a new toll plaza with four lanes.	200,000,000
Total		**1,792,000,000**

Railway Infrastructure

319. A good rail network plays a very important role in the movement of goods and is a catalyst for economic growth and development. It also serves to reduce burden on road transportation, and currently our road infrastructure continues to suffer from the absence of this nexus.

320. As a Nation, it is important that we take concrete actions and steps towards revamping our railway network to reduce road accidents. Our priority will be on rehabilitation and upgrading the mainline from Hwange to Harare, with focus being on signaling and communication systems, concrete sleepers and the rail line. Noting the limitations of the fiscus, other financing options such as loan financing and PPPs will be pursued.

321. The 2022 National Budget, is therefore, setting aside ZWL$2 billion for the upgrading of some critical interventions on the Hwange-Harare railway line.

Aviation

322. Priority on aviation will be on ensuring sustaining ongoing works on the Robert Gabriel Mugabe International Airport in order to achieve the envisaged completion timeline of June 2022. Completion of the project will enable the airport to handle up to 6 million passengers per annum, thereby providing tourism opportunities and creating global synergies.

323. Focus will also be on ensuring commencement of works on the Joshua Nkomo Airport control tower with resources amounting to ZWL$500 million having been allocated for the project. Furthermore, an amount of ZWL$500 million is being provided for the establishment and operationalisation of the uplift catering equipment at Victoria Falls Airport.

324. Critical amongst our interventions in aviation, is the urgent need to upgrade our air traffic control and communication systems, as well as the aviation ICT infrastructure. Over and above the radars amounting to US$18 million being secured under the US$153 million facility for RGM International airport upgrading, a total of ZWL$670 million has been allocated for procurement of pertinent communication, air traffic control equipment and ICT equipment.

Capitalisation of Air Zimbabwe

325. Air Zimbabwe is now a commercially viable company following conclusion of the Scheme of Reconstruction in June 2021. This was achieved after approval by Cabinet of the national airline's debt assumption and its 6-year Strategic Turn-Around Plan, settlement of its domestic debt and part of its foreign debt.

326. Going forward, the thrust is implementation and execution of the airline's Plan to ensure that it acquires requisite equipment, routes network expansion, invests in appropriate information communication technology (ICT) systems and strengthens its competitiveness, through the strategic deployment of a lean and professional workforce.

327. In support of the turnaround Plan, the 2022 National Budget is allocating ZWL$1.5 billion for recapitalisation of the national airline towards operational costs and the acquisition of aircrafts

Inland Water Infrastructure and Transportation

328. Noting the increased incidences of water related disasters, it is critical that priority being given towards Inland Water Infrastructure and Transportation services to improve on effectiveness of patrols and rescue operations.

329. In this regard, the budget has set aside ZWL$286 million for procurement of four patrol vessels/boats and ten communication radios among other critical interventions. This also includes construction of a control tower and two harbours at Tugwi-Murkosi dam.

Border Posts

330. Government recognises the strategic importance of ports of entry to trade and export growth within the region in general.

331. As such, our key interventions under the modernisation of border posts will be towards upgrading and construction of infrastructure at ports of entry to improve border efficiency management systems.

332. The key flagship project under this programme is the modernisation of Beitbridge Border Post being undertaken by Zimborders. Following the completion of phase 1 of the project, priority will be on the phase 2 works covering:

- Bus terminal and parking yard;
- Ongoing housing development, sewer works & water reservoir;
- Plant and animal quarantine; and
- Access roads.

333. Through the budget, an amount of ZWL$2.5 billion has been allocated towards upgrading projects covering construction of staff accommodation, water and sewer infrastructure, as well as offices, among other key interventions at ports of entry.

Energy

Generation

334. Local electricity generation for the period to September 2021 stood at 6,237.16 GWh. This level of output, which was supplemented by imports, was insufficient to meet the requirements of the economy.

Table 42: Electricity Supply

	January	February	March	April	May	June	July	August	September	
Kariba	363.7	404.9	515.0	508.5	466.6	523.2	484.7	495.7	443.3	**4,205.6**
Hwange	192.9	127.0	94.5	157.0	261.5	195.0	254.5	211.6	254.6	**1,748.7**
Bulawayo	2.8	0.6	2.3	2.1	1.7	9.1	4.6	3.2	5.7	**32.1**
Munyati	6.4	7.5	8.3	8.6	6.7	8.9	10.1	6.2	7.7	**70.2**
Harare	5.3	8.1	9.4	6.5	4.8	11.7	8.8	5.5	6.9	**66.9**
IPPs	22.3	20.9	23.1	15.0	7.2	7.6	7.3	5.9	4.5	**113.8**
Total local Production	**593.4**	**569.0**	**652.6**	**697.6**	**748.4**	**755.5**	**769.9**	**728.0**	**722.7**	**6,237.2**
Imports	156.4	139.6	212.0	166.0	182.8	178.9	216.7	226.6	208.1	**1,686.9**
Exports	33.7	35.3	36.6	30.9	34.2	40.0	40.6	36.5	36.6	**324.4**
Total Supply	**716.0**	**673.4**	**828.0**	**832.7**	**897.0**	**894.4**	**946.0**	**918.0**	**894.1**	**7,599.7**

Source: Ministry of Energy and Power Development & ZERA

335. In 2022, electricity generation is projected to grow by 5.4% underpinned by ongoing rehabilitation and expansion projects, as well as the coming on board of new IPPs. Therefore, the 2022 National Budget allocates ZWL$3.9 billion to the Ministry of Energy and Power Development.

336. The above resources will also be complemented by Development Partner support projected at US$30 million towards various projects and initiatives in the energy sector in 2022. Of this amount, US$13.4 million from the African Development Bank, will support ongoing works on

the construction of 132 KV Alaska-Karoi Power Transmission line, whilst US$5.9 million is earmarked for the rehabilitation of Kariba dam.

Rural Electrification Programme

337. Under the Rural Electrification Programme, ZWL$259 million was spent towards various projects nationwide covering 102 public institutions and 101 households.

338. In 2022, implementation of rural electrification projects will be deepened through grid expansion projects, solar mini-grid systems and biogas digesters and ZWL$354.6 million has been allocated which will be complemented by ZWL$2.8 billion from the Rural Electrification Fund Levy.

Table 43: REA Projects

Rural Electrification	Scope	Fiscus	REF	Grant	Total Resources
Grid Extension	32 grid CD projects, 290 grid projects, 600 energy meters, internal wiring for 544 institutions and SWER repairs for 52 institutions	-	2,358,391,210	-	2,358,391,210
Solar Systems	32 solar institutions and 4 solar solar community projects	310,000,000	31,615,354	267,000,000	608,615,354
Biogas	24 biogas projects	-	29,568,000	14,952,000	44,520,000
Planning and Technology	Research and development	-	373,509,647	-	373,509,647
Grand Total		**310,000,000**	**2,793,084,211**	**281,952,000**	**3,385,036,211**

Tariff

339. ZESA requires a tariff level that provides for maintenance of existing infrastructure, as well as investments in new capacity. While efforts are underway to improve on governance, Government's thrust is to achieve cost recovery tariff in 2022, guided by the cost-of-service study (CoSS) findings by the World Bank. This is also in line with Cabinet decision to streamline subsidies.

Housing Development

340. Consistent with the NDS1 strategic objective, aggressive housing delivery will rely on Government cooperation with private players. Emphasis will be on applying new modern and

cost-effective alternative building technologies and designs that are resilient to climate change and are affordable, which conforms to local planning standards and building codes. The densification model will be employed whilst the Smart City Concept already adopted, will be cascaded to other critical areas.

341. Under the context of the 2022 National Budget, the project selection and prioritisation framework for housing delivery takes into account stage of implementation, capacity issues and the need to ensure full funding for the targeted projects and programmes.

342. Priority interventions include provision of offsite and onsite infrastructure for informal settlements including associated regularisation and sanitisation programmes. The policy towards banning allocation of unserviced and unplanned land to developers will continue to be strictly enforced. Environmental and climatic change aspects will be further consolidated and integrated to ensure full compliance with regulatory provisions.

343. Efforts will also be made towards enhancing the Building Back Better Principle whilst under the Enhanced Maintenance Programme a phased approach towards full scale rehabilitation and upgrading of buildings will be effectively undertaken.

344. In this regard, ZWL$29 billion is being allocated towards housing delivery and institutional accommodation projects.

345. Furthermore, in order to ensure well planned settlements and proper land use management, Government has set aside ZWL$470 million targeting the development of spatial and regional plans in the following areas:

Table 44: Master Plan

Area	Intervention
Gwayi Shangani	Master plan
Harare (New City)	Master plan
Masvingo	Regional plan
Mutare	Regional plan
Victoria Falls	Regional plan
Kanyemba	Master plan
Tugwi- Murkosi	Master plan
Binga-Batoka	Master plan

Smart City Development Strategy

346. Government has embarked on the Smart City Development Strategy with the aim of providing and facilitating infrastructure that harnesses technology to increase operational efficiency in the provision of critical services such as water supply, sanitation, solid waste management, efficient urban mobility and public transport and housing, among others including community governance structures.

347. For this purpose, Government will partner with private sector, with Melfort, Chirundu and Figtree having been identified under the pilot phase. Already, relevant approvals have been granted for the commencement of the preliminary preparatory activities.

348. During the year 2022, focus will be on the completion of the smart city masterplan, land title and regularisation, detailed designs, environmental impact and social assessments and provision of offsite infrastructure to pave way for actual construction works.

National Housing Fund

349. In our quest to provide decent and affordable housing both in urban and rural areas, a National Housing Fund (revolving fund) was established to avail affordable housing loans to home seekers. However, the facility is underfunded against high demand.

350. As a result, some of the planned housing projects have been stalled including Waneka flats, Senondo flats, Shamrock flats, Florida flats, Dombotombo Flats, Bindura flats, Mufakose flats, Seke flats, Tynwald flats and Mabelreign flats.

351. In order to reposition the Fund to play its integral role in housing development, an allocation of ZWL$500 million has been made towards its recapitalisation under the 2022 National Budget.

Local Government

Local Authorities' Masterplans

352. To enhance the institution capacities in spatial planning, estates valuation and management, the Budget has set aside ZWL$470 million for the State land management systems, surveying equipment.

Disaster Risk Management

353. Experiences of Cyclone Idai, COVID-19 and wildfires demonstrated the need to strengthen capacity to cope with natural calamities, particularly, in the areas of weather forecasting, health infrastructure and rescue equipment.

354. As such, investments in disaster risk reduction will yield economic, social and environmental benefits that enhance the well-being of our citizens, in addition to saving lives.

355. Therefore, Government is upscaling investments in disaster risk reduction with a total of ZWL$825 million being set aside towards the procurement of equipment and infrastructure construction in order to curb disaster losses and manage disasters as in the table below:

Table 45: Disaster Risk Management

Targeted Interventions	ZWL$
Radar and other weather equipment	155,000,000
Civil Protection	
Construction works	200,000,000
Vehicles and other equipment	100,000,000
Operations	130,000,000
Upgrading of the Meteorological Offices	240,000,000
Total	**825,000,000**

Stalled Projects

356. Stakeholders are raising concerns regarding stalled projects across all Government Departments, undermining economic growth and development, including depriving beneficiaries of important services.

357. Cognisant of the above, and in line with our commitments to ensure completion of all stalled projects, the 2022 National Budget has provided ZWL$68.7 billion under the respective Votes for resumption of work on various priority projects cutting across all thematic areas.

Urban Mass Transport System

358. The Urban Mass Transportation System by the Zimbabwe United Passenger Company (ZUPCO) which charges subsidised fares, has proved affordable to the commuting public. The programme has since roped in private players and partnered with the National Railways of Zimbabwe (NRZ) to augment the available fleet.

359. The combined fleet now stands at 900 buses and 1 150 commuter omnibuses country wide servicing various routes including those serving tertiary education and other social services institutions including to health centres.

360. In 2022, the Budget caters for this subsidised social protection programme and ZWL$3.7 billion has been allocated.

361. Concurrently, Government is reviewing the current model with a view to improve financial and service delivery efficiency, and has already engaged a consultant whose role include exploring possibilities for partial privatization of ZUPCO.

Information Communication and Technology

362. In 2022, Government will improve on its ICT Procurement and Management Framework to guide the use and procurement of ICT services across Government. This is more so, given new developments under the Digital Economy Agenda and COVID-19 '*new normal'.*

363. The review is also meant to curb procurement of substandard, incompatible and counterfeit equipment which compromise on value for money and economies of scale.

364. Emphasis will also be on improving coverage and access to broadband infrastructure and the associated last-mile network services, deployment and installation of smart e-Government systems, digital migration project, as well as further ensuring access of services in marginalised communities. Further, Government seeks to establish an International Call Termination Centre in partnership with the private sector.

365. The 2022 National Budget is, therefore, allocating ZWL$3.3 billion to the Ministry of Information Communication and Technology.

Education

366. The demand for education services covering primary, secondary and higher & tertiary levels has been growing over the years. This has not been matched with infrastructure development programmes due to resource and capacity constraints, among others.

367. Furthermore, the need to decongest existing schools in the wake of the COVID-19 pandemic and reduction of walking distance has exacerbated the requirements of additional facilities.

368. Consistent with the NDS1 strategic objectives, focus will therefore, be on enhancing delivery of infrastructure targeting construction, rehabilitation and upgrading of facilities, as well as provision of equipment and ICT services to embrace e-learning.

Basic Education

369. As the world continues to battle with COVID-19 pandemic, Government through the Ministry of Primary and Secondary Education introduced alternative forms of learning which include radio and online lessons to ensure continued teaching and learning. Resultantly, 869 radio and 40 TV lessons were conducted at a cost of ZWL$23.9 million, complemented by support from UNICEF amounting to US$208 000 in 2021.

370. Currently, schools have been reopened for physical attendance at an average of 3 days per week, requiring continuation of radio, television and other online lessons to ensure completion

of the syllabi as children prepare for year-end assessment. To this effect resources amounting to ZWL$100 million have been set aside for the same in 2022.

371. To ensure that schools comply with the WHO Guidelines on COVID-19 pandemic, whilst delivering quality education services, resources amounting to ZWL$1 billion were disbursed towards the procurement of PPEs for public schools in 2021. A further ZWL$1 billion has been allocated for procurement of PPEs under the 2022 National Budget.

372. In addition, ZWL$2.3 billion and ZWL$ 1 billion has also been set aside for the procurement of teaching and learning materials, assistive devices for learners with disabilities and to subsidise public examination fees for learners, respectively.

373. Furthermore, Government seeks to reduce the teacher pupil ratio which currently averages 1:70 by setting aside resources for the recruitment of 10 000 teachers in 2022.

Primary Education and Secondary Infrastructure Development

374. Riding on the success and model of the First Education Project[2], Government is embarking on the Second Education Project whose implementation modalities have already been approved and will be coordinated and supervised through an Inter-Ministerial Technical Committee. The first phase targets 200 schools, inclusive of boarding schools, and the actual works are expected to commence during the first quarter of 2022. An amount of ZWL$4.4 billion has been allocated towards this project.

375. Furthermore, under the pilot phase of the Enhanced Maintenance Programme, a total of 130 schools are earmarked for rehabilitation with an amount of ZWL$650 million having been allocated for this programme.

376. As part of efforts towards upscaling the uptake of STEM subjects in schools under the programme of providing mobile science laboratories in schools, resources amounting to ZWL$106 million were availed for delivery and installation of 135 laboratories countrywide.

[2] This refers to OFID pilot project on modernising schools

377. Therefore, an amount of ZWL$11.6 billion is being allocated to the Ministry of Primary and Secondary Education under the 2022 National Budget to implement the above projects.

378. This will be complemented by Development Partners support worth US$20.9 million, of which US$20.2 million will come from the Foreign, Commonwealth and Development Office (FCDO) through the Teacher Effectiveness and Equitable Access for Children and Zimbabwe Girls Secondary Education Projects, being implemented by UNICEF and CAMFED, respectively.

Sanitary Wear

379. In order to reduce the plight of the girl child, in 2021 Government availed ZWL$74 million for sanitary wear, also supported by Development Partners. Going forward, Government is committed to uphold vulnerable girlchild welfare through such collaborative efforts in providing this essential commodity and to this effect, ZWL$1.23 billion has been set aside as Government contribution to the procurement of sanitary wear in 2022.

Higher and Tertiary Education

380. The Enhanced Maintenance Programme also includes rehabilitation of Higher and Tertiary Institutions, with key achievements including the resumption of work at Bindura Female Hostel expected to accommodate 130 students upon completion by year end.

381. Other key notable interventions include construction of Kushinga Phikelela Female Halls of residence, medical school at Great Zimbabwe University, Manicaland University administration block and lecture theatre, as well as rehabilitation of Gwanda University.

382. Noting the continued lack of progress on the completion of stalled projects at some of the tertiary institutions, a total of ZWL$2.8 billion is being provided to ensure resumption of works at NUST, Bindura University and Midlands State University. Other critical projects earmarked for implementation include student accommodation, rehabilitation and construction of infrastructure at existing and new universities. To enhance the promotion of Education 5.0, support will also be extended towards construction of innovation hubs and industrial parks.

383. In support of these interventions, an amount of ZWL$5.7 billion is being allocated to the Ministry of Higher and Tertiary Education, Science and Technology Development

Table 46: Rehabilitation and Construction of Higher Education Infrastructure

Project Name	2022 Allocation
Bindura University of Science Education	
Male halls of residence	700,000,000
Lupane State University	
Faculty of Humanities	600,000,000
Male Student Hostel Solar Hot Water System	20,000,000
Senior Staff Flatlet	72,000,000
Manicaland University of Applied Sciences	
Student Admissions	160,000,000
Lecture block	192,000,000
Midlands State University	
Library	300,000,000
Pathology Laboratory	80,000,000
Faculty of Law	200,000,000
Halls of residences	500,000,000
Chinhoyi University of Technology	
Engineering workshops Phase 1	150,000,000
National University of Science and Technology	
Library	500,000,000
Student Service Centre	500,000,000
Gwanda State University	
Rehabilitation of infrastructure	200,000,000
Lecture Block	160,000,000
Great Zimbabwe University	
Medical School	50,000,000
Medical school equipment	50,000,000
Harare Institute of Technology	
Rehabilitation of hostel	100,000,000
University of Zimbabwe	
Technical Education	10,000,000
Water supply system	56,000,000
Halls of residence	152,000,000
Marondera University of Agriculture Sciences and Technology	
Office block	200,000,000
Zimbabwe Open University	
Administration, Teaching & Learning Block	50,000,000
Multipurpose Hall	100,000,000
PAMUST	
Teaching centre	35,000,000
Innovation Hubs and Industrial Parks	606,000,000
Total	**5,743,000,000**

Innovation Research and Development and Zimbabwe National Geospatial and Space Agency

384. Government seeks to drive the industrialisation agenda to create jobs and increase the industry base through Centre for Education, Innovation Research and Development (CEIRD) and Zimbabwe National Geospatial and Space Agency (ZINGSA).

385. The Centre for Education Innovation Research and Development Bill was assented into law and Government is now moving on to the operationalisation of the Centre by hiring skeletal staff and providing operational budget.

386. Following the inauguration of ZINGSA facility in 2021, focus is now on the completion of the core infrastructure as ZINGSA expands its capabilities for the utilisation of space sciences in agriculture, rural and urban planning, mining and mineral resources exploration, water and environment resource management, disaster and risk mitigation and management among other functions. In order to undertake some of the planned projects a budget of ZW$112 million has been set aside.

Health and Well-being

387. Despite the current efforts towards revitalisation of our health sector, it is apparent that gaps still exist in the health delivery system attributed to shortage of medicines, low morale of medical personnel, shortage of critical infrastructure and equipment, including provision of medical equipment, ambulances and operational vehicles. The COVID-19 pandemic has further put to the fore the inherent capacity deficiencies in the sector.

388. To address the above challenges, Government is committed to meet the Abuja target of 15% of the total National Budget and boosting the country's resilience through stringent Public Health and Social Measures (PHSM) thereby ensuring that the country achieves the desired health outcomes. Therefore, the 2022 National Budget has allocated, ZWL$117.7 billion to the Ministry of Health and Child Care which represents 14.9% of total expenditures

389. The human resources crisis in the health sector has seen the Government collaborating with the Global Fund under the auspices of the NFM3 HIV Grant 2021-23, in ringfencing of Human Resources for Health (HRH), retention scheme. This has culminated in Government making a commitment to ringfence the Budget for health workers in line with the programme.

390. Furthermore, Government has since taken over payment of salaries of the nursing staff of Chitungwiza and Harare City Councils since the latter had been facing challenges in

remunerating its health staff. In this regard, the 2022 National Budget will provide for salaries of health staff of Local Authorities of Chitungwiza and Harare.

391. The recruitment of health workers and the training of more health personnel remains top priority for Government as it gears towards improving service delivery in the health sector.

392. In addition, the health sector is projected to benefit from Development Partner support of US$481 million in 2022, largely from the US Presidential Emergency Plan for AIDS Relief (PEPFAR) and Global Fund, which are projected to disburse US$213 million and US$197.5 million, respectively. The targeted interventions will include TB, Malaria and HIV/AIDS.

Health Infrastructure

393. In furtherance of initiatives aimed at improving access and quality of health services, a total of ZWL$1.1 billion has been spent towards health infrastructure in 2021.

394. Some of the interventions include the resuscitation of works at Lupane Provincial Hospital, with works such as outpatient department (OPD), pharmacy, administration building and central stores expected to be completed by year end. Furthermore, Government has also completed 10 rural health posts in Mashonaland West Province under a pilot programme launched in 2019 which paves way for construction of similar facilities in other provinces.

395. An amount of ZWL$89.9 million availed to Mpilo Central Hospital supported the rehabilitation and upgrading works that include three burnt doctors' flats, wards, theatres and other support facilities.

396. Phase 1 of the upgrading of the gas reticulation system at the commissioned 30-bedded COVID-19 isolation centre at Victoria Chitepo Provincial Hospital was also completed with work now focused on Phase 2 which will be completed by December 2021.

397. With regards to Bindura Provincial Hospital, various works targeting upgrading of water reticulation and sanitation facilities, as well as upgrading of the medical gas infrastructure,

improving the aesthetic appeal, upgrading its casualty, mortuary and opportunistic disease infection facilities were supported.

398. Remarkable progress has been realised on the Manyame Hospital with an amount of ZWL$646.4 million having been availed. The superstructure is almost complete with specialist works such as plumbing, electricals, lifts and glazing expected to be complete during the first quarter of 2022.

Ongoing works at Manyame Hospital

399. In an effort to ensure increased access and coverage of health services especially in underserviced and marginalised areas, Government in partnership with NMS Infrastructure Company is constructing three 120 bed district hospitals and thirty 22 bed health centres over a period of 18 months. Work on 4 sites in Southlea Park (Harare), Cowdry Park (Bulawayo), Mberengwa and Chimanimani is ongoing and expected to be completed by year end with preparatory work on other 12 sites already handed over.

Medical Equipment

400. In an endeavor to ensure that health institutions are provided with basic state of art medical equipment, Government has embarked on the programme towards *strengthening of the Minimum Standard Equipment Package* for each level of care. Already, contracts worth US$8.7

million have been signed with logistical arrangements towards delivery of the equipment already underway.

401. Delivery of the 100 fully equipped ambulances is currently underway with 30 having been delivered and to date, Government has paid an equivalent of ZWL$200 million towards this contract which should unlock further deliveries.

402. In 2022, strengthening of the Minimum Standard Equipment Package Programme for each level of care will be further consolidated to increase coverage with priority being on district, provincial and central hospitals. Additionally, focus will be on provision of reliable water and sanitation facilities and other support services such as laundry, mortuaries and waste disposal facilities, among others.

403. To ensure sustainability of the equipment revitalisation programme, a National Health Equipment Maintenance Plan will be introduced to enable proper maintenance of both existing and new equipment. Strategic partnerships where the private sector can provide free equipment structured on consumable supply contracts will be pursued.

404. In this regard, an amount of ZWL$17.8 billion is being allocated towards interventions in the sector as indicated in the table below:

Table 47: Procurement of Heath Equipement

Item	Amount ZWL$
Rural Health Posts and Rural Health Centres	2,500,000,000
Hospitals Upgrading Programme	11,010,000,000
Manyame Hospital	1,250,000,000
Procurement of ambulances and service vehicles	1,000,000,000
Hospital Equipment	2,000,000,000
TOTAL	**17,760,000,000**

405. The above will be complemented through NMS Infrastructure Company partnership arrangement targeting the completion of on-going and additional works.

Mitigation of COVID-19 Pandemic

406. As at 16 November 2021, approximately 3.5 million first doses have been administered, while 2.7 million people had received their second doses. The leading Provinces in terms of vaccination are Bulawayo and Matabeleland North at 50.0% and 45.6%, respectively, while the least vaccinated area is Chitungwiza at 19.3%.

407. These figures translate to a national average of 40.0% for first dose and 31.1% for the second dose.

Table 48: Update on Covid-19 Vaccination

Province	Target (18yrs+)	Vaccinations 1st Dose	Coverage (%)	Vaccinations 2nd Dose	Coverage (%)
Mat South	414975	182578	44.0	139324	33.6
Bulawayo city	458272	261473	57.1	229270	50.0
Mat North	453557	264448	58.3	206755	45.6
Masvingo	884787	323258	36.5	253938	28.7
Midlands	1030198	393445	38.2	284676	27.6
Manicaland	1028576	491104	47.7	360298	35.0
Mash West	1014231	368780	36.4	279906	27.6
Mash Central	765393	253226	33.1	200818	26.2
Mash East	1038371	333608	32.1	276027	26.6
Chitungwiza City	275079	85569	31.1	53167	19.3
Harare	1298050	510910	39.4	412435	31.8
Total	**8,661,489**	**3,468,399**	**40.0**	**2,696,614**	**31.1**

408. For the vaccination programme, Government utilised budget savings of US$100 million from the previous year in addition to current budget support. As at the end of September 2021, Government had spent about US$204 million on procurement of seventeen million vaccines and syringes.

409. In addition, as at 21 October 2021, Government utilised ZWL$30 billion towards non vaccine COVID-19 related expenditures and these refer to human resource costs, social protection, among others.

410. Furthermore, to date, the country has received US$150 million and 3 million vaccines from the Development Partners. Government acknowledges and appreciates the continued support from the development partners in complementing its effort in fighting the COVID-19 pandemic, through the provision of direct support to save lives and improving livelihoods of the affected

people. Therefore, the country has received a total of 20 million vaccines through these various interventions.

411. Under the 2022 National Budget, Government will continue the vaccination programme targeting herd immunity of 10 million people. With indications of mutating variants and the need for booster jabs as seen in other countries, Government will set aside contingency funds to the tune of 10% of the budget which will be utilised to mitigate against COVID-19 pandemic and other related interventions. This also includes financial resources from SDRs.

412. Government has also budgeted for the procurement of vaccines under the Gavi Co-Financing agreement with UNICEF. However, in 2022, Government will meet all the costs for the programme amounting to ZWL$350 million.

Funding for Non-Communicable Diseases

413. The country is witnessing an increase in incidences of non-communicable diseases including cancer and Government is exploring various options to ensure sustainable domestic financing of the health system, with a bias towards non-communicable diseases.

414. Further, Government seeks to capacitate hospitals and clinics with requisite infrastructure and equipment beginning with referral hospitals, to be cascaded to lower levels as part of measures of ensuring better access to health services by citizens as well as reduce pressure on central hospitals.

Social Protection

415. In 2021 (January to September), social benefits outlays amounted to ZWL$20.1 billion against a target of ZWL$9.1 billion, with the resources being earmarked towards cushioning of vulnerable groups, also against the effects of the COVID-19 pandemic.

416. The expenditure overrun of 121.5% on social benefits was mainly due to the following interventions:

•	Productive Social Protection Scheme	$13.7 billion;
•	Harmonised Social Cash Transfers	$874.6 million;
•	Support to elderly persons	$50 million;
•	Support to people with disability	$113 million; and
•	COVID-19 emergency response	$100 million.

417. In 2022, Government will continue to prioritise support towards the above social protection programmes including children in difficult circumstances, foster homes, including mechanisms of enhancing efficiency and effectiveness in the delivery models including beneficiary targeting.

418. Therefore, the 2022 National Budget allocates ZWL$10 billion to the Ministry of Public Service, Labour and Social Welfare towards upscaling social protection programmes, focusing on targeting disability inclusiveness in programming, M& E, Social Protection, Management and Information Systems (MIS) and expanding coverage while reaching out to most needy people.

419. In addition to Government support, social protection programmes are some of the key areas which are going to benefit from the SDR support in 2022 in line with the IMF guidance on utilisation of the funds.

420. Development Partners have also pledged US$102 million in 2022 in response to increased demand for social safety nets emanating from the impact of exogenous shocks such as drought, floods and the Covid 19 pandemic.

Integrated Social Protection Management Information System

421. In an effort to have a just, accessible, efficient and effective harmonised social protection system in our country, Government with support of the World Bank will continue to work towards development of an Integrated Social Protection Management Information System. The target is to ensure the System is operational by end of first half of 2022, with ZWL$50 million having been allocated for this project.

Child Protection

422. The 2022 National Budget allocates ZWL$270 million towards child protection services for strengthening the National Case Management for the care and protection of vulnerable children including promotion of adoption and foster care. This resource envelope will also facilitate identification, tracing, reunification and integration of children living outside family environment.

423. In addition, Government will scale up support to improve access to education and reduce school dropout by reaching out to around 1.5 million children for educational support. In 2021, the Basic Education Assistance Module outlay of ZWL$2 billion assisted 446 844 vulnerable children with school fees and was complimented by development partners who assisted 175 592 children through the same programme. In 2022, ZWL$4.1 billion has been allocated towards BEAM, covering tuition, uniforms, stationery for vulnerable children.

Food Deficit Mitigation Strategy

424. For the period from January to September, about 735 455 households were provided with food assistance in the form of grain worth ZWL$1.6 billion, whilst 50 986 food insecure households in urban areas were supported under the Cash for Cereal programme at accost of ZWL$252 million. Meanwhile, a process of reviewing the Food Deficit Mitigation Strategy is underway to improve in identifying deserving beneficiaries.

425. In 2022, ZWL$2 billion has been allocated towards grain procurement and cash for cereals to labour constrained households including people with disabilities, child headed families, the elderly and chronically ill. The Food Deficit Mitigation Strategy in urban areas will continue with cash for cereals targeting about 51 557 households.

426. Furthermore, food distribution in the rural areas will continue however, now moving from supporting households to individuals with each person getting 10kg of grain targeting 1.1 million eligible food insecure beneficiaries. Already, joint efforts by Government and WFP of retargeting of beneficiaries has commenced to address inclusion and exclusion of beneficiaries.

Sustainable Livelihoods

427. Government seeks to assist the impoverished to become self-reliant to fully participate and contribute in the socio-economic development of the country. The programme on sustainable livelihood intervention has been allocated ZWL$160 million to support pro poor households to establish income generated activities.

428. Priority is on completion of projects already underway and commence new projects in the poorest districts of the country. This intervention should result in some households being weaned-off in social safety nets support as they sustain themselves.

Harmonised Social Cash Transfers

429. Cash transfers amounting to ZWL$875 million were made to 70 000 beneficiary households in 26 Districts through mobile money transfers, targeting food poor and labour constrained households.

430. As at end of September 2021, Government migrated 8 districts that were funded under Child Protection Fund (CPF) from the cash in transit mode of payment to the electronic platform. The migration to the electronic platform faced challenges of network coverage in some districts, whilst beneficiaries without national Identity cards, including child headed families, could not be issued with sim cards in their names.

431. In 2022, Government seeks to expand coverage of the Harmonised Social Cash Transfers Programme by an additional 10 districts from the current 26 districts to benefit around 97 000 labour constrained households. Therefore, the 2022 National Budget has set aside ZWL$2.2 billion for cash transfers and targeting exercise for effective implementation of the Programme.

432. Furthermore, around 28 000 vulnerable households will benefit through public works programmes under this allocation.

Health assistance

433. In line with the 2021 National Budget, resources amounting to ZWL$70 million were disbursed towards 12 000 individuals through Assistant Medical Treatment Orders as at end of September 2021, and provision is made under the 2022 Budget.

Persons with Disabilities

434. The National Disability Policy launched in June 2021, domesticate the provisions of the United Nations Convention on the Rights of Persons with Disabilities which the country ratified in September 2013, and fulfils the provisions of the Constitution.

435. The Policy seeks to improve the quality of life for persons with disabilities and to enable them to fend for themselves and their families, as well as to contribute towards the national development agenda, thus ensuring their inclusion in all sectors. Accordingly, all Government Ministries, agencies, oversight institutions and development partners are required to work together to implement the Policy to make a positive difference in the lives of persons with disabilities and their families.

436. The 2022 National Budget has, therefore, set aside resources amounting to ZWL$220 million for social protection programmes that will improve livelihoods, empower persons with disabilities and enhance capacities of parents and guardians of persons with disabilities, including care givers of adults and children with severe disabilities.

Tripartite Negotiation Forum

437. Government recognises the importance of buy in of key stakeholders as we consolidate and continue with reform agenda. In this regard, resources have been set aside to capacitate the secretariat of TNF, NECF and POLAD to facilitate the engagement process.

Public Investment Management

438. The country's aggressive drive and commitment towards infrastructure development has resulted in completion of several projects in almost all sectors, notwithstanding current challenges emanating from the COVID-19 pandemic, among other infrastructure delivery bottlenecks.

439. Notable achievements during 2021 have been the completion of high impact projects such as Muchekeranwa dam, Chinhoyi courts, Seke road, Beitbridge Modernisation Project Phase 1, Lupane water supply & irrigation scheme, Marimba Doctor's flats, 250km Harare-Beitbridge road, 6.5km Makuti-Hellsgate road, Guruve and Murehwa Central Registry offices, Beitbridge flats, Kopa Jopa road.

440. In addition, progress was made on the Emergency Roads Rehabilitation Programme Phase II (ERRP II), Bindura University halls of residence, Siakobvu and Lupane Composite offices and Lupane provincial hospital. Other projects including the Manyame Hospital, Gwayi Shangani and Chivhu dams, Hwange 7&8 expansion and Robert Mugabe International Airport upgrading remain on course for completion in 2022.

441. Furthermore, on spatial planning, development of masterplans for Tugwi- Mukosi and New City in Mt. Hampden are at advanced stages of completion with layout plans for Kanyemba development projects also in progress.

442. Building on the successes achieved during the year, the 2022 Development Budget will act as a post-crisis economic stimulus package, prioritising infrastructure projects that safeguard delivery of essential services as well as stimulate economic recovery through investment in labour-intensive and growth-enhancing infrastructure projects.

443. Government continues to pay attention to elements of public investment management for effectiveness including the following:

Project Preparation Development Fund

444. The Project Preparation Development Fund (PPDF) is a critical avenue to facilitate project preparation activities for our implementing agencies. A pipeline of developed projects ready

for the market or Government funding aids in quickening decision making on investment prioritisation and funding.

445. In order to ensure that the country has a portfolio of projects with feasibility studies and ready for implementation, an allocation of ZWL$1 billion has been made towards capitalisation of the PPDF and will cater the following projects, among others:

Table 49: Projects under PPDF

Project	Sector	Intended Project Scope
Bindura University Students Accommodation	Housing	Feasibility studies for construction of student accommodation
Chinhoyi University Students Accommodation		
Lupane Students Accommodation		
Gweru Students Accommodation		
Muzhwi Dam Irrigation Scheme	Irrigation	Feasibility studies for the construction of irrigation schemes
Lilstock Dam Irrigation Scheme		
Biri Dam Irrigation Scheme		
Harare Airport Road	Transport	Feasibility studies for the construction of the missing link between Braeside and Emmerson Dambudzo Mnangagwa Road
Kazungula Border Post		Feasibility study and detailed designs for the border post
Forbes Border Post		
Chirundu Border Post		
Harare - Loins Den -Kafuve railway line.		Feasibility study for the railway line
Housing Development projects	Housing	Feasibility studies for housing development projects

446. The Zimbabwe Investment Development Agency will also complement Government efforts on this programme.

Procurement

447. Government will continue to review the public procurement process, tightening the current tendering system to promote competitive bidding and remove speculative tendencies, so as to curb resource leakages.

448. Contractual obligations including treatment of non-performing contractors will be enforced for effective and efficient project execution. In the same vein, capacitation of Procurement Management Units to effectively implement procurement processes will be a priority, with guidance of the Procurement Regulatory Authority of Zimbabwe (PRAZ).

Compensation of Employees

449. Recent inflation developments from 2019 eroded disposable incomes of workers in the public sector. In response, Government is making efforts to restoring the value of salaries for public servants beginning with the 2021 bonus payment in United States dollars.

450. In 2022, an amount of ZWL$340 billion (41% of revenues or 7.1% of GDP), has been set aside for the wages and salaries for public servants and pensions. Further to this, Government is also pursuing offering of non-monetary benefits which may include, solar projects scheme, housing and vehicle loan schemes, housing land, as well as seed money to the Government employee's Mutual Savings Fund.

451. To this effect, the Budget is allocating resources as follows:
- Civil service housing loan scheme: ZWL$ 1.8 billion; and
- Government employee's mutual savings fund: ZWL$1.3 billion.

452. However, Government doors remain open to structured negotiations with workers unions' for any measures which may improve their welfare and productivity. In the same vein, for purposes of managing the fiscus, the general freeze on recruitments will remain in force save for critical posts especially in key areas such as health and education.

Harmonization of Conditions of Service

453. A review of conditions of service in the public sector reveal some inequities and distortions which require redress to avoid brain drain. Government is, therefore, synchronizing and harmonizing pay structures through the 'Single Spine Pay Structure', which links pay and grading arrangements for all staff funded from the fiscus.

Social Security

454. Government seeks to provide meaningful decent pay-outs to working citizens upon retirement in line with changes in the economy. To this effect, Government in June 2021 gazetted a Statutory Instrument Number 169 of 2021 with a Self-Adjusting Framework (SAF) that entails contributions basing on previous monthly Total Consumption Poverty Line (TCPL) for an

average of five persons per household. The Framework also seeks to cushion retirees from changes in inflation.

Public Service Pension Fund

455. The thrust of the Pension Fund is to have assets that cover its liability. Currently Government is contributing at 4%, whilst employees are contributing at 7.5%. The current assets of the Fund have grown to 4% of the pension liability for the period 2019 to 2021, and now standing at ZWL$17.6 billion, implying a month-on-month growth rate of 60%.

456. As part of its investment strategy, the Fund acquired shares in financial institutions namely 4% in CBZH, 10% in FBCH and various residential and commercial properties. The Fund also recouped ZWL$340 million in dividend for the period under review.

457. According to the actuarial valuation of 2012, Government should raise US$4.8 billion to cover the past and future pension liability. To achieve this goal, Treasury's primary focus is to support the Pension Fund's Asset Acquisition drive by ceding some Government assets to the Pension Fund to raise its assets base whilst the Pension Fund targets to increase investments across high yielding assets by primarily diversifying its portfolio towards property markets, alternative investments and equities.

458. Under this Budget, an amount of ZWL$6.7 billion is proposed as employer contribution representing 7.5% of pensionable emoluments.

459. In addition, Government will identify commercial properties, agricultural land and financial assets to cede to the Pension Fund in order to boost its asset base, with a target to match the pension liability within the next 3 years.

Personal Issue Vehicles

460. In 2018, Government reviewed personal issue vehicle allocations to Senior Government Officials. The review provided for procurement of condition of service vehicles for Chief

Directors, Directors and their equivalents through a vehicle loan scheme from a Government personal issued vehicle. On account of implementation challenges, the introduced loan scheme faced challenges and could not be implemented.

461. Consistent with the policy position under the New Dispensation on incentivising staff, Government is reinstituting the policy of providing personal issue vehicles to Chief Directors, Directors and equivalents effective 1 January 2022.

462. Noting that some of the Directors and equivalents grades had already been allocated operational vehicles, some which are relatively new, such vehicles which are less than one and half years old in terms of registration by 30 November 2021 will automatically be converted into personal issue vehicles. Detailed guidelines on the implementation of this arrangement will be issued by the Public Service Commission in consultation with Treasury.

463. To cater for those not covered under the above Framework, resources have been set aside to commence procurement of the vehicles, whose types will be guided by the Public Service Commission.

464. Furthermore, the duty-free import facility for civil servants already in place will continue into the future as part of Government's commitment to improve their welfare through non-monetary incentives.

Civil Service Housing Fund

465. As part of non-monetary incentives, Government will further capitalise the Civil Service Housing Scheme in 2022 to assist in securing affordable accommodation for public officials. Already, the Senior Officers Housing Scheme Inter-Ministerial Committee has been reconstituted to ensure equitable representation thus, improving its operational efficiency.

466. The 2022 Budget is therefore, proposing to allocate an amount of ZWL$1 billion and ZWL$750 towards resourcing the junior and senior officers housing schemes, respectively. This will be complemented by resources from recoveries from previous loan disbursements.

Enhancing Efficiencies in the Public Service

Public Service Training Centres

467. Government recognises the importance of continuous human capital development for public servants to improve performance, professionalism and quality service delivery. This is also critical in view of changing technological environment requiring different set of skills and knowledge.

468. This requires capacitation of training centres around the country through rehabilitation and upgrading of existing infrastructure, as well as provision of adequate tools such as furniture, equipment and operational vehicles. In this regard, the 2022 National Budget allocates ZWL$109 million towards capacitation of public sector training institutions.

Public Finance Management System

469. In 2022, work on advancing the Public Finance Management System will extend to migration to the International Public Sector Accounting Standards (IPSAS), with specific activities including capacity building, data gathering, among others preparatory activities.

470. In addition, the Public Finance Management (Amendment) Bill, which seeks to align the Act with the Constitution and improve other aspects of public finance management is expected to be passed by Parliament in 2022.

471. Government has also engaged PFM experts to work with relevant stakeholders in developing a Comprehensive Reform Strategy that will facilitate effective implementation of the PFM Act.

Governance and Internal Control

472. A Central Internal Audit Unit has been established within Treasury to supervise and co-coordinate the internal audit and compliance function, as well as provide oversight over disposal of audit issues to improve public service delivery.

473. The Unit was created to support the NDS1 Transparency and Accountability Strategy to strengthen institutions of accountability, moreso, given the concerns raised by stakeholders regarding lack of internal audit independence as well as failure by MDAs to timely responds to audit observations.

474. It will be the mandate of this unit to coordinate and cooperate with all Ministries, Departments and Agencies to ensure a comprehensive internal audit and compliance system for the Government of Zimbabwe as well as the monitoring of Enterprise Risk Management (ERM) in the public sector.

475. The following are some of the governance interventions that Treasury is implementing to improve on compliance and accountability:

- The Accounting Officers shall be charged with the overall responsibility for the Institution's overall governance of risk;
- Treasury, going forward, shall require annual statement on implementation of audit recommendations in budget negotiations to improve on governance;
- Treasury will be working with other governance institutions with prosecuting powers towards the disposal of audit findings that are fraudulent or corruption related; and
- Part IX of the PMA on Disciplinary measures and sanctions for Financial Misconduct shall be enforced to instill financial discipline in management of public resources

Sealing Revenue Leakages

476. Zimbabwe continue to improve its systems on combating Money Laundering and Financing of Terrorism. Use of formal channels for transactions within and outside the country will be strengthened and such compliance also improves tax collections.

477. Furthermore, ZIMRA in conjunction with other law enforcement agents are further strengthening monitoring and control systems with wider spatial coverage of boarder areas.

Governance

478. The overarching objective on governance is to improve public and justice service delivery, rule of law and uphold national unity, peace and reconciliation as building blocks for achieving equitable and sustainable national harmony and development. Governance priorities from 2022 will include adherence to the tenets of the Constitution, completion of the alignment of legislation to the Constitution, improving on public sector transparency and accountability, improving governance in both central and lower tiers of Government including local authorities and public enterprises, fighting corruption and enhancing business environment, among others.

Independent Commissions

479. Government is capacitating institutions of governance such as the Zimbabwe Anti-Corruption Commission (ZACC), National Peace and Reconciliation Commission (NPRC), Judicial Service Commission and others to execute their mandate including decentralising services to local levels.

480. To date, all Commissions have been capacitated with tools of trade such as vehicles, furniture and equipment, with ZACC, Zimbabwe Media Commission and Zimbabwe Gender Commission, having been provided with office space for their head offices.

481. The 2022 National Budget allocates resources for further capacitation of all Commissions to undertake their constitutional obligations as follows:

Table 50: Constitutional Allocations to Commissions

Vote	Employment Costs	Operations	Capital	Total
Human Rights Commission	113,898,000	190,000,000	100,000,000	403,898,000
National Peace and Reconciliation Commission	151,333,000	190,000,000	100,000,000	441,333,000
Zimbabwe Anti-Corruption Commission	293,713,000	270,000,000	350,000,000	913,713,000
Zimbabwe Electoral Commission	632,813,000	10,500,000,000	500,000,000	11,632,813,000
Zimbabwe Gender Commission	97,590,000	200,000,000	200,000,000	497,590,000
Zimbabwe Land Commission	118,307,000	1,441,000,000	200,000,000	1,759,307,000
Zimbabwe Media Commission	60,990,000	100,000,000	350,000,000	510,990,000
Grand Total	**1,468,644,000**	**12,891,000,000**	**1,800,000,000**	**16,159,644,000**

482. Of the appropriated resources ZWL$12.9 billion is for compensation of employees, ZWL$1.5 billion for operations and maintenance and ZWL$1.8 billion for capital developments and projects.

483. To improve implementation of governance reforms, in 2022, development partners pledged US$23.2 million in financial and technical assistance.

Support to Parliament

484. Capacitation of Parliament to undertake its legislative and oversight role, is being prioritised under this Budget, focussing on support in terms of remuneration, allowances, pensions and medical expenses, as well as support for research, inclusive of respective hardware/equipment.

485. Financial support is also being extended to the Constituency Development Fund to enable Honourable Members to implement targeted projects and programmes aimed at addressing developmental disparities among communities across the country.

486. In this regard, ZWL$2.4 billion has been set aside for Constituency Development Fund and a further ZWL$300 million has been provided for construction of Constituency Information Centres for dissemination of parliamentary information to the citizens.

487. In total, ZWL$14.6 billion has been set aside for capacitation of Parliament, including support for transport services.

Corruption

488. The fight against corruption is being enhanced through capacitation of respective institutions such as ZACC and the relevant law enforcement agencies. Where necessary and feasible, Government is decentralising these institutions across the country to enable them to effectively undertake their mandate.

489. As part of implementing the National Anti-Corruption Strategy, Government will expedite the development of legislation to protect whistle-blowers.

Elections

490. The country will be holding General Elections in 2023 as enshrined in the Constitution and preparatory works (delimitation, voter registration and inspection) will be undertaken to ensure success of this constitutional requirement. The 2022 National Budget is, therefore, setting aside ZWL$7.75 billion for the respective preparatory works.

491. Additionally, Government is also allocating ZWL$3.25 billion for the holding of By-Elections for vacant constituencies in 2022.

Ease of Doing Business Reforms

492. In previous years, progress was made in improving the investment environment, resulting in the country being ranked 140 in 2020 from 155 in 2019 under the World Bank ease of doing business raking. However, the process lost momentum since the advent of COVID-19, hence the need for its revival, leveraging on the operationalised Zimbabwe Investment and Development Agency (ZIDA), whose primary role is marketing of the country as an investment of choice.

493. Therefore, from 2022, Government will revive the multi-sectoral engagement with a view of eliminating obstacles to the doing business environment in the country. This includes reviewing and aligning investment regulations and policy frameworks in line with regional and international best practice.

494. As part of wider measures to attract investment in the country, in 2022, Government through ZIDA will operationalise Special Economic Zones (SEZs), with particular focus on the following:
   - The Steel Industrial Park in the Midlands/Masvingo area;
   - The Fernhill SEZ in Mutare;
   - Masuwe SEZ in Victoria Falls; and

- Imvumela SEZ in Bulawayo

495. Furthermore, Government seeks to advance the use of PPPs as one of the major sources of finance for infrastructure especially for projects with high economic and social impact. To date, projects worth US$2 billion in the sectors of mining, tourism, transport and energy have been processed under the PPP arrangement and are at various stages of implementation. In 2022, focus will be to increase the number of projects at feasibility stage, as this will allow for improved traction on project requiring private sector investment

State Enterprises & Parastatals Reform

496. Government reaffirms its commitment to implement parastatal reforms in line with the Short to Medium Term State Enterprises and Parastatal Reform Framework for 2018-2025 anchored on implementation of new Ownership Model.

497. The reforms are targeted at introducing best practices in Government's exercise of its shareholder's oversight function on the whole sector. This will result in significant improvement on both the financial and operational performance of SEPs thus contribution to economic growth.

498. The new Institutional and Legal Framework entails migration from the current decentralised model towards a more centralised biased ownership model. This has positive effects of modernising the ownership function of Government and separating the ownership model from the policy functions from the line Ministries.

499. Furthermore, the adoption of the new Ownership Model will go a long way in addressing the inherent challenges which have been encountered during the implementation of the country's past and present reform programmes.

500. The State Enterprises and Parastatals reform are expected to result in well preforming entities that significantly contribute towards the achievement of National Developmental Strategy 1 and Vision 2030 aspirations.

501. In this regard, adequate resources will be availed to capacitate the key institutions driving the country's reform programme, in particular, the State Enterprises Reform, Corporate Governance and Procurement Unit, incorporating the State Enterprises Restructuring Agency (SERA).

Information, Publicity and Broadcasting Services

502. The media is at the centre of interaction between various entities and individuals. Priority during 2022 is on image building, international engagement and re-engagement programmes, as well as upgrading of transmission infrastructure.

503. To enhance information sharing and dissemination, an allocation of ZWL$2.7 billion has been set aside for Ministry of Information, Publicity and Broadcasting Services to sustain various programmes including broadcasting services, infrastructure and digital migration projects.

504. Attention will also be on ensuring advanced completion of the Zimbabwe Broadcasting Digitalisation Migration Project with a new supplier having been identified to pave way for implementation of the remaining activities. To this end, an amount of ZWL$1.1 billion is being allocated towards the project.

Zimbabwe Broadcasting Corporation

505. The Zimbabwe Broadcasting Corporation is being repositioned to play its critical role of informing, educating and entertaining the public, as well as effectively assist in image building and our international engagement and re-engagement efforts consistent with Vision 2030 objectives.

506. Key amongst the critical interventions is procurement of studio and ICT related equipment necessary for the improvement of quality of broadcasting services and operationalisation of the 24-hour News. Additionally, focus is on rehabilitation and upgrading of infrastructure and procurement of operational vehicles.

507. An amount of ZWL$250 million has been set aside for the above ZBC projects, including effective dissemination of progress on implementation of NDS1 and other various Government programmes and projects.

International Relations

508. Our foreign missions play a critical role in building vital relations with other countries. These missions also portray the country's image and as such, it is necessary that Government continuously capacitate officials manning these missions, as well as rehabilitation and upgrading of missions in Johannesburg, Adis Ababa, New York and Gaborone.

509. The 2022 National Budget, therefore, allocates ZWL$14.9 billion to Ministry of Foreign Affairs and International Trade for operations, procurement of tools of trade including vehicles and to address critical infrastructure requirements at our embassies and chanceries.

Engagement, Re-engagement and Arrears Clearance

510. Government remains committed to the engagement and re-engagement process with the International Community and creditors for comprehensive arrears clearance and debt resolution. In this regard, Government, in March 2021, resumed quarterly token payments to the Multilateral Development Banks (MDBs), the World Bank Group, the African Development Bank and the European Investment Bank.

511. During the third quarter of 2021, Government also started making quarterly token payments to each of the sixteen (16) Paris Club Creditors, as a sign of Government's strengthened commitment towards the re-engagement process.

Arrears Clearance, Debt Relief and Restructuring Strategy

512. Zimbabwe remains committed to its comprehensive Arrears Clearance, Debt Relief and Restructuring Strategy aimed at attaining debt sustainability post the COVID-19 pandemic. The

Strategy includes traditional debt relief options, including the Highly Indebted Poor Country (HIPC) Initiative, which provides maximum debt relief.

513. Engagements are on-going with relevant parties with a view to securing support to the arrears clearance road map, in order for the country to realise post COVID-19 pandemic recovery and achieve resilient and sustainable growth and attainment of Vision 2030.

514. The Strategy hinges on the strengthening of, and continuing with the reform program, stepping up re-engagement with all creditors and continued cooperation with the International Financial Institutions (IFIs). There is, therefore, need for strategic partners and champions among the international community on this crucial agenda.

Compensation to Former Farm Owners

515. In fulfilment of the US$3.5 billion Global Compensation Agreement with former farm owners, Government engaged the Financial Advisor- Newstate Partners who is working on a number of possible financing instruments and funding options. These include, but are not limited to: -

- Bonds issued on the domestic financial and capital markets (both listed and unlisted);
- Bonds issued on the international markets (both listed and unlisted);
- Listed and unlisted equity and quasi equity type of instruments;
- Structured financial arrangements, including the issuance of asset backed securities, and;
- Off balance sheet financing arrangements using commercial guarantee.

516. Meanwhile, the Budget is allocating ZWL$2.5 billion for the interim relief payments to former farm owners who are in distress

Peace and Security

517. The prevailing peace and security is important for sustainable economic development. In order to ensure that such an environment is sustained, Government will continue to capacitate the

Security Organs of the State to enable them to effectively execute their mandate and reduce crime.

518. Already, a programme towards procurement of operational vehicles is underway targeting 920 vehicles with additional ones targeted in 2022. Additionally, Government has embarked on upgrading and rehabilitation of infrastructure of the security sector whose implementation will be further enhanced in 2022, leveraging on their inhouse expertise among other quick win implementation modalities.

519. An amount of ZWL$49.4 billion and ZWL$61.5 billion is being allocated to the Ministry of Home Affairs and Cultural Heritage for the Ministry of Defence & War Veterans Welfare, respectively.

Upgrading of Cantonment Areas

520. As part of improving the welfare and working conditions of the security sector, Government will be rehabilitating and upgrading cantonment facilities under the Enhanced Maintenance and Upgrading of Infrastructure Programme and a provision of ZWL$7.1 billion has been made.

Prisons Infrastructure

521. Under the Quick Win Targeted Approach, Government has managed to rehabilitate and upgrade prison infrastructure at Chikurubi, this approach will be cascaded to other provinces and districts in 2022.

522. Accordingly, ZWL$2 billion has been set aside targeting construction of staff houses, rehabilitation and upgrading of buildings including water supply and sewer reticulation systems, among other key interventions.

523. Further, as part of efforts towards modernization and decongestion of prison facilities and services, the Budget allocates ZWL$300 million towards start up works for the construction of two modern prisons in Hurungwe and Gwanda.

War Veterans

524. Government also recognises the need to continuously improve the welfare of veterans of the liberation and efforts are underway to review their monetary and non-monetary benefits. Already, a number of assets in the form of mining claims, farms and tourism assets have been availed to war veterans.

525. Efforts are also underway to capacitate the companies that have been set up for the Veterans to enable them competitively participate in public tenders. Under the Ministry of Defence & War Veterans Affairs, an allocation of ZWL$1 billion is being set aside to cater for the welfare of war veterans.

Justice Delivery

526. Government is committed to effective and efficient delivery of justice. Hence, an allocation has been made for construction, upgrading and rehabilitation of court facilities as part of decentralisation programme of justice service delivery system. This also includes institutional housing for prison staff and prison facilities.

527. An amount of ZWL$22.7 billion has been set aside for the Ministry of Justice, Legal and Parliamentary Affairs.

Construction of Courts

528. Government has been undertaking construction, upgrading and rehabilitation of court facilities as part of a programme to decentralise justice services.

529. The 2022 Budget is allocating ZWL$1 billion towards priority ongoing works targeting Epworth, Chiredzi, Mutawatawa and Murewa Magistrate Courts, resumption of works on Gwanda Provincial Magistrate, Kwekwe Civil, Mberengwa Resident, Chegutu, Buduriro, Emtumbane, and Guruve Courts including rehabilitation and upgrading of existing court facilities.

Digitisation of Deeds Office

530. Government has embarked on the digitalization and automation of the deeds and companies' office in order to ensure quick turnaround times in processing of documents and improved access to services, as well as assist in our efforts towards combating money laundering among others.

531. The 2022 Budget has set aside resources for procurement of computers, software and equipment, training and awareness campaigns required for the full implementation of the project.

2022 Population and Housing Census

532. The country is scheduled to undertake the Population and Housing Census in 2022. Most of the preparatory work which includes mapping of enumeration areas which was supposed to start in 2021 was affected by the COVID-19 pandemic. This therefore requires speedy finalization of key aspects of preparation during the last part of 2021.

533. The Budget is therefore setting aside ZWL$3 billion towards the preparation and conduct of the 2022 Population and Housing Census. In due course, a statutory order will be issued with regards to the conduct of the Census.

534. Government is also appealing to the Private Sector, Cooperating and Development Partners as well as other stakeholders to partner with Government for a successful 2022 Population and Housing Census.

Devolution

535. As part of ensuring inclusive growth through equitable economic development across all the regions of the country, Government will advance the implementation of the devolution agenda in line with the Constitution.

536. Critical interventions have been mainly centered on rehabilitation and upgrading of education and health facilities, drilling and equipping of boreholes, upgrading of water sources including treatment plants and sanitation facilities, as well as upgrading of roads infrastructure and procurement of requisite equipment.

537. Notwithstanding the fiscal limitations, resources amounting to ZWL$6.3 billion were availed under the programme which were deployed towards implementation of the above cited projects.

538. The status of the devolution disbursements as of 30 September 2021 is as summarised in the Table below:

Table 51: Devolution Disbursements (ZWL$)

Entity	2021 Estimates			Disbursements	Balance (ZWL$)
PROVINCIAL COUNCILS	**Operational (ZWL$)**	**Capital ZWL$)**	**Total (ZWL$)**	**Total (ZWL$)**	
Bulawayo Metropolitan	9,272,800	44,045,700	53,318,500	1,364,000	51,954,500
Manicaland	55,508,700	263,666,500	319,175,200	10,592,650	308,582,550
Mashonaland Central	35,974,800	170,880,500	206,855,300	7,476,086	199,379,215
Mashonaland East	44,303,200	210,440,200	254,743,400	8,702,086	246,041,315
Mashonaland West	50,426,700	239,526,700	289,953,400	9,844,650	280,108,750
Matabeleland North	29,426,200	139,774,500	169,200,700	6,755,650	162,445,050
Matabeleland South	37,292,500	177,139,500	214,432,000	7,912,650	206,519,350
Midlands	52,677,100	250,216,200	302,893,300	10,176,650	292,716,650
Masvingo	48,936,400	232,447,800	281,384,200	9,383,086	272,001,115
Harare Metropolitan	26,981,500	128,162,300	155,143,800	3,970,000	151,173,800
Total	**390,799,900**	**1,856,299,900**	**2,247,099,800**	**76,177,507**	**2,170,922,294**
LOCAL AUTHORITIES					
Bulawayo Metropolitan Province	16,952,700	483,152,400	500,105,100	135,948,313	364,156,787
Manicaland Province	71,230,200	2,030,058,600	2,101,288,800	617,537,046	1,483,751,754
Mashonaland Central	60,627,500	1,727,885,100	1,788,512,600	567,978,715	1,220,533,885
Mashonaland East	61,040,100	1,739,642,000	1,800,682,100	668,722,530	1,131,959,570
Mashonaland West	76,196,100	2,171,587,200	2,247,783,300	942,146,369	1,305,636,931
Matebeleland North	51,968,900	1,481,115,200	1,533,084,100	552,602,968	980,481,132
Matebeleland South	48,713,900	1,388,349,100	1,437,063,000	626,962,035	810,100,965
Midlands	79,071,600	2,253,536,400	2,332,608,000	993,456,389	1,339,151,611
Masvingo	62,565,100	1,783,102,400	1,845,667,500	737,525,610	1,108,141,890
Harare Metropolitan	57,834,000	1,648,271,700	1,706,105,700	392,030,259	1,314,075,441
Sub-Total	**586,200,100**	**16,706,700,100**	**17,292,900,200**	**6,234,910,234**	**11,057,989,966**
Total	**977,000,000**	**18,563,000,000**	**19,540,000,000**	**6,311,087,741**	**13,228,912,260**

539. Below is a pictorial view of both completed and ongoing projects for a few selected local authorities.

Completed Madzorera Classroom Block, Zvimba RDC

Umgula Clinic under construction, Matopo RDC

Drilled borehole, Chirumhanzu RDC

Chipangayi Clinic, completed staff house, Chipinge RDC

Tipper Truck, Chimanimani RDC

Back Hoe Loader, Mutasa RDC

Refuse Truck, Mazowe RDC

540. Under the 2022 Budget, ZWL$42.5 billion has been allocated for Inter-governmental Fiscal Transfers (Devolution), consistent with the Constitutional requirement.

Table 52: 2022 Inter-Governmental Fiscal Transfers Allocations

Entity	2022		
	Operational (ZWL$)	Capital (ZWL$)	Total (ZWL$)
PROVINCIAL COUNCILS			
Bulawayo Metropolitan	39,862,600	90,969,700	130,832,300
Manicaland	238,625,100	544,562,500	783,187,600
Mashonaland Central	154,651,300	352,927,500	507,578,800
Mashonaland East	190,453,900	434,632,300	625,086,200
Mashonaland West	216,777,900	494,705,300	711,483,200
Matabeleland North	126,499,600	288,683,000	415,182,600
Matabeleland South	160,315,800	365,854,700	526,170,500
Midlands	226,452,200	516,783,500	743,235,700
Masvingo	210,371,400	480,085,600	690,457,000
Harare Metropolitan	115,990,200	264,700,000	380,690,200
Total	**1,680,000,000**	**3,833,904,100**	**5,513,904,100**
LOCAL AUTHORITIES			
Bulawayo Metropolitan Province	72,877,600	997,876,500	1,070,754,100
Manicaland Province	306,209,300	4,192,776,000	4,498,985,300
Mashonaland Central	260,630,200	3,568,682,500	3,829,312,700
Mashonaland East	262,403,600	3,592,964,200	3,855,367,800
Mashonaland West	327,557,200	4,485,083,300	4,812,640,500
Matabeleland North	223,408,100	3,059,019,200	3,282,427,300
Matabeleland South	209,415,400	2,867,424,500	3,076,839,900
Midlands	339,918,300	4,654,339,000	4,994,257,300
Masvingo	268,959,100	3,682,727,000	3,951,686,100
Harare Metropolitan	248,621,500	3,404,203,400	3,652,824,900
Sub-Total	**2,520,000,300**	**34,505,095,600**	**37,025,095,900**
Total	**4,200,000,300**	**38,338,999,700**	**42,539,000,000**

541. While the current Inter-Governmental Fiscal Transfer allocations, as well as the disbursements thereof to local authorities are based on the agreed formula which takes into account poverty incidence, population size and infrastructure deficit, consultations with key stakeholders will be undertaken to review this formula so that it incorporates the best mix to ensure equity is achieved.

542. In addition, Government is developing the Intergovernmental Fiscal Transfers System Administrative Manual whose purpose is to support local tiers of government (Provincial/Metropolitan Councils and Local Authorities) to manage Intergovernmental Fiscal Transfers Grants effectively, as well as guide Central Government entities responsible for administering the grants.

TAX POLICY AND ADMINISTRATION MEASURES

543. Mr. Speaker Sir, I am proposing revenue measures that seek to maintain fiscal stability through stimulating growth of productive sectors, enhancing revenue collection, providing relief and simplifying tax administration in order to improve the doing business environment.

Support to Industry

Rebate of Duty Facilities

Transparency and Accountability in the Utilisation of Rebate Facilities

544. Mr. Speaker Sir, Government has over the period 2009 to date availed tax rebates and Value Added Tax (VAT) deferment to manufacturing, mining, tourism, agriculture, transport, energy and health sectors.

545. Whereas the primary function of tax laws is to mobilise resources, Government spending has, however, also been executed through tax preferences targeted at lowering production costs. Provision of such concessions reduces the amount of tax revenue that would otherwise have been collected.

546. Unlike other spending programs, tax revenue forgone through concessions is not subject to appropriation. For purposes of enhancing transparency and accountability of the Budget, Table 53 outlines the value of goods imported and revenue foregone during the period 2016 to August 2021 from granting of various tax concessions to productive sectors.

Table 53: Value of Goods Imported Under Rebate and Revenue Foregone

Sector	Value for Duty Purposes (ZWL Millions)	Revenue Foregone (ZWL Millions)
Mining	33 112	6 551
Agriculture	61 352	16 194
Manufacturing	12 685	4 000
Tourism	772	292
Transport	3 887	2 425
Energy	705	99
Cross-Cutting	49 670	13 057
Other Concessions	63 632	17 053
Total	**225 814**	**59 673**

Observations on Operations of Corporates Granted Various Rebates

547. Mr Speaker Sir, whereas availing of tax rebates and VAT deferment has gone a long way to enhance productivity, issues of concern observed during beneficiary company tours include the following, among others:

- False declaration of minerals produced;
- Export of unpolished granite;
- Non submission of monthly returns to the Ministry responsible for Mines and Mining Development;
- Environmental degradation,
- Lack of social corporate responsibility such as community schools,' hospitals, water and housing suitable for human habitation especially in the mining sector;
- Non-provision of safety wear for employees,
- False declaration of physical address; and,
- Transfer of capital equipment to a new site without ZIMRA approval.

548. Mr. Speaker Sir, in order to enhance transparency and accountability in the administration of rebate facilities and address the deficiencies that have been identified, I propose to include the following provisions in the transparency report that should be filed by applicants, as follows:

- ZIMRA certified tax payment for the period prior to application;
- For exporting companies, CD1 Form discharged for the period prior to application;
- Corporate social responsibility executed;
- Activities to protect the environment against degradation; and
- In the case of mining, submission of monthly returns to the Ministry responsible for Mines and Mining Development.

549. Mr Speaker Sir, Treasury will publish an Evaluation Report on assessments undertaken to establish the transparency and accountability in the utilisation of *Rebate of Duty Facilities.*

550. Furthermore, as part of the process to evaluate the impact of tax incentives availed to date, Treasury, in collaboration with the Zimbabwe Economic Policy and Research Unit (ZEPARU) and support from the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), under the framework of Good Financial Governance Programme, will commission a study to "Evaluate the Impact of Tax Incentives on Socio-Economic Outcomes in Zimbabwe". The study will focus on the manufacturing sector.

Rebate of Duty on Capital Equipment Imported for Use in Specified Industries

551. In order to assist the retooling of companies, Government, in 2016, introduced a Rebate of Duty on capital equipment imported for use in specified industries which include mining, manufacturing, agriculture and energy.

552. To date, capital equipment imported and revenue foregone under the *Rebate of Duty Facility* are shown on the table below:

Table 54: Revenue Foregone: Capital Equipment Imported for Use in Specified Industries

Year	Value for Duty Purposes	Revenue Foregone
2016	68,562,680.87	13,535,789.58
2017	83,644,311.55	15,990,565.64
2018	97,279,360.44	17,251,726.88
Total (US$)	**249,486,352.86**	**46,778,082.10**
2019	572,643,623.36	101,405,380.83
2020	5,596,441,337.23	1,167,804,690.68
2021	13,644,117,469.22	2,545,096,701.37
Total (ZWL)	**19,813,202,429.81**	**3,814,306,772.88**

553. Annex 3 shows an indicative list of capital equipment that has been imported under the *Rebate Facility.*

554. Cognisant of the wide usage of such capital equipment by productive sectors, and the need to ease the cost of doing business, I propose to provide duty free importation of the capital equipment through the tariff regime.

555. This measure takes effect from 1 July 2022.

556. In the interim, I propose to strengthen the provisions governing the *Facility,* in order to minimise loopholes in administration through the following measures:

- Companies applying for the *Rebate of Duty* facility should be incorporated;
- No third-party companies shall be granted rebate of duty. These include tribute agreements and hired suppliers or contractors;
- A minimum threshold of US$10 000 of the value of equipment is required for processing a *Rebate.*

557. This measure takes effect from 1 January 2022.

Dairy Industry

Suspension of Duty on Milk Powder

558. Government support to the dairy sector over the years has triggered a positive response towards development of the dairy industry. Since the beginning of the year, investment across the value chain amounted to US$20 million.

559. The investment coincided with a rebound in the demand for milk and milk products following relaxation of lockdown measures, pushing capacity utilisation from 34% in 2020 to 60% in 2021.

560. In order to augment the supply of raw milk, mindful of the need revitalise the dairy industry, I propose to extend duty suspension on minimum quantities of milk powder for the year 2022, as follows:

Table 55: Ring-Fenced Allocation under Suspension of Duty on Milk Powder

Name of Dairy Processor	**Proposed Allocation for 2022**	
	FCMP (Kg)	**SMP (Kg)**
Dairiboard Zimbabwe (Pvt) Ltd	1 000 000	1 000 000
Dendairy (Pvt) Ltd	1 000 000	1 000 000
Machiareer Inv (Pvt) Ltd T/A Mr Brands	30 000	10 000
Prodairy (Pvt) Ltd	750 000	120 000
Kefalos Cheese Products	350 000	500 000
Nestle Zimbabwe (Pvt) Ltd	500 000	-

561. As a quid pro quo, dairy processors are expected to increase support to out-grower schemes with a view to build the stock of dairy herd, in order to increase raw milk production.

562. Furthermore, dairy processors are expected to increase uptake of raw milk from smallholder farmers.

Dairy Revitalisation

563. In line with interventions proposed in NDS1 to improve performance in the dairy value chain, I propose to introduce a levy of 5% on the value of imported dairy products. The funds will be ring-fenced for re-capitalising the *Dairy Revitalisation Fund,* targeted at growth and development of the dairy sector by increasing the national dairy herd, enhancing competitiveness of the dairy sector, support modernisation and standardisation of local milk production.

564. Funds will be disbursed from the *Consolidated Revenue Fund* to smallholder farmers at a concessionary interest rate, in order to ensure sustainability of the *Fund*, as well as optimising growth of the sector.

565. Furthermore, in order to guarantee growth of the sector, a minimum of 80% of the funds will be utilised towards procurement of the dairy herd.

Suspension of Duty on Raw Cheese

566. Inadequate supply of raw milk, a key raw material in the processing of cheese, negatively affects production of cheese.

567. I, therefore, propose to suspend duty on ring-fenced quantities of raw cheese for a further period of 12 months, beginning 1 January 2022, as follows:

Table 56: Raw Cheese: Ring-fenced Allocation under Suspension of Duty

Name of Company	2021 Proposed Allocation (Kgs)
Kefalos Cheese Products	200 000
Gouda Gold. t/a Yomilk	10 000

Tourism Industry

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

568. The tourism sector is one of the key economic sectors that has been negatively affected by the COVID 19 pandemic and the after effects still have an impact on all sub-sectors.

569. Activities in the Safari and the tour operations have thus, remained subdued due to travel restrictions aimed at managing the spread of the pandemic.

570. Consequently, operators have failed to fully utilise the current duty-free schemes, hence, I propose to extend suspension of duty on the motor vehicles imported by the Safari and Tour Operators for a further 2 years, beginning 1 January 2022.

Suspension of Duty on Vehicles Imported by Immigrant's

571. Government provides a rebate of duty on household and personal effects and other goods for personal use, imported by qualifying individuals. The rebate is granted to individuals who return into the country to take up permanent residence. It also includes any person who has previously resided outside the country and is returning after having resided outside the country for a period of no less than two years.

572. Whereas the noble intention of Government is to provide for duty free entry of goods owned by the immigrant, the practice particularly on motor vehicles is that the vehicle is purchased on arrival.

573. In some cases, the immigrants are sponsored, hence purchase high value motor vehicles not commensurate with their lifestyles.

574. In order to mitigate loss of revenue to the fiscus while continuing to avail assistance to bona fide cases of returning residents, I propose to replace the rebate of duty facility on motor vehicles with suspension of duty and also limit the benefit to vehicles purchased at least six months prior to arrival.

575. I further propose the following administrative provisions to minimise the abuse of the *Rebate Facility*:

- Maximum value of the motor vehicle that benefits under the *Rebate of Duty* be pegged at US$ 40 000;
- In the event of change of residential address, a person granted *Rebate of Duty* should notify the Commissioner within a period of fourteen days.
- Any person who has been granted *Rebate of Duty* should report to the nearest customs office once a year, failure of which full duty waived at the time of importation shall become due and payable; and,
- Any person who contravenes the rebate conditions shall be guilty of an offense and liable to a fine not exceeding level seven or imprisonment for a period not exceeding twelve months or both fine and imprisonment.

Suspension of Duty on Motor Vehicles for the Physically Challenged

576. A rebate of duty is availed to physically challenged persons on importation of one passenger or light commercial vehicle motor once in a period of five years. The Commissioner should, however, be satisfied that the beneficiary is blind or has a physical condition that impedes personal mobility and that such condition is permanent.

577. Whereas the scheme has to large extent assisted the intended beneficiaries, there are cases of abuse, whereby the scheme is utilised by other unintended beneficiaries, hence loss of revenue to the *Fiscus*.

578. I, therefore, propose to impose similar conditions and penalties applicable to immigrant's rebate.

Rebate of Duty Facility on Motor Vehicles Imported by Serving Civil Servants

579. Mr. Speaker Sir, Government in 2019, availed a *Rebate of Duty* scheme on motor vehicles for *Senior Civil Servants* who were no longer entitled to *Condition of Service* vehicles.

580. Government is, however, reinstituting the policy of providing personal issue vehicles to Chief Directors, Directors and equivalent grades, with effect from 1 January 2022.

581. I, therefore, propose to terminate the rebate facility scheme for *Senior Civil Servants*, with effect from 1 January 2022.

582. The *Rebate of Duty Facility* was also extended to other civil servants who have been in the service for a period of at least 10 years, as an interim relief measure to address transport challenges.

583. In order to curb abuse of the facility, whereby some beneficiaries cede their privileges to third parties in exchange for monetary gain, I propose to review thresholds of the facility as follows, with effect from 1 January 2022:

Grade	Threshold US$
B and C	3 500
D and E	5 000
Deputy Director	10 000

584. Furthermore, the above thresholds will be aligned to the Health Workers rebate facility.

585. Going forward, the rebate scheme will be reviewed with a view to incentivise local production in line with the value addition and beneficiation thrust under the NDS 1.

586. Engagements with potential manufacturers to commence local assembly of Knocked-Down Kits (CDK), thereby creating downstream linkages, in line with the Local Content Strategy are on-going.

587. A successor scheme is, thus, scheduled to commence with effect from 1 July, 2022.

Importation of Motor Vehicles for Government Use

588. Government has already committed to procure operational vehicles to support Government Departments in the execution of their mandate.

589. In line with the value addition principles enshrined in NDS1, Government will engage motor vehicle assemblers, with a view to facilitate local production.

Revenue Enhancing Measures

Excise Duty

590. In order to benchmark excise tax rates with the practice in the region, thereby curbing illicit flows and also mobilize additional revenue to the *Fiscus*, I propose to increase excise duty on cigarettes from 20% + US$5.00/1000 cigarettes to 25% + US$5.00/1000.

591. I, further, propose to introduce a flat rate of excise duty on energy drinks at a rate of US$0.05/litre, or the local currency equivalent.

Non-Communicable Diseases Fund

592. Incidences of non-communicable diseases, in particular, cancer, diabetes and hypertension are on the increase.

593. Additional funds generated from the review of excise duty on cigarettes and energy drinks will be ring-fenced and appropriated from the *Consolidated Revenue Fund*, towards treatment and support of cancer, diabetes and hypertension patients through the *Non-Communicable Diseases Fund.*

Withholding Tax on Non-Compliant Taxpayers

594. Compliant Taxpayers are issued with *Tax Clearance Certificates* (ITF263) upon submission of tax returns, payment of tax obligations and use of interfaced fiscal devices, among other statutory requirements.

595. In the absence of a *Tax Clearance Certificate*, registered operators are compelled to withhold 10% of the value of any supply for remission to ZIMRA.

596. It has, however, been observed that the 10% withholding tax is on the lower side, hence has not induced improved compliance.

597. I, therefore, propose to increase the withholding tax rate from 10% to 30%, with effect from 1 January 2021.

Levy on New Cellular Telephone Handsets

598. Mr Speaker Sir, whereas imported cellular telephone handsets attract modest customs duty of 25%, the funds realised, however, point to evasion of the customs duty due to the nature of the items which can easily be concealed.

599. In order to curb tax evasion, I propose to introduce a levy of US$50 which will be collected prior to registration of new cellular handsets by Mobile Network Providers.

600. However, where duty would have been paid, the Zimbabwe Revenue Authority will provide a refund of the levy, within 30 days of receipt of payment from the mobile network operator.

Motor Vehicle Insurance Pool

601. Mr Speaker Sir, the *Motor Insurance Pool* was established in terms of the Road Traffic Act to provide third party temporary cover to motorists entering into Zimbabwe. The insurance policy, thus, applies on foreign registered motor vehicles, excluding motor vehicles covered by the COMESA *Yellow Card Insurance Scheme.*

602. Due to the low claims ratio, surplus funds accumulated in the Pool are, however, distributed to participating short-term insurance entities, hence, I propose to redirect 20% of the premium to the *Consolidated Revenue Fund* for assistance to victims of accidents.

Tax Relief Measures

Tax Free Threshold on Personal Income

603. Higher than projected wage reviews during the course of 2021 by Government and some private sector employers has pushed a number of taxpayers into higher income tax brackets resulting in bracket creep and a higher tax burden.

604. In order to provide relief to taxpayers and also boost aggregate demand for goods and services, I propose to adjust the tax-free threshold from ZWL 10 000 to ZWL 25 000 and also

adjust the tax bands to end at ZWL 500 000 above which a marginal tax rate of 40% will apply, with effect from 1 January 2022.

605. The proposed tax bands and tax rates are shown in Table 57:

Table 17: Proposed Personal Income Tax Bands

Tax Bands (ZWL)	Tax Rate (%)
Up to 25 000	0
25 001 to 60 000	20
60 001 to 120 000	25
120 001 to 240 000	30
240 001 to 500 000	35
Above 500 000	40

606. I, further, propose to review the tax-free threshold on income accruing in foreign currency from US$70 to US$100, with effect from 1 January 2022. Other foreign currency tax bands remain unchanged.

Bonus Tax Free Threshold

607. I also propose to review the local currency tax-free bonus threshold from ZWL 25 000 to ZWL 100 000 and the foreign currency tax-free bonus threshold from US$ 320 to US$ 700, with effect from 1 November 2021.

Taxation of Retrenchment Packages

608. Mr Speaker Sir, Government has continuously reviewed the non-taxable portion of retrenchment packages in line with economic developments, in order to assist retrenchees, the majority of whom are unable to secure employment.

609. In addition, some retrenchees engage in self-help projects using retrenchment packages as seed capital. These self-help projects have transformed from micro to small and medium enterprises, hence the need for Government to continuously support such taxpayers.

610. Government recognises that a number of employees have been retrenched as employers adopt cost rationalization strategies, in response to the negative effects of the COVID-19 Pandemic.

611. In order to preserve value of retrenchment packages, I propose to review non-taxable portion of the local currency tax-free threshold from the greater of ZWL 50 000 or 1/3 of the retrenchment package, whichever is higher, up to a maximum of ZWL 240 000, to the greater of ZWL 400 000 or 1/3 of the retrenchment package, whichever is greater, up to a maximum of ZWL 2 million, for income earned in local currency.

612. This measure takes effect from 1 January 2021.

Fuel Levy

613. In order to augment resources to support road construction and rehabilitation, ZINARA collects fuel levy of 2 cents and 6 cents on diesel and petrol respectively.

614. However, due to the escalating cost of the landed cost of fuel, it has become necessary to rationalize the levies in order to mitigate the impact of the fuel on the economy.

615. I, therefore, propose that the fuel levy be pegged at a maximum of 2 cents per litre of both diesel and petrol.

Estate Duty

616. Estate Duty is calculated at 5% of the net asset value of the Estate. However, the first ZWL 50 000 is exempt from Estate Duty. The deceased's primary principal residential house is also exempt from Estate Duty.

617. The tax base is comprised of the property of the deceased person including movable or immovable, corporeal or incorporeal, and including a right to an annuity charged upon property held by the deceased prior to death.

618. The tax is due primarily upon the transfer of wealth to beneficiaries of the estate, subject to deduction of allowable expenses such as pensions, provident and retirement annuity funds.

619. In view of the burden that most surviving spouses are experiencing, following the passing on of a spouse or principal breadwinner, I propose to review the tax-exempt portion of the deceased estate from ZWL50 000 to US$100 000 or local currency equivalent thereof.

620. This measure takes effect from 1 January 2022.

Tax Credits for Employing Physically Challenged Persons

621. The NDS1 thrust is to protect vulnerable groups through new interventions and enhancement of existing programmes, since people living with physical challenges face significant barriers to employment.

622. I, therefore, propose to introduce a tax credit of US$ 50 or local currency equivalent per additional employee recruited per month for corporates that employ physically challenged persons. The credit will, however, be limited to a maximum of US$ 2 250 per year of assessment.

623. The *Support Framework* to be published will target corporates who meet the following conditions:

- Provide medical reports from Government Hospitals proving disability of employee;
- Be tax compliant;
- Comply with Social Security Authority (NSSA) regulations;
- Tax credit will only be claimed after the employee has served a period of 12 consecutive months; and,
- For the purposes of this facility, “employee” excludes a trainee, intern and apprentice.

Electric, Hybrid Motor Vehicles, Charging Infrastructure & Components

624. In support of the green environment, Government is in the process of adopting the *E-Mobility Framework*, which incorporates electric and hybrid motor vehicles and charging infrastructure. The policy is intended to manage the environment through compliance to clean energy requirements as well as curtail the import bill on fossil fuels.

625. Mr. Speaker Sir, upon finalization of the *E-Mobility Policy Framework*, Government will avail a preferential duty regime which promotes use of environmentally friendly vehicles upon importation of components, infrastructure and targeted motor vehicles, mindful of local value addition initiatives.

Tax Administration

Duty Free Certificates: Fuel and Motor Vehicles

626. Fuel for Government consumption is imported solely through the CMED, under a *Duty-Free Certificate* issued by the Accounting Officer responsible for Transport and Infrastructure Development.

627. In order to enhance transparency and accountability, I propose to cease the *Duty-Free Facility* and instead provide the funding through the Budget.

628. In addition, I propose to cease the *Duty-Free Certificate Facility* for motor vehicles imported for use by Government Ministries and Departments.

629. These measures take effect from 1 January 2022.

Reward for Information

630. In an effort to minimize revenue loss to the fiscus through tax evasion and avoidance, Government introduced the *Whistle Blower Facility,* whereby an informer is entitled to a monetary reward for the provision of information that results in the detection of non-compliance to tax statutes.

631. Upon recovery of tax revenue, the informant is entitled to a monetary reward equivalent to 10% of recovered revenue.

632. Whereas the *Facility* has resulted in some recoveries of revenue, its effectiveness has, however, been undermined by unethical informants who have made whistle blowing a

profession. These informants use any means necessary to claim the monetary reward in pursuit of self-enrichment.

633. Due to the rampant abuse of the *Whistle Blower Facility*, coupled with the administrative burden and pressure placed on ZIMRA for payment of the monetary reward, I propose withdrawal of the 10% monetary reward with effect from 1 January, 2022.

634. The *Whistle Blower Facility* will, however, continue to operate depending on the goodwill of virtuous citizens.

Calculation of Mineral Royalties

635. Mineral royalties are payable on minerals and mineral bearing ore on the basis of the gross fair market value or face value of the invoice and application of the prescribed tax rate.

636. Due to the fact that minerals are a finite resource, mining companies are not allowed to deduct beneficiation, processing or other costs whatsoever incurred in the production of the mineral concerned, in calculating the gross fair market value of a mineral.

637. Despite the clear intentions of the legislature to levy mineral royalties on the gross value of the mineral otherwise contained in an ore body, companies are applying different methodologies to calculate royalties. Notably, most companies are disregarding the specific legislative provision prohibiting the deduction of beneficiation costs, when calculating the gross fair market value.

638. Furthermore, companies that produce the same mineral and beneficiate to the same degree are using various unlegislated methodologies, to determine the gross invoice value on which royalties are charged. Consequently, such companies remit different royalty payments per unit of product.

639. It is, thus, essential to design a standard methodology for calculation of mineral royalties that is mutually beneficial to the *Fiscus* and mining companies, clearly outlining how the fair value on invoice will be calculated.

640. I, therefore, propose to specify the following methodology for determination of the fair value on which royalty rates for specific minerals or mineral bearing ore shall be chargeable: -

- In the case of platinum group metals:
    - Concentrate - 80% of the international price of the refined mineral contained therein; and,
    - Matte- 85% of the international price of the refined mineral contained therein.
- In the case of gold, invoice value as determined by Fidelity Printers and Refineries;
- In the case of diamonds and all other minerals, invoice value as determined by MMCZ;

Withholding of Mineral Royalties

641. The role of financial institutions as an agency in the collection of mineral royalties on behalf of Zimbabwe Revenue Authority is restricted to gold exports.

642. In order to enhance taxpayer compliance, I propose to designate financial institutions as agents to deduct mineral royalties at source on exports of precious stones, precious metals, base metals, industrial metals, coalbed methane and coal.

Taxation of Non-Monetary Benefits: Internet Data and Broadband

643. Measures implemented to contain the COVID-19 pandemic have changed norms with regards to the working environment. A significant number of employees are now working from home, relying heavily on telephones, internet data and broadband funded by the employer as a mode of performing work related tasks and communication through virtual platforms.

644. However, the telephone, data and internet broadband is not exclusively used for the employer's business, hence it is imperative to prescribe the expenditure threshold attributed to the employer. This will ease the administrative burden when assessing the value of the non-monetary benefits attributed to the employee for tax purposes.

645. For purposes of simplicity in the determination of tax, I propose to apportion the cost of data and airtime at the ratio of 70 to 30 for business and private use respectively, unless the person entitled to use of the data or airtime proves otherwise.

Submission of Tobacco Levy Tax Returns

646. Tobacco levy remittances and returns should be submitted within forty-eight hours from the date of sale or relinquishing the tobacco.

647. The due date creates administrative challenges for auctioneers and contractors as they have to submit multiple returns in a month during the tobacco season.

648. In order to ease the administration by the auctioneers, contractors and ZIMRA I propose that tax returns be submitted no later than the 10th day of the following month in which the transaction of the tobacco levy tax was effected.

649. Auctioneers or contractors will, however, continue to remit the tax within the prescribed time frames

VAT Fiscalisation

650. The *Fiscalisation* programme has gone through different stages culminating in the current phase where taxpayers are expected to fiscalise and interface their devices to facilitate real time transmission of data to ZIMRA for audit purposes.

651. The current rate of compliance to *Fiscalisation* across all categories of registered taxpayers is low. The low level of compliance has exposed tax administration to fraudulent VAT claims that undermine revenue collections, among other misdemeanours.

652. In order to mitigate the risk of understating revenue, as well as enhance transparency, thereby safeguarding *Fiscal* revenues, I propose that only fiscalised tax invoices will be used for input tax claims, with effect from 1 January 2022.

653. Furthermore, no Tax Clearance Certificate will be issued to registered operators whose devices are not interfaced to the ZIMRA server.

Ports of Entry and Routes

654. Due to the country's central location in the southern part of Africa, it has become a transit hub linking Southern Africa to Central and Eastern Africa. One major transport corridor that traverses our territory is the North-South Corridor which extends from Durban, South Africa to the Democratic Republic of Congo, hence, serves the SADC, COMESA and EAC regions.

655. Movement of commercial traffic, along the North-South Corridor, in particular traffic transiting through Chirundu, requires effective enforcement to curb diversion and smuggling of goods along the Zambezi River, to the detriment of the fiscus.

656. Reaction to transit violations from Harare is not swift due to the long distance, hence, I propose to designate Chinhoyi as a *Customs House*.

Transit Cargo

657. In the interests of safeguarding revenue through curbing transit fraud, vehicles conveying break bulk cargo are required to be covered by a single tarpaulin tent with reinforced holes at the edges to allow the placement of magnetic ceiling cable and electronic seals.

658. Transporters are however not abiding with this provision, taking advantage of the fact that ZIMRA is at times unable to escort such vehicles.

659. I, therefore, propose to impose a penalty of US$1 300 on any transit break bulk consignment not covered by a tarpaulin that meet the requirements.

Estimated Assessments: Manufacturers of Excisable Products

660. Whereas manufacturers of excisable products are required to submit an excise return by the 20th of the following month together with the payment thereof, some of the manufacturers do not submit returns timeously.

661. ZIMRA is, however, not empowered to issue estimated assessments where a manufacturer of excisable products neglects or fails to submit a return by the prescribed due date, hence, commits resources in following up outstanding returns to avoid loss of revenue.

662. In order to provide a basis for verifying excise payments due to the fiscus, I propose to empower ZIMRA to issue an estimated assessment where a manufacturer of excisable products fails to submit the return by the due date.

Notice of Assessment: Mode of Service

663. A notice of assessment served upon any person is valid only if posted or delivered in person. The mode of service, however, has to be tailored to take on board technological developments.

664. In line with new ways of doing business availed through technology and also consistent with the new norms under the coronavirus pandemic, I propose to embrace notices of assessment lodged through electronic platforms.

Payment of Excise Duty in Foreign Currency

665. Whereas excise duty in foreign currency is payable on alcoholic beverages, tobacco and cigarettes, other excisable products that include telephone airtime, data and pre-owned motor vehicles, are liable to excise duty in local currency.

666. In order to ensure fairness and equity in the tax treatment of excisable products, excise duty will be levied in the currency of trade.

Excise Duty on Pre-Owned Motor Vehicles

667. Special excise duty is chargeable at prescribed rates on pre-owned motor vehicles upon disposal or transfer of ownership.

668. However, buyers of pre-owned motor vehicles have no time-frame within which to pay excise duty after assessment of tax liability, thus, prolonging the period of payment.

669. In order to preserve value, I propose to compel buyers of pre-owned motor vehicles to pay *Special Excise Duty* within 30 days from date of assessment, after which interest and penalty is chargeable on the outstanding tax.

670. Furthermore, the buyer is precluded from taking up insurance in the name of the seller, if transfer has not been effected.

671. This measure takes effect from 1 January 2022.

Warehousing of Pre-Owned Motor Vehicles in Bond

672. Current legislation provides for the warehousing and securing of goods in appointed and licenced bonded warehouse facilities, without payment of duty, subject to other prescribed conditions.

673. Goods imported into bonded warehouses must be cleared within a maximum period of 2 years.

674. Pre-owned vehicles imported into bond constitute idle capital which can be productively utilised elsewhere. In other cases, funds for the purchase of such vehicles are obtained on the parallel market, thereby perpetuating speculative and arbitrage opportunities.

675. I, therefore, propose to preclude importation of pre-owned motor vehicles from goods that can be imported into bond.

676. I, further, propose that, in the case of pre-owned vehicles that are already in bonded warehouses, such vehicles should be entered into consumption within 6 months beginning 1 December 2021, failure of which such vehicles shall be forfeited to the State.

Review of Administrative Fees

Review of Administrative Fee for Tourism Rebate Forms

677. An administrative fee is currently charged on the forms for processing the suspension of duty facility for Safari Operators and the rebate of duty for capital equipment imported by tourism operators.

678. Cognisant of the need to uphold the cost recovery principle, I propose to review the fee levied on the forms from the current ZWL10 to US$20 or local currency equivalent, with effect from 1 January 2022.

Parking Fees in the Customs Control Zone

679. ZIMRA collects a fee of ZWL20 for the first 3 hours that vehicles park in the *Customs Control Zone*. The fee has become uneconomic; hence users end up abandoning their vehicles, thus congesting the border.

680. In order to deter vehicles from overstaying in the yard, thereby ensuring fast movement of traffic, I propose to review upwards the parking fees to US$20 or the local currency equivalent, with effect from 1 January 2022.

681. Furthermore, a fine of US$20 or the local currency equivalent will be charged on vehicles that park for every hour beyond the permissible 3 hours.

Rebate of Duty on Sports Kits Donated to Sports Association

682. Current legislation provides for duty free importation of donated sports kits provided such goods are approved by the Minister responsible for Finance.

683. The process of approval is, however, lengthy, since the recipient organisations first apply to the Sports and Recreation Commission which will recommend to the Ministry responsible for Sports and Recreation. Thereafter, the application is approved by the Minister responsible for Finance, before it is forwarded to ZIMRA for processing.

684. In order to facilitate timeous clearance of donations, I propose to delegate authority to approve the rebate of duty on donated sporting kits to the Commissioner, upon recommendation by the Sports and Recreation Commission and the Ministry responsible for Sports and Recreation, subject to the prevailing conditions.

685. The table below shows an indicative list of sports kits that may be approved by the Commissioner:

Table 58: Indicative List of Sports Kits to be Imported Under Rebate of Duty

Sporting Discipline	Goods Donated to Sports Associations
Cricket	Cricket gloves, Pads, Jumpers, Hats, Balls, Bats, Helmets, Stumps, Floppy hats, Gloves, Bibs

Football	Balls, Magnetic clip boards, Whistles, Soccer balls, Shin guards
Basketball	Referee Kits, Balls
Rugby	Balls, Shin Guards, Mouth Guards, Skull Cap,
Taekwando	Head gear, Trunk protector, Trunk transmitter, Foot protector
Karate	Mats, Mitts, Belts, Shin Guards, Foot Guards, Mouth Guards, Sports Medals
Handball	Handball Balls
Tennis	Tennis balls, Nets, Rackets
Athletics	Short Put balls, Javelin Spears, Discus Equipment, Mattresses
Baseball	Smushballs, Baseball Gloves
Judo	Judo Mats, Elbow Pads, Grappling Dummies, Shin Guards, Mouth Guards
Netball	Nets, Balls
Volleyball	Balls, Nets
Swimming	Goggles, Caps, Costumes, Inflatable Arm Bands, Swim Fins.
Hockey	Hockey sticks, Gum Guards
Cross-cutting	Sports attire, (uniforms), sports medals, referee kits, stop watches, nets and trainer shoes, travel bags

Legislative Amendments

VAT on Accommodation and Visitors' Services

686. In support of efforts to boost local tourism following the slow-down in international tourist arrivals due to the COVID-19 pandemic, Government waived VAT payable by domestic tourists for accommodation and visitor services within the framework of the COVID-19 *Economic Recovery and Stimulus Package* for a period of 12 months.

687. I propose to extend the VAT exemption on accommodation and visitor services consumed by domestic tourists by a further 12 months with effect from 1 August 2021.

Real Estate Investment Trust: Removing Restriction on Shareholding on Pension Funds

688. One of the conditions for Real Estate Investment Trusts to benefit from the corporate income tax exemption is that they should have no more than than 50 percent of its shares held by five or fewer individuals during a taxable year.

689. I propose to regularise legislation to exempt REITS sponsored by pension funds from this requirement.

690. This measure takes effect from 1 January 2022.

The Corporate Veil and Taxpayer Transparency

691. Current legislation provides that if a company or entity is wound up voluntarily in circumstances that give rise to a reasonable suspicion that it was deliberately put into liquidation to avoid any tax liability, the directors of the old company or entity shall be jointly and severally liable for the amount of any tax due and payable by the old company or entity.

692. However, in most circumstances, the beneficial owners of companies or entities are not revealed. Such circumstances justify piercing of the corporate veil with a view to impose personal liability upon beneficial owners.

693. I, therefore, propose to compel taxpayers filing returns of income for legal entities to disclose the beneficial owners. Where there is a change of beneficial ownership, such information should be provided within seven days of the change.

Deemed Income

694. Income is deemed to have accrued to any person from a source within the country if a contract is signed within the country.

695. However, as a result of new development in technology, taxpayers are no longer signing contracts within the country.

696. I propose to extend the deeming provisions to cover income arising from contracts signed through virtual platforms, where one of the parties is ordinarily resident in the country, regardless of whether such goods have been delivered or are to be delivered in or out of the country.

Special Initial Allowance

697. I propose to regularise rates of Special Initial Allowance with effect from 1 January 2014 and any subsequent year of assessment at twenty-five percent of the value of capital expenditure that includes industrial buildings and machinery.

Exemption of Non-Executives Directors' Fees from Employment Tax

698. Income accruing to non-executive directors is treaded as a final tax. I therefore propose to exempt remuneration liable to non-executive directors' fees from employees' tax.

Tax Exemption on Councillors' Allowances

699. Mr Speaker Sir, allowances paid to Councillors appointed in terms of the Urban Councils Act are exempt from tax.

700. However, allowances paid to councillors appointed in terms of the *Rural District Act* are liable to tax.

701. In order to ensure equity and fairness in the taxation of similar allowances, I propose to extend the income tax exemption to allowances paid to councillors appointed in terms of the Rural District Council Act.

Review of Monetary Amounts

702. The value of monetary amounts in various tax statutes has been eroded by inflation. I, therefore, propose to review the value of monetary amounts in tax statutes in line with economic developments.

Foreign Currency Denominated Monetary Thresholds

703. Current legislation compels taxpayers who earn income in foreign currency to pay tax in foreign currency or in proportion to value of earnings in foreign currency.

704. However, the value of exempt income, tax credits, deductible expenditure and other monetary amounts crucial for the determination of taxable income are denominated in local currency.

705. In order to minimise tax administration burden, I propose to peg such monetary amounts in foreign currency.

Allowable Deduction: Donations to Hospital of the State

706. Limit the allowable deduction on donations to hospitals operated by the State to an amount not exceeding the Zimbabwe dollar equivalent of one hundred thousand United States dollars converted at the rate prevailing auction exchange rate on the day the donation is made.

Review of Monetary Thresholds-Withholding Tax on Tenders

707. I propose to review the monetary threshold above which a contract is liable to withholding tax from ZWL80 000 to an amount or amounts aggregating to US$1 000 or ZWL130 000.

Interest Exemption for Persons Aged 55 Years and Above

708. Increase the exempt portion of interest accruing to persons who are 55 years and above from deposits with financial institutions and banker's acceptances and other discounted instruments traded by financial institutions in respect of the first three thousand United States dollars or "two hundred and forty thousand dollars accruing to the taxpayer in the year of assessment concerned.

Presumptive Tax-Commercial Waterborne Vehicles

709. Commercial Waterborne vehicles of a carrying capacity are twenty-six passengers are not liable to presumptive tax.

710. I propose to peg levy presumptive tax on commercial waterborne vessels of a carrying capacity of twenty-six passengers at US$315 or the local currency equivalent thereof.

Rates of Capital Gains Tax

711. Specified assets acquired before or after 22 February 2019 are liable to capital gains tax at a rate of 5% and 20% respectively.

712. However, specified assets acquired on the 22nd of February 2019 do not have a specified tax rate.

713. I propose to peg the rate of capital gains tax on specified assets acquired on the 22nd of February 2019 at twenty cents for each dollar of the capital gain.

Deemed Capital Gain on Specified Assets

714. The taxable capital gain on specified assets is calculated by deducting prescribed expenditure that includes acquisition costs, from the gross sale proceeds. The deduction is, however, not permitted in the case of assets acquired on or after 1 February 2009 and before 22 February, 2019, hence the gross sale proceeds are deemed the capital gain which is liable to tax.

715. However, specified assets acquired before 1 February 2009 are not covered by the prohibition, hence acquisition costs can be deducted from the gross sale proceeds.

716. In line with the principle of equity, I propose to disallow deductions on specified assets acquired before 1 February 2009. This implies that, for such specified assets, the gross amount will be equivalent to the capital gain and liable to a tax rate of 5% of the gain.

Exemption of Marketable Securities from Capital Gains Tax

717. Whereas marketable securities should be exempt from capital gains tax, recent legislative amendments, however, resulted in the repeal of the exemption on marketable securities from capital gains tax.

718. I, therefore, propose to align legislation so that marketable securities remain exempt from Capital Gains Tax.

Withholding Tax on Marketable Securities

719. Mr Speaker Sir, marketable securities are liable to a final withholding tax of 1%.

720. In order to curtail speculative tendencies, I propose to increase the withholding tax to 1.5% on shares that are held for a minimum period of 6 months. Shares held for a period of less than 6 months will be subject to a withholding tax of 2%.

Inflation Allowance for Specified Assets

721. An inflation allowance equivalent to 2.5% of the purchase price was allowed as a deduction in the determination of capital gains in respect of a year assessment or part of a year of assessment.

722. I, therefore, propose to reinstate the repealed inflation allowance as deductible expense when calculating capital gains in cases where a specified asset has been disposed in foreign currency.

723. In the case of local currency sales, the inflation allowance shall be determined as the difference between the *All Items Consumer Price Index* at the time of sale and the time of purchase applied on the purchase price of the property or revalued amount after including cost of improvements alterations or additions.

Non-Tax Revenue

724. Mr. Speaker Sir, Government collects fees and charges on a number of Government goods and services.

725. While Government does not provide public goods and services for a profit, the efficient delivery of such services and timeous provision of goods is dependent on the availability of resources.

726. Ministries, Departments and Agencies should review fees and charges to cost recovery levels, guided by macroeconomic fundamentals and also mindful of the need to ensure universal access to basic services by our citizens.

727. I, therefore, call upon MDAs to finalize the review process by 28 February 2021 for approval by Treasury by 31 March 2022.

728. Whereas fees, levies and charges may be pegged in foreign currency, they are, however, payable in local currency, unless otherwise prescribed, or if the client opts to pay in foreign currency.

Implementation, Monitoring and Evaluation

729. Under the NDS1, Government is capacitating MDAs to effectively monitor and evaluate implementation of various planned programmes and projects as stipulated in the National Monitoring and Evaluation Policy (2020). The objective is to ensure greater accountability, transparency, enhanced efficiency and effectiveness of development programmes in exchange for improved service delivery.

730. The M&E Framework is aligned to the Results Based Monitoring and Evaluation, which is one of the five pillars of Integrated Results Based Management. In operationalising the Framework, emphasis is assessing the overall performance of Government programmes and projects, including tracking achievement towards desired results (outputs, outcomes and Impacts) and objectives.

731. Therefore, MDAs are required to submit Monitoring and Evaluation Plans for the year 2022 including Ministerial/Programme and Sub-Programme Performance Management documents. Further to that, submission of priority 100-day cycle projects and programmes will be required and all this information will be captured in the Whole of Government Performance Management System (WOGPMS) which is web-based. This will be completed by the Executive Electronic Dashboard, including quarterly budget performance reports being submitted to the Ministry of Finance and Economic Development.

732. Furthermore, the recently introduced Tripartite comprising the Office of the President and Cabinet, Ministry of Finance and Economic Development and the Public Service Commission will be responsible for the overall implementation of the performance management system using the tools highlighted above.

NDS1 Programmes and Projects Investment Plan

733. Government has developed the NDS1 Programmes and Projects Investment Plan (2021-2025). A separate National Development Strategy 1 Programmes and Projects Investment Plan is attached to this Budget.

734. Overall funding requirement for the Investment Plan for the entire five years amount to over US$40 billion. The Plan is a culmination of extensive consultations with stakeholders through the Thematic Working Groups (TWGs) established during the NDS1 formulation process.

Table 59: NDS1 Investment Plan (US$)

National Priority Area	Estimated Project Total Cost (USD)	Estimated Annual Investment Requirement (USD)				
		2021	2022	2023	2024	2025
Economic Growth and Stability	842,547,254	121,035,266	152,576,724	236,339,385	198,218,313	134,377,566
Food and Nutrition Security	2,852,255,272	515,377,374	590,795,374	622,609,174	561,811,174	561,662,174
Value Chains and Structural Transformation	2,995,150,000	1,320,240,000	475,115,000	501,865,000	426,740,000	271,190,000
Infrastructure and Utilities	19,682,439,136	813,052,257	4,132,908,606	5,073,041,279	5,096,560,365	4,566,876,629
Digital Economy	1,146,704,122	64,443,707	266,393,043	248,180,222	303,195,339	264,491,810
Housing Delivery	2,425,497,346	392,891,550	360,666,580	299,631,279	187,747,268	1,184,560,669
Human Capital Development and Innovation	880,583,267	12,677,108	264,250,003	166,737,270	197,988,815	238,930,071
Health and Wellbeing	2,864,275,017	205,607,476	723,966,864	667,533,667	644,363,950	622,803,060
Image Building, International Engagement and Re-engagement	1,148,692,596	111,064,384	177,292,658	223,888,750	281,794,825	354,651,979
Devolution and Decentralisation	2,862,437,800	227,210,700	465,508,600	612,347,700	726,212,300	831,158,500
Youth, Sport and Culture	269,068,948	36,254,735	51,382,227	61,291,991	69,596,967	50,543,028
Social Protection	901,528,365	89,114,350	137,979,876	167,084,470	227,532,941	279,816,726
Environmental Protection, Climate Resilience and Natural Resource Management	349,818,157	44,525,560	90,661,765	82,329,899	70,360,933	61,940,000
Governance	805,495,930	176,864,131	174,291,514	287,061,522	90,336,670	76,942,092
GRAND TOTAL	**40,026,493,210**	**4,130,358,599**	**8,063,788,836**	**9,249,941,610**	**9,082,459,860**	**9,499,944,305**

735. Programmes and projects identified under the Plan will be implemented by Central Government, Local Authorities, State Owned Enterprises and the private sector under each of the 14 national priority areas and are meant to deliver the objectives of NDS1.

736. Whilst the bulk of the funding for the Plan will be mobilised through the Budget, creative ways of leveraging private investment will have to be explored, given the limited capacity of the fiscus.

737. The 2022 National Budget has, therefore, embraced most of the programmes and projects earmarked for implementation during 2022, taking account of the limitations in revenue.

Other Supportive Documents to the 2022 National Budget Statement

738. This Budget is accompanied by the following documents providing details in the respective areas:

- NDS1 Programmes and Projects Investment Plan (2021-25);
- 2022 Infrastructure Investment Plan;
- The 2022 Citizens' Budget;

- The Estimates of Expenditure (Blue Book);
- Finance Bill;
- Appropriation Bill; and
- Statement on Public Debt.

CONCLUSION

739. In conclusion, this 2022 National Budget seeks to buttress the growth trajectory established in 2021, and enable the economy to build resilience against shocks, including the COVID-19 pandemic.

740. We endeavour to execute the Budget without wastages, delays and with timeliness.

741. The Budget implements the NDS1 objectives which are being carefully monitored and evaluated through the Implementation and Evaluation Framework.

742. And with unity of purpose and productive cooperation, Vision 2030 is attainable.

ANNEXURES

Annex. 1: 2022 Proposed Estimates

Vote Appropriations	% of Total	Allocations
Office of the President and Cabinet	3.3%	32,391,219,000
Parliament of Zimbabwe	1.5%	14,615,082,000
Public Service, Labour and Social Services	2.0%	19,477,330,000
Defence	6.4%	61,553,280,000
Finance and Economic Development	3.8%	37,071,937,000
Audit Office	0.3%	3,014,099,000
Industry and Commerce	0.4%	3,879,548,000
Lands, Agriculture, Water, Fisheries Climate and Rural Development	12.8%	124,049,100,000
Mines & Mining Development	0.3%	3,020,937,000
Environment, Tourism and Hospitality Industry	0.4%	3,711,362,000
Transport and Infrastructural Development	6.3%	60,802,472,000
Foreign Affairs and International Trade	1.5%	14,877,305,000
Local Government, Public Works and National Housing	2.5%	24,315,327,000
Health and Child Care	12.2%	117,714,215,000
Primary and Secondary Education	12.8%	124,069,971,000
Higher & Tertiary Education, Science and Technology Development	3.7%	35,456,506,000
Women Affairs, Community, Small and Medium Enterprises Development	0.5%	4,734,493,000
Home Affairs and Cultural Heritage	5.1%	49,417,575,000
Justice, Legal and Parliamentary Affairs	2.3%	22,705,137,000
Information, Publicity and Broadcasting Services	0.3%	2,652,674,000
Youth, Sport, Recreation, Arts and Culture	0.8%	7,844,058,000
Energy and Power Development	0.4%	3,871,607,000
Information Communication Technology, Postal and Courier Services	0.3%	3,294,554,000
National Housing and Social Amenities	1.0%	10,061,472,000
Judicial Services Commission	0.6%	5,445,814,000
Public Service Commission	2.3%	22,752,070,000
Council of Chiefs	0.1%	671,030,000
Human Rights Commission	0.0%	403,898,000
National Peace and Reconciliation Commission	0.0%	441,333,000
National Prosecuting Authority	0.2%	1,629,265,000
Zimbabwe Anti-Corruption Commission	0.1%	913,713,000
Zimbabwe Electoral Commission	1.2%	11,632,813,000
Zimbabwe Gender Commission	0.1%	497,590,000
Zimbabwe Land Commission	0.2%	1,759,307,000
Zimbabwe Media Commission	0.1%	510,990,000
Sub Total	**85.9%**	**831,259,083,000**
President	0.0%	20,080,000
Parliament	0.0%	12,778,000

Public Service, Labour and Social Welfare	0.0%	53,250,000
Comptroller and Auditor General	0.0%	3,652,000
Justice and Legal Affairs	0.0%	27,381,000
Judicial Service Commission	0.0%	343,157,000
National Prosecuting Authority	0.0%	6,572,000
Council Of Chiefs	0.3%	2,555,418,000
Welfare Services for War Veterans, Ex-Political Detainees and Restrictees and War Collaborators	0.2%	1,910,000,000
Pensions	4.9%	47,641,500,000
Sub Total	**5.4%**	**52,573,788,000**
Unallocated Reserve		
General	2.8%	27,501,629,000
Sub Total	**2.8%**	**27,501,629,000**
Interest		
Domestic	1.5%	14,367,000,000
External	0.0%	-
Sub Total	**1.5%**	**14,367,000,000**
Other Constitutional and Statutory Appropriations		
Transfers to Provincial Councils and Local Authorities	4.4%	42,539,000,000
Refunds of revenue	0.0%	28,000,000
Sub Total	**4.4%**	**42,567,000,000**
Grand Total	**100.0%**	**968,268,500,000**

Annex. 2: 2022 Fiscal Risk Statement

Introduction

1. Shocks to the economy undermine fiscal outcomes, including deviations of projections for key macroeconomic variables such as GDP growth, international commodity prices, exchange rate and inflation.

2. The 2022 Fiscal Risk Statement provides an assessment of fiscal risks to the economy and identifies measures being implemented by Government to mitigate against such risks. The risks are usually interdependent and highly correlated.

3. Overall, risks to the 2022 Budget outcomes relate to the path and evolution of COVID-19, climate change and the electricity supply situation. Renewed pressures on inflation and a misaligned official exchange rate and rising international oil prices could affect cost of production and put pressure on expenditures while undermining revenue performance, with implications on the budget deficit and fiscal sustainability.

4. Manifestation of any of the risks will undermine economic activity and make it difficult for Government to achieve the 2022 National Budget objectives.

5. In this regard, Government has come up with mitigation measures, including making provisions in the 2022 Budget.

Growth Risks

6. A GDP growth of 5.5% is projected during 2022, anchored on improved performance across all productive sectors of the economy. Risks to this growth projection will emanate mainly from the adverse impacts of Covid-19 pandemic, climate change, softening of commodity prices, and intermittent power supply.

7. A negative shock to the projected growth will result in reduced revenue collection, increased expenditures and consequently widening of the budget deficit.

Table 1: Budget Sensitivity to a 2 Percentage Negative Growth Shock.

	2022 Baseline	Deviation from the Base Line	2022 Growth Shock
Total Revenue (% of GDP)	16.8	-0.28	16.5
Total Expenditure (% of GDP)	18.3	0.32	18.6
Fiscal balance (% of GDP)	-1.5	-0.60	-1.9

8. A rapid and comprehensive vaccine roll-out programme is being prioritised, as Government seeks to achieve head immunity that should facilitate and sustain economic activity during 2022.

9. To climate proof the economy, Government has embarked on various dam constructions projects, rehabilitation and construction of new irrigation schemes as well as adoption of conservation agriculture (Pfumvudza). Furthermore, the 2022 Budget has made a provision of ZWL$278 million for disaster risk management and ZWL$932.8 million for investments in an early warning system that will help mitigate against climate related risks.

10. Implementation of value addition and beneficiation programmes, focusing on the country's mineral and agriculture commodities will reduce reliance on primary exports while also minimizing impact of fluctuations in international commodity prices on the domestic economy in the medium term.

11. Intermittent electricity supply impacts on economic activity may likely affect the growth projection. However, the gradual review of tariffs to cost recovery levels should provide scope for timely maintenance of old generating assets, while creating a conducive environment for new generation capacity through independent power producers.

12. In case of some risk materialising, adherence to the cash budgeting principle and the approved budget, among other measures, will contain the fiscal deficit within the targeted levels including adopting non-inflationary financing of the deficit.

Inflation and Exchange Rate Risks

13. Inflation outcomes improved during 2021, although significant risks remain, mainly as a result of the widening premiums obtaining on the parallel market, rising international oil prices and disruption of supply chains due to COVID-19 pandemic. The widening premium creates a fiscal imbalance as most foreign currency revenue receipts are converted at official rate while expenditures are priced at the parallel exchange rate.

14. Given that inflation is still high, acceleration above current levels may generate adverse fiscal outcomes as shown in the Table Below.

Table 2: Implication of Inflation acceleration to fiscal aggregates

Inflation Acceleration Scenario Averaging 100%	2022 Baseline	2022 Inflation Shock
GDP growth (%)	5.5	1.6
Total Revenue (% of GDP)	16.8	15.3
Total Expenditure (% of GDP)	18.3	20.0
Fiscal balance (% of GDP)	-1.5	-4.7

15. To mitigate the inflation exchange rate risk, both fiscal and monetary policy measures will prioritise stability of exchange rate and inflation. Such measures include implementing a credible reserve monetary targeting framework, enhancing efficiency and transparency of the foreign exchange auction market, and improving policy coordination between Treasury and RBZ.

16. Government will strengthen collaboration with business, labour and other stakeholders in order to cultivate business and consumer confidence as well as provide greater policy certainty that is critical in promoting inclusive growth and stability.

Expenditure Risks

17. Efforts to realign the budget away from consumptive expenditures towards critical social sector and developmental outcomes continue to be hampered by wage bill pressures. There is huge expectation to review public wages to the October 2018 levels, which will imply a risk of ZW$114.8 billion to the budget (2 percent of GDP). If accommodated, this results in underspending on capital projects and other social programmes, thereby undermining budget execution and outcomes including delivery of critical public services to citizens.

18. Investments in project preparatory activities should ensure only 'shovel ready projects' are included in the Budget. Strengthening of monitoring and evaluation, on the other hand allows for timely policy interventions for project specific challenges thereby improving on delivery.

Unbudgeted expenditures.

19. Unbudgeted programmes and projects, if include in the Budget tend to crowd out planned activities while also undermining the Budget objectives. In the past, major areas contributing to unbudgeted expenditures include subsidies, new infrastructure projects and acquisition of financial assets. Some outlays to agriculture, such as grain procurement and farmer support programmes, while budgeted for have often exceeded budgeted amounts by a wide margin.

20. With regards to subsidies, Government has adopted a guiding framework that limits outlays on such expenditures only to those that have been explicitly budgeted, quantified and approved through the Annual Estimates of Expenditure.

21. Furthermore, adherence to the approved Budget forces MDAs to reallocate from existing allocations thereby minimizing the macro-economic impact of such over expenditures.

Public Debt

22. Total public debt as at end September 2021 amounted to US$13.7 billion including blocked funds amounting to US$3.1 billion, and excludes contingent liabilities of US$3.5 billion for Compensation of Former Farm Owners. The high debt level, compounded by arrears to both

multilateral and bilateral creditors, continue to undermine access to concessional resources required for COVID-19 recovery, recapitalization of industry and investments in critical infrastructure.

23. The implementation of Zimbabwe's Arrears Clearance, Debt Relief and Restructuring Strategy supported by economic reforms will be pursued in order to unlock concessionary funding and ensure debt sustainability.

Contingent Liabilities

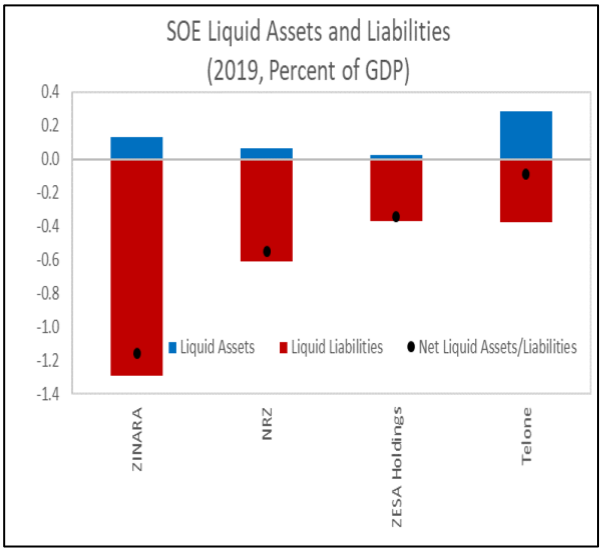
24. Contingent liabilities are also arising from poor performance of some State-Owned Enterprises, including local authorities, which adds pressure on the fiscus and its sustainability in the medium to long term. Non-collection of revenue by the utilities and local authorities, for example, while undermining their financial status and service delivery to residents, creates a burden on the Budget to provide resources for rehabilitation and maintenance of municipal infrastructure.

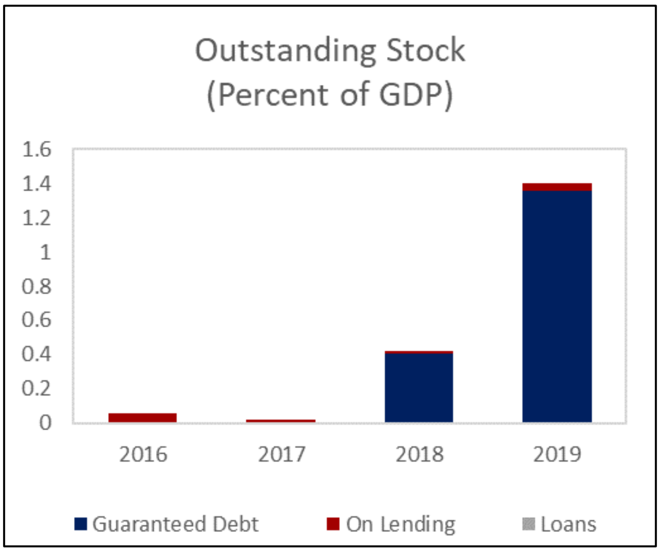
25. Going forward, Government is strengthening performance monitoring of any guarantees to SOEs and local authorities in order to allow for timely corrective measures that minimises called up guarantees and related costs.

State-Owned Enterprises

26. State-Owned Enterprises (SOEs) represent significant fiscal risks, with some in financial distress, mounting losses, negative equity and failing infrastructure. Long-term viability challenges are evident through deteriorating financial ratios of profitability, liquidity and solvency.

Combined Assets and liabilities of NRZ, ZESA, ZINARA, and TelOne





27. Given the risks that may arise from the SOEs, Government has embarked on reforms aimed at improving their operational efficiencies. To date some have been departmentalised in Ministries, some are in different stages of being privatized and some are being commercialized.

Annex. 3: Indicative List of Capital Equipment Imported Under the Rebate Facility (SI 6 of 2016)

Sector	Capital Equipment
Mining	Diamond Crusher Plants; Gold Milling & Processing Plants; Cone Crushers; Coking Plants; Carbon -in -Leach Plants; Ball Mills; Dump Trucks; Excavators; Bull Dozers; Back Hoe Loaders; Graders; Front End Loaders; Feeder Breaker; Classifiers; Winches; Mining Power Units; Mill Machines; Steel Plates; Ore Shuttle Cars; Vibrate; Screening Machines; Weighbridges; Dewatering Pumps; X-Ray; Plants; Granite Crusher Plants; Industrial Generators; Air Compressors; Geo membranes; Jaw Crushers; Hammer Crushers; Rock hammer; Conveyor Belts; Transformers; Drill Rigs; Boilers
Manufacturing	Food Processing Plants; Beverage Processing Plants; Artificial Seed Maize Drying Equipment; Grain Milling Plants; Cement Mill; Galvanising Plant; Cigarette Processing Plant; Plastic Bag Manufacturing Machinery; Steel Processing & Manufacturing Plant; Ready Mix Plants; Brick Making Machines; Automatic Spring Bed Core Production Line; Solar Geyser Manufacturing Plants; Knapsack Manufacturing Plants; Steam Iron Manufacturing Plant; Led Ceiling Lamps Manufacturing Plant; Water Purifiers; Furniture Manufacturing Machines; Tissue Making Machines; Roof Tile Manufacturing Machines; Irrigation Pipe Production Line; Plastic Pipe Extraction Line; Chrome Washing Plants; Post-Harvest Agricultural Equipment; Roll Forming Machines; Weighbridges; Granite Crusher Plants; Front End Loaders; Forklifts; Industrial Generators; Mixers & Homogenizers; Dispenser & Rotary Pumps; Packing Machines; Triple Lane Yoghurt and Double Capper Lane Filler; Complete Injection Moulding Machines;

Sector	Capital Equipment
	Melamine Polishing Machines; Air Compressors; Moulds; Conveyor Belts; Press & Printing Machines; Garment Manufacturing Equipment; Centrifugal Fans; Automatic Bulk Emulsion Explosive Manufacturing Plant
Agriculture	Poultry Service Processor System; Greenhouse Equipment; Incubators; Milking Equipment; Poultry Ventilation Fans; Irrigation Equipment; Poultry Chain Feeders & Drinkers; Nest Boxes; Pack Sheds; Potato Grading & Handling Equipment; Water Filtration & Distillation Equipment; Complete Chicken Housing; Poultry Curtains; Cannabis Processing Plant; Weed Mats; Cold Rooms; Blueberry Pots; Industrial Generators; Water Pumps
Energy	Solar Plants; Gas Storage Tanks; Universal Pump Sets; Gas Leakage; Detectors; Gas Filling Equipment; Transformers.