ZIMBABWE

ANNUAL BUDGET REVIEW FOR 2016 AND THE 2017 OUTLOOK

Presented to the Parliament of Zimbabwe

on Thursday, July 20, 2017

by

The Hon. P. A. Chinamasa, M.P.

Minister of Finance and Economic Development

FOREWORD

In presenting the 2017 National Budget on 8 December 2016, I indicated the need to strengthen the outline of the Budget Statement presentation as an instrument of Budget accountability and fiscal transparency, in the process improving policy engagement and accessibility for a wider range of public and targeted audiences.

Accordingly, I presented a streamlined Budget Statement, and advised that extensive economic review material, which historically was presented as part of the National Budget Statement, would now be provided through a new publication called the *Annual Budget Review*.

I am, therefore, pleased to unveil and Table the first Annual Budget Review, beginning with Fiscal Year 2016. This reports on revenue and expenditure outturn for the full fiscal year, 2016.

Furthermore, the Annual Budget Review also allows opportunity for reporting on other recent macro-economic developments and the outlook for 2017.

As I indicated to Parliament in December 2016, the issuance of the Annual Budget Review, therefore, makes the issuance of the Mid-Term Fiscal Policy Review no longer necessary, save for exceptional circumstances requiring Supplementary Budget proposals.

Treasury will, however, continue to provide Quarterly Treasury Bulletins, capturing quarterly macro-economic and fiscal developments, in addition to the Consolidated Monthly Financial Statements published monthly in line with the Public Finance Management Act.

This should avail the public with necessary information on relevant economic developments, that way enhancing and supporting their decision making processes, activities and engagement with Government on overall economic policy issues.

Hon. P. A. Chinamasa, M.P.
Minister of Finance and Economic Development
20 July 2017

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CHAPTER 1: REAL SECTOR DEVELOPMENTS

Overall Activity

1. In 2016, the economy registered modest growth of 0.7%[1], against an initial Budget target of 2.7%.

2. This performance was against an El-Nino induced drought, which had major growth drawbacks on agriculture, down 3.7%; electricity and water which fell by 19% with negative implications on other sectors of the economy.

3. Growth in 2016 was mainly on account of mining, up 8.2%; and services sectors, such as finance and insurance, real estate, distribution, transport and communication, which grew on average by 2%.

4. Household consumption, down by 11.8%, also contributed to the constrained growth on account of low disposable incomes and poor export performance.

Agriculture

5. The recurrence of drought from the previous year severely affected most crops and livestock, with significant losses in yields experienced in the drier southern parts of the country.

1 Sectoral Growth Rates and GDP by Expenditure are contained in Tables 1 and 2

6. This undermined the satisfactory efforts and preparations by farmers, complemented by Government and private sector financing arrangements for the season, estimated at over US$1 billion.

7. The 2016/17 agriculture season, saw much stronger Government and private sector support interventions, under the auspices of the Special Maize Production Programme, popularly deemed the '*Command Agriculture'* framework.

Source: The Herald

8. This sets out to ensure farmers are increasingly made accountable over efficient and effective utilisation of their land holdings, following Land Reform allocations.

9. Already, positive results are evident, with this year's strong recovery of agriculture estimated to yield a commendable 21.6% growth realisation for 2017[2].

'Command Agriculture'

10. Government interventions, with the support of the private sector, through the Special Maize Production Programme, complemented by the Presidential Vulnerable Household Input Scheme, targeted higher hectarages to realise maize production upwards of 2 million tons.

Source: The Herald

11. This is against a domestic grain requirement of 1.8 million tons for both human and livestock consumption.

2 Agriculture Production figures are contained in Table 3

Source: The Herald

12. Subsequently, a total of 1 875 297 hectares were put under maize during the 2016/17 farming season, with the results of the *National Second Crop Survey* indicating maize output of 2.2 million tons, as well as small grains yields of 0.5 million tons.

Source: The Herald

Monitoring and Accounting

13. The success of 'Command Agriculture' is anchored on better financing, adequate preparations, as well as comprehensive monitoring and evaluation by teams drawn from different Government Agencies at National level, under the co-ordination of the Ministry of Agriculture, Mechanisation and Irrigation Development.

14. These teams closely monitor utilisation of inputs and farming activities with a view of ensuring the success of the Programme in terms of yields and capacity for loans repayments.

15. All monies extended to beneficiaries under the 'Command Agriculture' Scheme are, therefore, being accounted for and audited under the Command Agriculture Fund, approved by Parliament for that purpose on 6 December 2016.

16. The Command Agriculture Fund is administered by the Ministry of Agriculture, Mechanisation and Irrigation Development, with recoveries maintained at Agribank.

Extension of the 'Command Agriculture'

17. Building on the experiences of the first phase of the Programme, preparations for the 2017/18 agriculture season have already begun,

with mobilisation of financial resources, procurement of seeds, fertilizers and chemicals underway.

18. Timely preparations are central to enhancing agricultural productivity and, ultimately, viability and competitiveness of domestic produce in export markets.

19. Government is replicating the Special Maize Production Programme by extending it to other crops, such as wheat and soya beans, as well as the livestock sector.

20. Starting with the 2017/18 agricultural season, 'Command' maize, 'Command' wheat, 'Command' livestock, 'Command' fisheries and 'Command' wildlife will, therefore, be unveiled at a total cost of US$334 million.

21. This will be complemented by the Presidential Input Scheme costing US$153.1 million to cater for about 1.8 million rural vulnerable households.

22. Under the Scheme, cotton will be supported to the tune of US$60 million catering for 400 000 households, with grain production taking up US$52.9 million, with the balance supporting oil-seed crops such as soya beans.

23. Work to appreciate the necessary interventions to augment support towards broadening small holder farmer participation in soya bean production is underway, including availability of critical inputs.

Support from Grain Millers Association

24. Government is encouraged by involvement of the private sector and other stakeholders' active participation in funding agriculture.

25. As announced previously, while Government takes the lead role in facilitating grain deliveries from farmers through the Grain Marketing Board, the major takers of the grain remain the Millers.

26. Accordingly, with respect to the 2017/18 grain intake, Government entered into an understanding with the Grain Millers Association under which Millers shall buy up to 800 000 tons of grain from the GMB for production of mealie meal and related products.

27. Taking into account the regional import market which millers can take advantage of, Government agreed that for grain off-take from the GMB, the millers pay a price aligned to the import parity.

28. It was further agreed that the Grain Millers Association pay upfront 20% of the value of the 800 000 tonnes of grain earmarked for their uptake.

29. The 20%, which translates to about US$30 million, has been made available to Government for payment to farmers for deliveries to the GMB.

30. Grain millers have also extended US$9 million financing towards the on-going rehabilitation of GMB silos, for repayment through uptake of equivalent grain.

31. The above interventions demonstrate commitment by the millers to realise deliverables under one of Zim Asset's critical clusters, that of Food Security and Nutrition.

Mining

32. In 2016, the mining sector realised output[3] gains across most minerals with the exception of coal and diamonds, underpinning overall growth of 8.2%.

Delivery of ZCDC Heavy Duty Mining Equipment

Source: The Herald

3 Mineral production figures are contained in Table 4

33. This was notwithstanding relatively low international mineral commodity prices.

34. However, enhancement of the viability of mining companies producing such commodities as gold and Platinum Group of Metals benefitted from the review of royalties.

Source: Fidelity Printers and Refiners

35. Mining contribution to GDP, subsequently increased to 8.7% from 7.9% recorded in the previous year.

36. On the other hand, mineral exports amounted to US$2.2 billion, from US$2.1 billion recorded in 2015, with major contributors being gold and Platinum Group of Metals (PGMs).

37. The impact on gold output, was an increase in the production contribution from the small scale miners to 42.6%, from 36.7% in the previous year.

38. This category of miners should also benefit from Government support through the SMEs Mining Loan Fund, as well as the recently launched US$20 million SME Facility for artisanal miners.

39. Notwithstanding the positive growth in mining and it being the number one foreign exchange earner, its contribution to the fiscus remained low, accounting for a meagre 2.2% of total revenues in 2016.

Mining Sector Revenue

	2009	2010	2011	2012	2013	2014	2015	2016
Total Government Revenue (US$ Millions)	934	2,339	2,921	3,496	3,741	3,727	3,737	3,502
Mining Revenue (US$ Millions)	50.6	154	161.3	245.8	185.2	335.9	139.9	75.74
Mining Revenue Share (%)	5.4	6.6	5.5	7	4.8	9	3.7	2.2

Source: Ministry of Finance and Economic Development

40. In 2017, the mining sector is expected to grow by 5.1%, driven mainly by output in gold, platinum, chrome, coal and nickel.

41. The ongoing reforms in diamonds and the coal industry are already seeing the turn-around of these sub-sectors, providing impetus for higher growth of mining.

42. With the capitalisation of the Zimbabwe Consolidated Diamond Mining Company, diamonds output during the first half of 2017 were 1.1 million carats against 690 000 carats produced during the previous year.

43. Coal output is also on the increase following implementation of turnaround strategies at Hwange Colliery. As a result of Government

capitalisation of Hwange Colliery and the institution of a new Board, monthly coal production jumped from 30 000 tons to 150 000 tons.

44. With all these initiatives, the mining sector is expected to grow by 5.1% in 2017.

Manufacturing

45. The positive impact of Government interventions in support of domestic value addition contributed towards revival of the manufacturing sector.

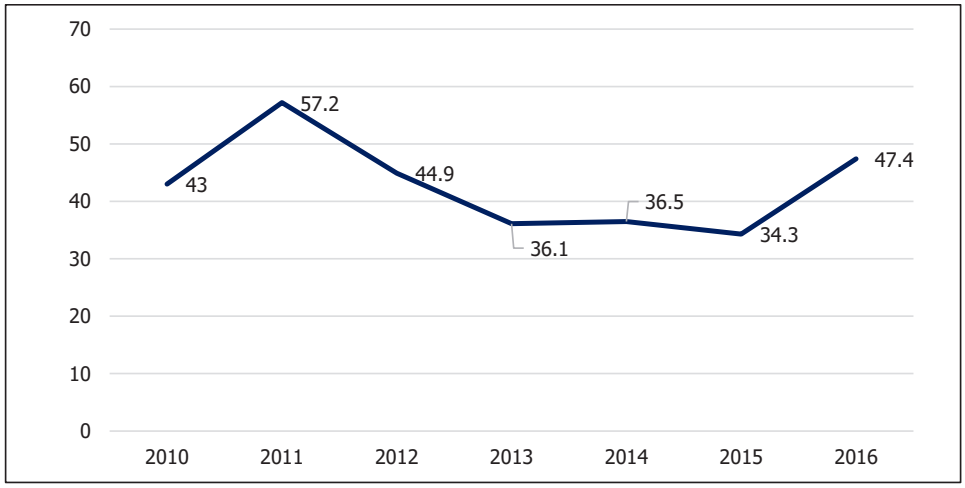
46. This included Statutory Instrument 64 of 2016, domestic financial system export incentive arrangements by the Reserve Bank, as well as supportive duty rebates on imported capital equipment.

UHT Milk Packaging Process

47. The promotion of value chains, especially those linking agriculture and other extractive sectors to manufacturing, and construction sectors added impetus to revival of the sector.

48. Resultantly, weighted average capacity utilisation improved from 34.3% to 47.4% in 2016 in sub-sectors such as foodstuffs, textiles and ginning, clothing and footwear, non-metallic mineral products and metals and metal products[4].

Capacity Utilisation Levels: 2010-2016



Source: CZI

49. The sector is, therefore, estimated to have grown by 0.3% in 2016 compared to 0.2% recorded in the previous year.

50. In 2017, activity in the sector is expected to improve on account of strong agricultural performance and related value chains, continued

4 Volume of Manufacturing Index is contained in Table 5

implementation of SI 64 of 2016, the use of plastic money and the ongoing doing business reforms to reduce cost structures.

Tourism

51. Extensive destination marketing targeting both domestic and external source markets, complemented by infrastructure development and other initiatives, is beginning to pay dividends into the outlook period.

52. The upgraded Victoria Falls International Airport is seeing the coming on board of additional airlines, resulting in improved destination connectivity.

Victoria Falls International Airport

Source: CAAZ

53. Growth in tourist arrivals[5] in 2016 rose to 2.2 million, from 2.1 million received in the previous year.

5 Table 6 shows Tourist Arrivals by Source Region

The Victoria Falls

54. Other tourism promotion programmes to spur growth include continued participation in international travel expos.

55. These initiatives are being complemented by the ongoing efforts to promote domestic tourism, including conference tourism.

Image and Product Enhancement

56. There are also concerted efforts to improve the tourism climate, including diversification into new products and services that appeal to both new and repeat visitors.

Tourism Destinations

Source: ZTA

57. Development of innovative products for particular segments of tourism sources is also drawing guidance from a 2015/16 Visitor Exit Survey conducted with the support of the African Development Bank.

58. The Survey indicates that Africa contributes the highest number of visitors coming to Zimbabwe, at 80.7% of the total number of tourists.

59. The survey further reveals that 25% of the visitors are coming for the first time, whilst 75% are repeat visitors.

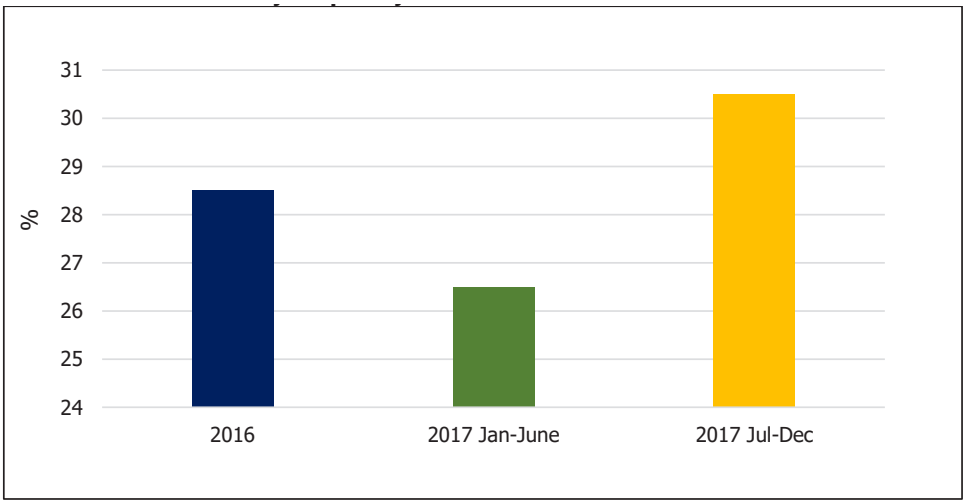
60. However, some of the concerns cited by tourist visitors to Zimbabwe include concerns over the frequency of police roadblock encounters that pose major inconveniences and delays to tourists wanting to explore the country's tourism facilities.

Construction

61. The country's huge housing backlog, of about 1.25 million units, offers immense opportunities for stimulating economic activities, including employment creation.

62. Promotion of housing programmes also stands to increase average capacity utilisation of the construction sector, beyond the 2016 levels of around 29%.

Construction Industry Capacity Utilisation



Source: Construction Industry Federation of Zimbabwe, Ministry of Local Government, Public Works and National Housing

63. With the launch of the Zim Asset, collaboration between Government, local authorities, the private sector, including financial institutions, has seen implementation of a number of housing projects across urban centres, such as Harare, Bulawayo, Mutare, Masvingo, Kwekwe, Marondera, Gweru, Chinhoyi.

64. In addition to developments at Marimba, Carrick Creagh and Snake Park in Harare; Chikanga in Mutare; Mbizo in Kwekwe; Paradise Park in Marondera; Clipsham Views in Masvingo; Government is underwriting the development of additional housing programmes through the Infrastructure Development Bank of Zimbabwe (IDBZ).

65. As a result, the construction industry, largely driven by housing construction, registered growth estimated at 3.5% in 2016.

IDBZ Approved Projects Under Implementation

Harare

- New Marimba, 130 medium density stands, and 204 high density stands; and
- Sumben, 370 low density stands.

Masvingo

- Clipsham Views, 704 medium density stands, 35 commercial stands, and 2 educational stands.

Hwange

- 2 135 high density stands.

Kariba

- Baobab, 125 low density stands;
- Batonga, 43 high density stands; and
- Kasese, 1 104 high density stands, 133 medium density stands and 165 low density stands.

IDBZ Projects at Planning Stage

Norton

- Knockmallock Housing Scheme, development of 6 000 high density stands, in collaboration with the Urban Development Corporation.

Ruwa

- Elizabeth Park, 380 high density stands, in collaboration with a private developer.

Plumtree

- Development of 300 low density stands, and 500 high density stands.

Beitbridge

- Dulibadzimu West Extension, 1 132 high density stands.

Bulawayo

- Umvutha/Rangemore, 300 hectares for development of high density stands.

Civil Service Housing Fund

66. As part of measures to progressively facilitate decent accommodation for civil servants and their families, Government, in 2003, established the Civil Service Housing Fund, which provides loans to beneficiaries for housing projects.

67. The Fund's Constitution was approved by Parliament on 30 October 2003, and allows for mortgage relief, purchase of a stand/house, including construction, as well as improvements to existing property.

68. The Table below summarises the performance of the Fund since 2010.

Budget Year	Budget Allocation (US$)	Actual Budget Disbursements to the Fund (US$)			Loan Disbursements to Beneficiaries			Number of Beneficiaries		
		Senior Officers	General Scheme	Total	Senior Officers	General Scheme	Total	Senior Officers	General Scheme	Total
2010	10 643 000	3,434,000	7,000,000	10,434,000	756,200	2,200,875	2,957,075	550	1,309	1,859
2011	10,625,000	4,625,000	6,000,000	10,625,000	3,854,200	2,670,032	6,524,232	122	1,771	1,893
2012	12,000,000	-	-	-	4,015,575	7,387,005	11,402,580	745	3,235	3,980
2013	8,000,000	200,000	300,000	500,000	1,466,750	1,163,517	2,630,267	130	523	653
2014	4,000,000			-	1,271,600	-	1,271,600	195	-	195
2015				-	139,000	18,000	157,000	4	4	8
2016				-	-	948,000	948,000	-	447	447
2017 to June				-	3,306,000	2,638,000	5,944,000	486		486
Total	**34,625,000**	**8,259,000**	**13,300,000**	**21,559,000**	**14,809,325**	**17,025,429**	**31,834,754**	**2,232**	**7,289**	**9,521**

Source: Ministry of Finance and Economic Development

69. The Fund has two schemes, the Senior Officers Scheme which targets Deputy Director Level and above, as well as the General Scheme for those officers below the grade of Deputy Director.

70. Since 2010, the Fund has been capitalised through direct Vote Appropriations totalling US$34.6 million from the Budget till 2014, with actual Budget disbursements to the Fund at US$21.6 million.

71. Each beneficiary makes monthly loan repayments into the Fund through direct deductions from salary, with monthly recoveries currently at US$110 000 for the Senior Officers Scheme, and US$130 000 for the General Scheme.

72. The revolving nature of the Fund has allowed for current lending disbursements to beneficiaries, notwithstanding that there have not been new capitalisation allocations from the Budget over fiscal years 2015-2017.

Surveying of Growth Points

73. Going forward, the 2018 Budget will allocate resources for surveying Growth Points and rural service centres, which will facilitate issuance of title, which in turn unlocks credit financing.

74. Future housing development will emphasise on well planned modern settlements for easier development of the requisite infrastructure.

75. Furthermore, upward housing models will be prioritised, as opposed to ground expansion in order to conserve on land.

Small and Medium Enterprises

76. Support for Small and Medium Enterprises is central to overcoming poverty and unemployment, including the disadvantaged youth and women groups.

77. In this regard, Government interventions towards skills empowerment, coupled with access to resources and market opportunities are recognised in Zim Asset.

78. Accordingly, in 2016, various initiatives by Government, in conjunction with private players and development partners, were instituted to empower and support small and medium enterprises' productively participate in the mainstream economy.

79. These included the US$15 million capacitation of the Small and Medium Enterprises Development Corporation.

80. In addition, empowerment facilities such as the Women Development Fund, Community Development Fund, Youth Development Fund, National Indigenisation and Economic Empowerment, Small and Medium Enterprises Trade Promotion were capitalised from the fiscus.

81. This was complemented by Development Partners, through training, provision of startup kits and facilitation of business linkages, among other support.

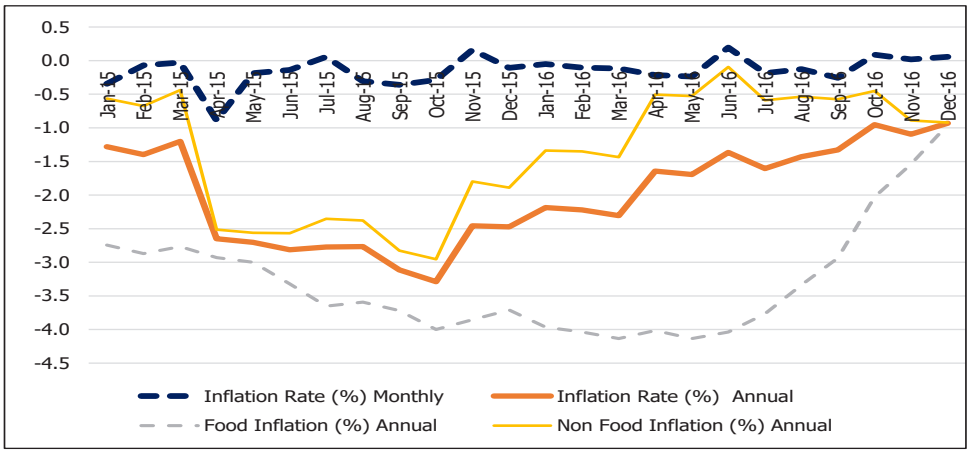
82. Furthermore, Government availed funding for the setting up of the Incubation Centre in Harare and Common Facility Centres in various provinces of the country, in conjunction with the Government of India.

83. The Centres are expected to be functional by the end of the second half of 2017 and will assist in the transfer of modern technology to small and medium enterprises.

Prices

84. During 2016, annual inflation remained contained below the SADC[6] macro-economic convergence threshold of 3-7% for member states, to record an end period level of -0.9%.

Inflation Profile



Source: ZIMSTAT

6 Southern African Development Community

85. Inflation remained subdued owing to low disposable incomes and liquidity constraints, which impacted negatively on the economy's aggregate demand.

86. Moreover, the significant pass through effect of low international fuel prices into domestic prices, combined with imported deflation induced by weak regional currencies against the US dollar, also contributed to the subdued price level in 2016.

87. Although remaining in the negative, average annual food inflation rose to -0.95% from the previous year average of -3.96%, while average annual non-food inflation increased to reach -0.8% from -2% of 2015[7].

Outlook

88. The economy is expected to register significant growth of 3.7% in 2017, underpinned by strong performance in agriculture of 21.3%; mining, 5.1%; and electricity and water, 2.5%.

89. This is on account of timeous support for agriculture from both Government and the private sector through the Special Maize Production Programme, as well as other supportive initiatives such as contract farming, on the back of a good rainfall season.

7 Annual and monthly inflation series is contained in Table 7

90. In addition, partial recovery in international commodity prices is expected to spur growth in the mining industry.

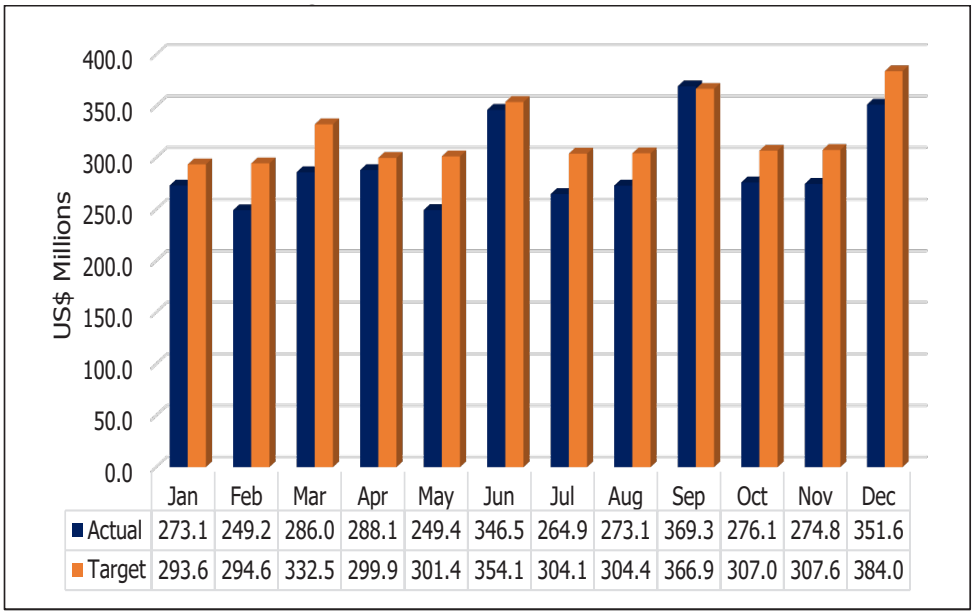
91. These positive developments are expected to have positive spill overs to the rest of the economy, particularly the industry sector.

CHAPTER 2: FISCAL REVENUE PERFORMANCE

Revenue Outturn

92. Developments for the entire fiscal year 2016, January to December, shows an overall revenue outturn of US$3.5 billion for the year, reflecting an overall revenue shortfall of US$347.8 million.

Revenue Outturn vs Targets: 2016



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Actual	273.1	249.2	286.0	288.1	249.4	346.5	264.9	273.1	369.3	276.1	274.8	351.6
Target	293.6	294.6	332.5	299.9	301.4	354.1	304.1	304.4	366.9	307.0	307.6	384.0

Source: Ministry of Finance and Economic Development

93. The original 2016 Budget Estimate for fiscal revenues for the year was US$3.85 billion.

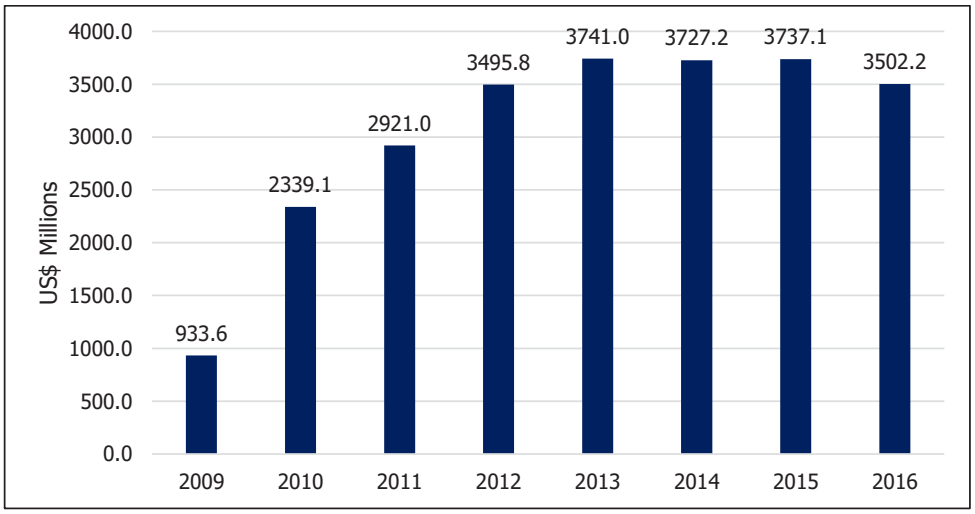
Revenue Performance: January to December 2016

	Actual (US$ m)	Target (US$ m)
Total Revenue	3 502	3 850
Tax Revenue	3 237	3 607
Non Tax Revenue	265	243

Source: Ministry of Finance and Economic Development

94. Trend developments in revenue performance under the multi-currency regime, which began in February 2009, are reflected below, in large part a reflection of overall economic developments.

Annual Revenue Collections



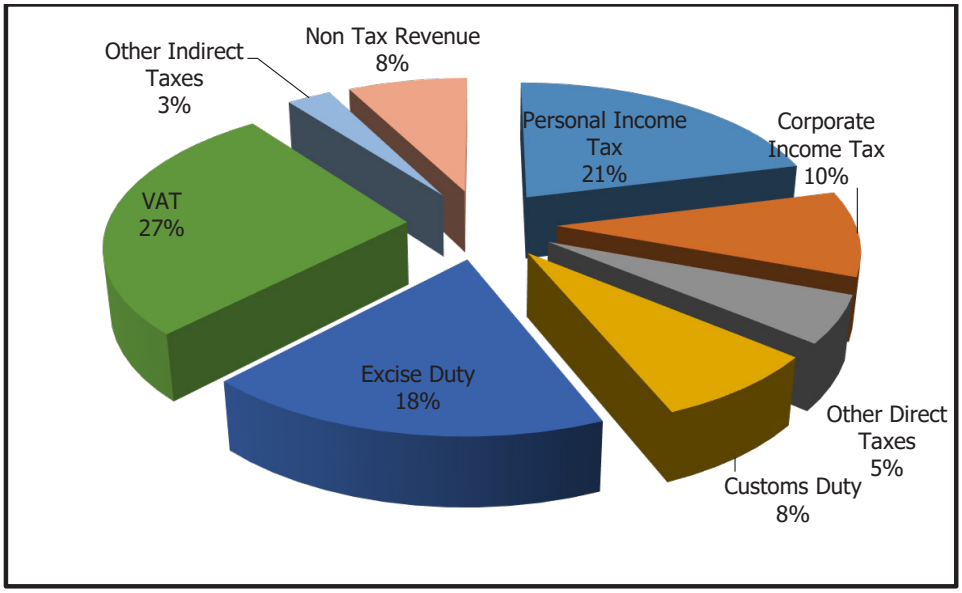
Source: Ministry of Finance and Economic Development

Revenue Heads

95. A significant portion of tax revenue during 2016 was generated from Consumption Taxes i.e. Value Added Tax (VAT) and Excise Duty, as well as Personal Income Tax.

96. The Pie Chart below shows the contribution of various Revenue Heads to total fiscal revenue.

Contributions to Total Revenue



Source: Ministry of Finance and Economic Development

Performance of Revenue Heads

97. During 2016, Personal Income Tax, Customs Duty, other Direct Taxes, Excise Duty and other Indirect Taxes, performed below target, whilst Value Added Tax and Non-tax Revenue recorded above target collections.

Personal Income Tax

98. Cumulative collections for the year 2016 amounted to US$735.8 million, against a target of US$802.1 million.

99. The stock of Pay as You Earn (PAYE) income tax arrears increased to US$662.2 million in 2016, from US$591.8 million in the previous year.

Value Added Tax

100. Cumulative VAT collections amounted to US$963.2 million, against a target of US$955 million. This represents a positive variance of US$8.2 million.

101. Efforts to tighten on collection leakages contributed towards declining Value Added Tax refunds during the 2016 fiscal year.

102. VAT Refunds declined from US$283 million in 2015, to US$205.5 million in 2016.

Corporate Tax

103. Corporate Tax collections amounted to US$338.2 million against a target of US$366.4 million.

104. In this environment, accumulation of Corporate Tax arrears grew by US$276 million to US$751 million by end of 2016.

Excise Duty

105. Excise Duty collections amounted to US$641.9 million, against a target of US$751.7 million. The decline was largely attributable to lower fuel and clear beer consumption volumes.

106. Imports of petrol and diesel, a proxy for consumption, declined by 12% and 10%, respectively, between 2015 and 2016.

107. Protection of excise duties from fuels will require strengthening coordination of concerted measures to tighten controls to redress leakages through smuggling of fuel into the economy by all the responsible Agencies of Government.

108. With regards to excise collections on alcoholic beverages, shifts towards lower priced opaque beers has had an effect on consumption of clear beers.

Customs Duty

109. Cumulative Customs Duty collections amounted to US$272.9 million, against a target of US$368.7 million.

110. The under-performance is largely attributed to the decline in import volumes. Overall imports are estimated to have fallen by 13.2% to US$5.2 billion in 2016, from US$6 billion recorded in 2015.

Other Direct Taxes

111. Other Direct Taxes, comprising of domestic Dividends and Interest, Vehicle Carbon Tax, Capital Gains Taxes and Mining Royalties, recorded collections amounting to US$187 million, against a target of US$251.4 million.

112. Revenue from Other Direct Taxes was undermined by Royalty collections, which amounted to US$61.9 million against a target of US$110 million.

113. This under-performance is partly attributable to lower realisations on global mineral prices, especially during the last quarter of the year.

Other Indirect Taxes

114. Collections under this revenue head amounted to US$98 million, against a target of US$111.9 million.

115. Other Indirect Taxes comprises of withholding tax on tenders, presumptive tax, stamp duties, intermediated money transfers and the ATM levy.

Outlook

116. During 2017, indications are that revenues will improve, against various measures being implemented by ZIMRA, in conjunction with other Government Departments, on countering leakages.

117. Specifically, VAT is expected to benefit from the rationalisation of the Schedule of Zero Rated Goods and Services which will reduce the value of Refunds and the associated fraud.

118. In addition, the VAT withholding tax system, expansion of the fiscalisation programme to Category A, B, and D taxpayers, increase in the number of licenced suppliers of fiscal devices and the on-going formalisation of SMEs will all improve efficiencies in revenue collection, as well as broadening the revenue tax base.

119. On the other hand, excise duty on fuel will continue to benefit from the implementation of the Electronic Cargo Tracking System, and the alignment of excise duty on paraffin with diesel. This has limited revenue loss from transit fraud and unscrupulous trading of paraffin for blending with diesel.

120. Corporate Income Tax collections should continue on an upward trajectory, on the back of measures aimed at minimising base erosion,

and profit shifting by some associated companies and foreign business enterprises.

121. Furthermore, the promulgation of Regulations to govern the activities of Clearing Agents and Tax Consultants in the second half of the year will assist in mitigating tax fraud to the benefit of the fiscus.

122. On the back of the above measures, tax revenue performance during the first half of the year 2017 has been 1.4% above Budget estimates.

123. By year end, revenues are expected to rebound to US$3.7 billion, in line with the National Budget projections.

CHAPTER 3: OVERALL EXPENDITURE OUTTURN

Policy Thrust

124. The expenditure policy thrust embraced by the National Budget for 2016 sought to grow the share of resources that support Zim Asset development programmes and improved delivery of social services through the reduction of commitments from the Public Service Wage Bill.

125. This policy pathway remains critical given that wage expenditures accounted for 65.5% and 91.7% of overall Budget expenditures and revenues, respectively in 2016.

126. Accordingly, rationalisation of the Public Service Establishment is necessary, complemented by institution of expenditure management measures.

Expenditure Outturn

127. Budget expenditures for 2016 amounted to US$4.902 billion, against planned expenditures of US$4 billion. Resultantly, expenditure overruns of US$902.2 million ensued[8].

8 Appropriation Outturn is contained in Table 8

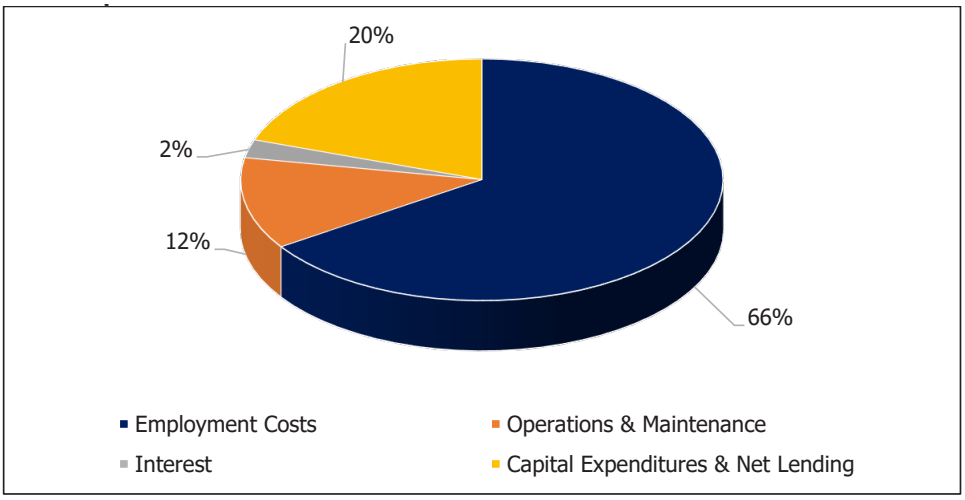
Expenditure Outturn

	Budget Estimate US$ m	Expenditure Outturn US$ m
Total Expenditure & Net Lending	**4 000**	**4 902.2**
Employment Costs	3 191	3 209.8
Operations and Maintenance	384	604.8
Interest	110	120.2
Capital	315	967.5

Source: Ministry of Finance and Economic Development

128. The large Budget expenditure outlay on *Employment Costs*, left expenditures on the *Capital Budget* accounting for only 20% of overall expenditures. Budget spending on *Operations and Maintenance* during 2016 absorbed 12%.

2016 Expenditure Performance



Source: Ministry of Finance and Economic Development

129. Notwithstanding that employment costs remained the major component of 2016 Budget expenditures, measures to restrain them

ensured that over expenditure on employment costs during the year was only US$18.8 million.

130. The major driver behind the overall US$902.2 million Budget overrun were expenditure interventions in support of recovery of agriculture[9]. In this regard, such expenditures totalled US$615 million, an over-expenditure of US$549 million on the original 2016 Budget provision of US$66 million.

131. Support towards *Operations and Maintenance* for Ministries and Government Departments incurred excess expenditures of US$220 million.

132. The 2016 Budget also incurred previously unbudgeted expenditures of US$134 million towards capitalising:

- Cotton Company of Zimbabwe, US$30.5 million;
- Agribank, US$30 million;
- ZB Bank, US$20 million;
- Post Office Savings Bank, US$20 million;
- Infrastructure Development Bank of Zimbabwe, US$18.7 million; and
- Small and Medium Enterprise Development Corporation, US$15 million.

9 Agriculture related expenditures are contained in Table 9

Expenditure Rationalisation

Employment Costs

133. The medium term Public Service Wage Policy seeks to reduce the overall employment costs bill, inclusive of pension payments and employer contributions to medical insurance and social security from 81% of total revenue in 2015 to 65% by 2019.

134. In this regard, the Public Service Wage Bill rationalisation measures approved by Cabinet in November 2015 being implemented by Government, effective 1 January 2016, constituted the first instalment of measures towards the gradual reduction of Wage expenditures.

135. Riding on this, Government will continue to implement the recommendations of the Civil Service Skills Audit, maintain the freeze on salary reviews and filling of vacancies and rationalisation of benefits.

136. This allows room for additional fiscal space to support service delivery, and growth enhancing infrastructural spending.

137. The implementation of the Public Service Wage Bill rationalisation measures, approved by Cabinet in November 2015, has had a positive impact of reducing Government's baseline Employment Costs bill, from a monthly level of around U$262 million in 2015 to around US$252 million in 2016.

138. Notwithstanding the impact of gains achieved from the rationalisation of the Public Service establishment, the overall employment costs bill for 2016 remained unsustainably high at US$3.21 billion, accounting for 91.7% of total revenue.

Employment Costs Bill for 2016

	Budget Estimate US$ m	Expenditure Outturn US$ m
Employment Costs	**3 191.0**	**3 209.8**
Civil Service	2 078.7	2 196.6
Grant Aided Institutions	488.9	474.8
Pension	477.6	477.6
PSMAS	120.0	60.4
NSSA	25.2	—
Funeral Expenses	0.6	0.4

Source: Ministry of Finance and Economic Development

139. In support of the delivery of essential educational, health and agricultural services in the economy, the wage bill for these sub-sectors accounted for 55% or US$1.2 billion of the overall Civil Service wage bill of US$2.2 billion.

	Expenditure Outturn US$ m	% of Outturn
Civil Service	**2 196.6**	**100%**
Education Sector	915.2	42%
Health Sector	214.3	10%
Agricultural Sector	74.6	3%
Rest of Service	992.6	45%

Source: Ministry of Finance and Economic Development

140. The 2016 employment costs bill also accommodated outstanding December 2015 employment costs of US$138.4 million, as well as payments for the 13th Cheque amounting to US$177.8 million for the previous fiscal year.

141. Therefore, the level of the wage bill continues to present challenges related to cash flows, which has periodically necessitated the rescheduling of pay dates of the public service, grant-aided institutions and pensioners.

Cost Cutting Measures

142. Failure to contain the Budget deficit and borrowing requirements has serious economic and financial implications, especially when support to development expenditures to stimulate production is insignificant.

143. Concerned with the rapid growth in the fiscal deficit, Cabinet directed, at its 18th Meeting of 13 June 2017, that Government Ministries and Departments immediately adopt expenditure cost-cutting measures which will assist in restoring the fiscal deficit to sustainable levels.

144. The Cabinet directive is re-affirming previous positions taken in 2015 under which Treasury has progressively instituted various expenditure rationalisation measures related to:

- Standardisation of fuel allocation across Ministries;
- Review of telephone and cellphone allowances;
- Review of foreign travel per diem allowances; and
- Use of Government vehicles.

145. Measures on reducing consumptive expenditures are in recognition of the reality that overall Budget expenditures are way beyond levels that can be supported by our current limited fiscal revenues.

146. The implementation of additional expenditure cost cutting measures presents further opportunity to curtail non-priority spending, as well as re-balancing Budget expenditures towards growth-enhancing Zim Asset infrastructure expenditures and improved public service delivery.

147. The Cabinet directive on Budget expenditure rationalisation requires:

- Cost Cutting Measures and Improved Revenue Generation From Line Ministries For Approval By Cabinet; and
- Fiscal deficit containment measures.

148. Hence, the Cabinet directive calls on line Ministries, Departments, as well as Independent Commissions to urgently proffer costed expenditure cost cutting measures that assist in reducing the current fiscal imbalances and improving value for money.

149. Treasury has since issued Circular Number 1 of 2017 on 28 June 2017 to line Ministries in this regard.

150. Pursuant to this, a Technical Committee anchored by the Secretary to the Treasury and the Deputy Chief Secretary responsible for Modernisation of Government in the Office of the President and Cabinet and other key officials from the Treasury, the Office of the President and Cabinet, and the Reserve Bank was set up to operationalise implementation of the Cabinet directive.

151. The Technical Committee is meeting regularly to expedite implementation of the cost cutting measures.

152. Development of specific actionable measures for final consideration by Cabinet is benefiting from submissions by Ministries and Departments on cutting expenditures and the fiscal deficit to sustainable levels.

Limit on Government Borrowing

153. In taking the above decision, Cabinet also took into account Section 11 of the Reserve Bank Act which limits Central Bank overdraft lending to the State to 20% of the previous year's revenue.

154. Furthermore, Section 11 of the Debt Management Act provides that outstanding Government debt as a ratio of GDP should not exceed 70% at the end of any fiscal year.

Development Partner Support

155. During the course of 2016, Development Partners' support complemented Government efforts in the provision of social services, as well as infrastructure and other development programmes to the tune of US$471.2 million.

156. Of this amount, bilateral partners provided US$270.1 million, with the balance of US$201.1 million coming from multilateral partners[10].

157. Programmes and projects benefiting from Development Partner support during 2016 are as shown below.

Sectoral Disbursements (US$)

Sector	2015 Disbursements	2016 Disbursements
Agriculture	50 105 700.00	45 648 084.00
Transport	1 475 819.00	6 040 000.00
Other Infrastructure	24 548 509.00	-
Power/Energy	5 740 575.00	7 017 769.00
Water Supply & Sanitation	27 883 819.00	18 918 355.00
Health	212 310 560.00	230 311 360.03
Education	29 457 504.00	18 309 428.00
Business and Other Services	13 853 256.00	-
Other Humanitarian Interventions	11 486 774.00	26 633 678.00
Governance	51 878 649.00	37 914 325.12
Youth and Women	1 288 000.00	-
Environment and Tourism	2 300 000.00	-
Multi-Sector/Cross Cutting	31 057 213.00	16 573 116.92
Capacity Building	14 929 913.00	18 909 708.00
Other Basic Social Services	44 005 413.00	44 913 965.00
Support to Civil Society	4 206 669.00	—
Total	522 321 704.00	471 193 788.07

Source: Ministry of Finance & Economic Development

10 Development Partner support is contained in Table 10

CHAPTER 4: SOCIAL SERVICE DELIVERY & POVERTY REDUCTION PROGRAMMES

158. The 2016 National Budget also prioritised social services delivery whose cornerstone is delivery of health care, access to education, as well as other social protection services.

159. In this regard, Budget provisions in support of the delivery of social services, especially targeted towards the vulnerable segments of our communities continued to account for a significant proportion of fiscal resources during 2016.

160. This is more so in view of the labour intensive nature of service delivery in these sectors, with high reliance on commensurate availing of the requisite human capital.

161. The education Budget, including allocations towards ensuring availability of the education service providers, i.e. the 148 449 teaching staff in our primary and secondary schools as well as tertiary institutions, absorbed US$1.11 billion during 2016.

162. This notwithstanding, both primary and secondary schools across the Provinces continue to experience high teacher pupil ratios.

163. In the same vein, the health care Budget, including allocations towards ensuring availability of health care providers, i.e., the 37 332 health care workers in our public health institutions, absorbed US$295 million during 2016.

164. Other social protection expenditures incurred under the 2016 Budget included provision of US$4.4 million towards drought mitigation cash transfers to food insecure households, as well as US$1.5 million in support of ensuring vulnerable children access to education.

Health

165. Over and above provision of resources guaranteeing availability of health personnel, strengthening primary health care under the 2016 National Budget also targeted the provision of medicines and medical supplies, diagnostic equipment, as well as related infrastructural development across the entire public health referral system.

166. Budget provisions also complement resources that our public health institutions collect through retentions of user fees.

167. In this regard, the 2016 Budget availed resources amounting to US$25.9 million towards non-wage expenditures related to the delivery of health care services within our public health institutions.

Non-Wage Health Expenditures

	US$ m
Total	**25.9**
Operations:	22.7
Government Hospitals	*6.8*
Maternal and Child Health	*4.7*
Preventive Health Programmes	*0.8*
Capital Expenditure	3.2

Source: Ministry of Finance and Economic Development

168. This level of Budget support, however, remains grossly limited given the challenges our health sector continues to face on account of sustained high demand for health care services.

169. As a result, shortages in medical consumables are still being experienced at some of our health facilities, forcing incurrence of increased out of pocket expenditures by individual households.

170. Vulnerable groups, who include the elderly and under-fives, have not been spared, notwithstanding the policy that they be exempt from making such payments.

171. Mindful of the limited capacity of the Budget to respond to the health care needs of our citizens, Government through the Ministry of Health and Child Care has embraced joint venture partnerships with the private sector, as well as other stakeholders, in the provision of critical health care services in areas such as radiology, laboratory, pharmaceuticals and laundry.

172. Budget interventions towards health expenditures during 2016 also benefitted significantly from Development Partner support.

Global Fund

173. In this regard, the Global Fund disbursed US$146.4 million in support of improved domestic health delivery through the United Nations Development Programme.

174. Of this amount, US$139 million was disbursed under the HIV/AIDS Grant, for the procurement of medicines, pharmaceuticals, re-agents as well as payment of retention allowances to health sector staff.

175. Under the Malaria Grant, US$9.2 million was disbursed in 2016 towards the control of malaria, benefiting the following:

- Procurement of chemicals for spraying against mosquitoes,
- Procurement of tents for use by mosquito spray teams;
- Training of health workers on the new treatment regimens; and
- Enhanced malaria control re-orientation programmes for school health co-ordinators, among others.

176. In 2016, under the TB Grant, US$8.4 million was disbursed towards:

- Procurement of digital X-ray machines for District and Mission Hospitals;

- Renovation of 20 additional TB infection control sites;
- Support to strengthening of supply chain management, as well as the logistics management information system; and
- Contribution to direct operations costs at the Harare warehouse.

177. In addition, US$5 million was disbursed for the procurement of solar systems for 200 health facilities, targeting the maternity wards, laboratories and District health information centres.

178. Furthermore, US$2.4 million was disbursed towards the construction of a warehouse in Masvingo.

Health Development Fund

179. In 2016, health delivery also benefitted from support availed by Development Partners under the Health Development Fund administered by the United Nations Children Fund.

180. Health Development Fund resources amounting to US$52.6 million went towards the procurement of essential drugs for maternal, adolescent as well as sexual and reproductive health interventions.

Health Sector Support

181. The 2017 Budget has intervened to improve service delivery in the health sector through the recruitment of an additional 2 000 nurses on a staggered basis, who are being deployed as follows:—

- New clinics 563 posts;
- Mission Institutions 352 posts;
- Central, Provincial and District Hospitals 786 posts; and
- Rural District Council clinics 299 posts.

182. In addition, 250 Government Medical Officer posts were created to improve staffing levels at our central and provincial hospitals.

183. Furthermore, cognisant that the public health delivery system needed replacement nurses, doctors, pharmacists among other critical health care workers, Treasury recruited 788 replacement health care workers over the six month period to end June 2017.

Health Fund Levy

184. The 2017 Budget introduced a Health Fund Levy of 5 cents for every dollar of mobile airtime and data, under the theme "Talk, Surf and Save a Life".

185. Accordingly, US$8.2 million has been mobilised to date for the purchase of drugs and equipment for public hospitals and clinics, with Health Fund Levy resources ring fenced for this purpose.

Education

186. The large component of Budget resources amounting to US$1.1 billion towards the Wage bill for the education sector, also against the

background of additional expenditures related to embracing the *New Curricula*, also had an impact on resources available for *Operations* and *Capital* budget.

187. Hence, *Capital* expenditure and *Operations* disbursements during the year 2016 were US$2.8 million and US$7.5 million, respectively.

Operations and Capital Expenditure

	US$ m
Total	**10.3**
Operations	7.5
Capital expenditure	2.8

Source: Ministry of Finance & Economic Development

188. The expenditures on *Operations* facilitated the development of the Curriculum Framework for Primary and Secondary Education 2015-2022, as well as training of teachers in syllabi interpretation.

189. Furthermore, resources were channeled towards capacity building of over 2 000 teachers at 5 universities. This was complemented by Development Partners under the Global Partnership for Education.

190. Inadequate funding of the *Education Operations and Capital* budgets, meant that challenges remain outstanding with regards to improving access and quality of education on account of inadequate infrastructure, shortage of teaching and learning materials.

Education Development Fund

191. In 2016, provision of education services in the form of learning and teaching materials, capacity building of teaching staff and access to basic education by out-of-school youths also benefitted from interventions by Development Partners under the Education Development Fund administered by the United Nations Children Fund.

192. Accordingly, Education Development Fund resources amounting to US$27 million went towards the above interventions.

Social Protection

193. During the course of 2016, Budget expenditures of US$6 million were incurred towards the provision of social protection services delivered by the Ministry of Public Service, Labour and Social Welfare.

Social Protection Programmes

	US$ m
BEAM	1.5
Drought Mitigation	3.8
Health Assistance	0.1
Support to Government Institutions	0.6
Total	**6.0**

Source: Ministry of Finance & Economic Development

194. During the year 2016, total expenditure on BEAM amounted to US$1.5 million in support of 2016 examination fees for 18 021 children sitting

for both Ordinary and Advanced level examinations from all the ten Provinces.

195. In addition, under the Food Deficit Mitigation Strategy, Government spent US$3.8 million on grain transportation to assist 852 000 households affected by El-Nino induced drought in 2016.

Child Protection Fund

196. The Child Protection Fund mainly focuses on reducing household poverty and providing protection support services to vulnerable children to enable them to secure their basic rights through the provision of quality social protection.

197. A total of US$14.2 million was disbursed during 2016 in support of orphans and vulnerable children.

Community Project

198. Significant progress was made during the last half of 2016 to fulfil the requirements for drawdown under an OPEC Fund for International Development (OFID) facility in support of community projects which involve value addition and optimisation of local endowments.

199. Project implementation for the benefit of targeted communities in Masvingo, Manicaland and Matabeleland North provinces under this

US$7.6 million OFID supported poverty alleviation project should start later in 2017.

Humanitarian Response for the Drought

200. Development Partners complemented Government efforts to address the humanitarian life-saving needs of the most vulnerable food insecure population affected by the 2015/16 El-Nino induced drought through the Humanitarian Response Plan (2016-17).

201. In 2016, a total of US$215 million was disbursed under the Plan from Development Partners towards the following sectors:

- Food security, and building resilience of smallholder farmers by increasing small grains production and productivity, US$189.8 million;
- Water, Amenities, Sanitation and Hygiene (WASH), US$10.9 million;
- Health and Nutrition, US$12.2 million;
- Child protection, US$1.9 million; and
- Coordination, and development of other early recovery/mitigation measures, US$0.4 million.

202. Disbursements to enable individuals' access food were either in the form of mobile cash transfers, or cash, where these were not available.

Empowerment

Youth and Women Empowerment Project

203. Development of economic opportunities for empowering the youths and women will be felt from 2017 following the signing of a US$4.74 million Youth and Women Empowerment Project with the African Development Bank on 16 December 2016.

204. The project specifically targets the following activities, among others:

- Promotion of value addition and beneficiation in horticulture, mopani worms and honey projects;
- Development of women artisanal mining enterprises; and
- Strengthening capacities of supporting and coordinating institutions.

CHAPTER 5: GOVERNANCE SUPPORT PROGRAMMES

205. Budget implementation during 2016 saw various *Governance and Institutional Building* programmes and projects undertaken under the Ministry of Justice, Legal and Parliamentary Affairs, the Zimbabwe Electoral Commission and the Parliament of Zimbabwe, in the areas of aligning laws to the Constitution, supporting the rule of law as well as the electoral process.

206. Non-wage Budget expenditures of US$22.9 million were incurred towards improving the justice delivery system.

Support to Justice Delivery

	Amount
Justice Legal and Parliamentary Affairs	US$20.3 m
Judicial Services Commission	US$1.66 m
Zimbabwe Human Rights Commission	US$0.31 m
Zimbabwe Anti-Corruption Commission	US$0.61 m
Total	**US$22.88 m**

Source: Ministry of Finance and Economic Development

207. The resources went towards improving access to justice, human rights promotion and combating corruption and fostering good governance.

Electoral Management

208. Government expended US$2.7 million towards the conduct of by-elections in 23 local authorities and 5 National Assembly

constituencies. These by-elections were conducted using the polling station specific voters' roll.

209. In addition, the resources kick-started the nationwide mapping and demarcation of 10 000 polling stations in preparation for the 2018 Harmonised General Elections.

Governance and Institutional Building

210. Governance and Institutional Building also benefitted from disbursements of €10.3 million in 2016 by the European Union under the 11th European Development Fund.

211. Programmes and projects funded from this have been towards:

- Constitutional alignment;
- Judiciary support;
- Parliamentary support;
- Zimbabwe electoral support;
- Public finance management enhancement programme;
- Promoting migration governance;
- Strengthening justice delivery;
- Support to the consolidation of the democratic process;
- Support to the rule of law and access to justice for all; and
- Support to culture and peace.

212. The above provision of €10.3 million is part of the €45 million envelope already committed by the European Union for *Governance and Institutional Building* over the period 2014-2020.

Strengthening Institutions of Transparency and Accountability

213. Activities during 2016 related to strengthening institutions of transparency and accountability benefited from ADB[11] funding for Parliament's Public Accounts Committee, procurement of ICT equipment for Parliament's new Budget Office, and internet connections to the Office of the Auditor General to the tune of US$920 000.

214. Furthermore, the Office of the President and Cabinet, the State Procurement Board, the Reserve Bank and the Geological Department were also supported by the African Development Bank under a US$7.8 million project supporting public institutional effectiveness and transparency.

215. Slow progress on public procurement reform, however, limited absorption capacity such that by end of 2016, disbursements amounted to only US$240 000.

11 African Development Bank

CHAPTER 6: DEVELOPMENTS ON MAJOR INFRASTRUCTURE PROJECTS

216. Budget interventions during 2016 also set out to create an enabling business environment by ensuring that we have a supportive infrastructural base, coupled with movement towards efficient utility service providers.

Financing of Infrastructure

217. In 2016, Government channeled a total amount of US$403.9 million towards infrastructure development projects[12] in the sectors of energy, transport and communication, agriculture, ICT, water and sanitation as well as housing.

218. Government funding for infrastructure projects and programmes during 2016 was through direct Budget financing, ring fencing of revenue collections under Statutory Funds, as well as loan financing.

219. Ring fenced Statutory Funds and direct Budget appropriation provided US$163.5 million and US$76.4 million, respectively, while loan financing for infrastructure projects and programmes during 2016 amounted to US$164 million.

220. The above outlay of financial resources by Government to finance infrastructure was complemented by resources from Development Partners who supported to the tune of US$28.6 million.

12 Public infrastructure projects being implemented are contained in Table 11

221. Utilisation of the above resources resulted in significant progress being achieved in a number of key infrastructure projects, with some having been completed, whilst others were at various stages of implementation.

222. Progress was also registered with regards to project preparation initiatives for some outstanding critical projects, with some now at financial close stage.

Energy

223. The supply of electricity in the country during 2016 remained stable despite the generation challenges being faced at Kariba Power Station.

224. Domestic power supply largely benefited from improved domestic production at Hwange Thermal Power Station. This was complemented by imports through the Southern African Power Pool.

225. Sustainability of electricity supply will, however, be dependent on our ability to invest in additional generation capacity and in ensuring users timeously pay for electricity consumed.

226. Therefore, in 2016, a total of US$115 million was directed on advancing implementation of projects such as the Kariba South Extension, Zim

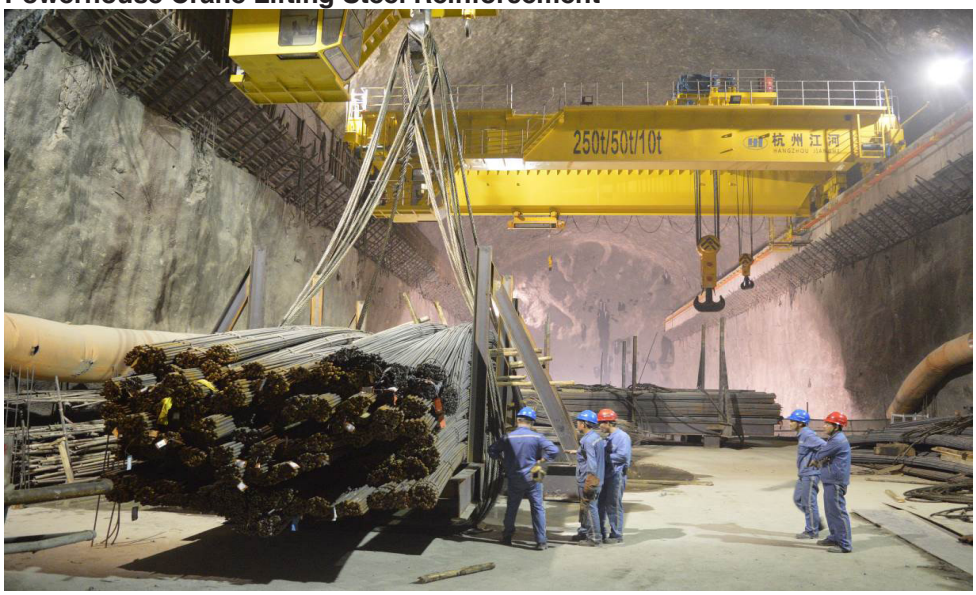
Fund Power Projects and projects under the Rural Electrification Agency.

Kariba South Expansion Project

227. Overall works on the project were at 69% to completion as at 30 December 2016, with a cumulative US$267.3 million having been drawn down on the loan financing facility.

228. Installation of the Powerhouse Crane was completed, enabling installation of the electro-mechanical equipment such as Transformers, Shunt Reactors and Turbine Inlet Valves and St*ators*.

Powerhouse Crane Lifting Steel Reinforcement



Source: Ministry of Energy and Power Development

Shunt Reactor Installation

Source: Ministry of Energy and Power Development

229. The outstanding civil works that are in progress include the construction of the *Transformer Platform*.

Transformer Platform—Civil Construction

Source: Ministry of Energy and Power Development

230. The *Intakes Cofferdam* is also being excavated to allow delivery of water to the turbines for generation.

Intakes Cofferdam Excavation

Source: Ministry of Energy and Power Development

231. The project is anticipated to be completed by March 2018, with commissioning of the 1st Unit expected by December 2017.

Zim-Fund Emergency Power Infrastructure Rehabilitation Project

232. Phase I of the Zim-Fund Emergency Power Infrastructure Rehabilitation Project sought to rehabilitate aging infrastructure and improve new connections to critical institutions such as hospitals, schools, as well as water and sanitation facilities.

233. Through the Project, the rehabilitation of Hwange Power Station Ash Handling Plant was completed.

234. Furthermore, 7 Transmission Systems Transformers, as well as 500 and 7 distribution transformers, were installed countrywide, that way allowing electricity connections to institutions and households which previously had none or had interrupted supplies.

Institutions Supplied with Electricity from a ZimFund Transformer

Place	Numbers of				
	Primary Schools	Secondary Schools	Other Education facilities	Water & Sanitation Facilities	Health Facilities
Mpopoma	1	2	0	2	2
Criterion	20	8	1	15	6
Norton	18	11	2	2	13
Stamford	125	23	2	5	9
Pomona	13	9	2	1	3
Atlanta	20	15	1	9	63
Mazowe	24	19	1	5	23
Total	**221**	**87**	**9**	**39**	**119**

235. In addition, over 529 768 people are now living under an environment where sewage reticulation is supported by reliable power supply and, hence, reduced exposure to diseases.

236. Under the Zim-Fund Phase II Emergency Power Infrastructure Rehabilitation Project, all contracts for the various project components were awarded, leading to disbursements of US$3.56 million and subsequent delivery of various mobile equipment such as dump trucks and excavators at Hwange Power Station.

Zim-Fund Phase II Project: Mobile equipment delivered to Hwange Power Station

Rural Electrification Agency

237. The Rural Electrification Agency administers the Rural Electrification Fund, which provides resources for implementation of electrification projects in rural communities.

238. These projects are also bridging the rural urban divide, including enhancing income generating projects for rural communities.

239. During 2016, US$18.2 million was disbursed from the Fund, allowing 413 projects[13] to be completed, covering public institutions and households.

13 The list of completed public institutions is contained in Table 12.1 – 12.7

Province	Prim School	Sec School	RHC	Govt Ext	Chiefs	Bus. Centre	Farm	Village	Other	Total
Manicaland	39	11	13	5	3	6	1	8	7	**93**
Mash Central	25	13	3	1	0	0	0	0	1	**43**
Mash East	12	3	3	2	1	0	2	4	3	**30**
Mash West	18	10	3	1	0	0	10	3	0	**45**
Masvingo	25	12	10	7	2	3	0	1	8	**68**
Mat North	23	5	2	4	3	0	1	0	5	**43**
Mat South	16	9	3	6	0	4	1	2	4	**45**
Midlands	16	10	6	2	0	4	2	3	3	**46**
Total	**174**	**73**	**43**	**28**	**9**	**17**	**17**	**21**	**31**	**413**

Source: Rural Electrification Agency

240. Specific completed and functional projects, which are already benefitting local communities include electrification of:

- Chireya Hospital, Gokwe, 60 bedded;
- Chikafa Secondary School teacher's cottages, Mbire;
- Nyamutumbu Primary School, Murehwa;
- Gunura Clinic, Buhera;
- Kambira Secondary School;
- Mutoro Primary School;
- Kwari Primary School, Chegutu
- Magocha Primary School, Bikita;

- Lusulu Primary School, Binga;
- Masera Clinic, Beitbridge District;
- Kabanga Clinic, Gweru; and
- Irrigation schemes, just to mention a few.

Chireya Hospital, Gokwe

Source: REA

River Range Irrigation Scheme

Source: REA

Chikafa Secondary School, Mbire District

Source: REA

Nyamutumbu Primary School, Murehwa

Source: REA

241. This brings the total number of public institutions and households connected to the National Grid to 6 493.

242. In addition, the Rural Electrification Agency has so far completed 424 installations to the solar grid systems, and launched 24 biogas digesters.

Davata Clinic, Malipati

Source: REA

243. Some of the institutions that benefitted from the solar and biogas digester plants installation programme include the following:

- John Landa Nkomo School, Tsholotsho;
- Tsukamai Farm, Makoni;
- Bradley High School, Bindura;
- Kotwa Growth Point, Mudzi;
- Gokomere High School, Masvingo;
- Binga Prisons, Binga;
- Thekwane High School, Bulilima; and
- Mukokwe Valley Primary School, Makonde.

John Landa Nkomo School, Tsholotsho

Source: REA

Bulawayo Thermal Power Plant

244. The India Exim Bank loan for the rehabilitation and upgrading of the Bulawayo Thermal Plant became effective on 19 August 2016, following its ratification by Parliament on 29 February 2016, and fulfilment of other conditions precedent.

245. Furthermore, negotiations on the On-Lending Agreement between Government and the Zimbabwe Power Company (ZPC), was finalised during the year, paving way for implementation of the project during 2017.

Hwange 7 & 8

246. The expansion project for Hwange 7 & 8 Thermal Power Station is set to generate an additional 600 MW to the National Grid and is being implemented through a joint venture between ZPC and Sinohydro.

247. On 30 June 2016, Government and the Export-Import Bank of China signed a US$998 million Preferential Buyer Credit Loan Agreement for the expansion project.

248. As at December 2016, the necessary conditions precedent were fulfilled, including ratification of the loan Agreement by Parliament and the conclusion of various suppliers' agreements.

249. *Financial Close* should pave way for the commencement of actual physical works.

Batoka Gorge Hydro Electric Scheme

250. Given the overall power deficits in both Zambia and Zimbabwe, strides were made during 2016 towards harnessing the Zambezi river for power generation at the Batoka Gorge.

Batoka Gorge Hydro Electric Scheme Project site

Source: ZPC

251. This project benefitted from the World Bank support towards updating of the 1993 feasibility studies, which started in 2014 and to be finalised in 2017.

252. Furthermore, the African Development Bank, has been appointed the lead financial arranger for mobilisation of funding for the project.

253. The Batoka Gorge Hydro Electric Scheme, which is being implemented by the Governments of Zimbabwe and Zambia, is expected to produce 2 400MW, that is a capacity of 1 200 MW on each side of the river bank.

254. Already, the Council of Ministers of the Zambezi River Authority has finalised on the development model of the power project. This entails:

- Construction of the *Dam*, to be owned by the Zambezi River Authority on behalf of the two Governments; and

- Development of two *Power Stations*, North Bank for ZESCO[14] and South Bank for ZPC[15] under a Built Operate Transfer (BOT) framework.

255. Market canvasing indicates positive sentiments for financial as well as technical support for the project, which should generate much lower cost power with average tariff estimates of around US3 cents per kilowatt hour.

256. As part of resource mobilisation efforts for the project, Zambia and Zimbabwe, the two contracting States, held an investor conference on 30 March 2017 in Livingstone.

257. At the Conference, attended by investors, development financing institutions and developers in the hydro-power sector the two contracting States presented the commercial structure for the development of the project, as well as the associated investment opportunities, enabling participants to identify areas of interest which they would like to invest in.

14 ZESCO is the Zambia Electricity Supply Corporation
15 ZPC is the Zimbabwe Power Company

Water Supply & Sanitation Delivery

258. Interventions in the water sector were mainly targeted at ongoing dam projects, urban water supply schemes and rural water and sanitation programmes.

259. In total, US$62.7 million was disbursed for the above projects towards the following:

Tokwe-Mukorsi Dam

260. An amount of US$28.9 million was availed towards completion of Tokwe-Mukorsi Dam during 2016, enabling completion of remaining major works such as the right bank spillway, parapet wall, plunge pool and outlet valves.

Tokwe-Mukorsi Dam

Source: ZINWA

261. The project becomes the largest inland dam in the country, with capacity of 1.8 million mega litres, and a yield of 364 000 mega litres of water per annum, sufficient to irrigate more than 25 000 hectares and capacity to generate 15 MW of electricity.

262. Following completion of major works on the dam, impoundment of water commenced on 12 December 2016. Given the above normal rain season received, water levels on the dam to rise to more than 70% by end of the rainy season in April 2017.

263. The Commissioning of the Tokwe Mukorsi dam on 18 May 2017 by the President, His Excellency, R. G. Mugabe should transform social and economic landscape of Masvingo Province given the vast irrigation as well as tourism potential.

264. Taking advantage of this national resource, Government is now working on optimising the various economic opportunities arising from the completion of the Dam project such as irrigation development, power generation, tourism, fisheries, Game Park and other recreational facilities.

265. Furthermore, to fully exploit these opportunities, additional investments towards the construction of an all-weather 12 km road from Ngundu-Chiredzi highway to the dam site, as well as civil works for the power house, are planned for implementation during the 2017 financial year.

266. Already, civil works for the 15 MW hydro-power plant have started.

Urban Water Supply and Sanitation Programme

267. Government, together with Development Partners, are implementing the Urban Water Supply and Sanitation Programme, aimed at improving access to water and sanitation services in urban settlements.

268. Following disbursement of US$2.7 million, the Beitbridge new water treatment plant has largely been completed. This has capacity to pump 400m3/hr of purified water, a 1.7 km long 750 mm diameter pipeline connecting the plant to the river, and a 3 km line connecting the treatment plant to the reservoirs.

269. This paved way for test runs being undertaken, which should lead to commissioning of the plant that should result in marked improvement in water supply for Beitbridge.

Beitbridge Treatment Plant

Source: Ministry of Finance

270. With regards to the Lupane Water Supply project, works on the plant were completed in 2016, and the plant is now operational with capacity to pump 240 cubic meters per hour, sufficient for domestic consumption for the town.

Lupane Water Supply Project Sedimentation Tanks

Source: Ministry of Finance

Zim-Fund Phase II Urgent Water Supply & Sanitation Rehabilitation Project

271. All projects under the Zim Fund Phase I, targeting rehabilitation of six water treatment plants and nine waste water treatment works in Harare, Mutare, Masvingo, Chegutu, Kwekwe and Chitungwiza were officially completed in May 2016, with most project components now out of the Defects Liability Period.

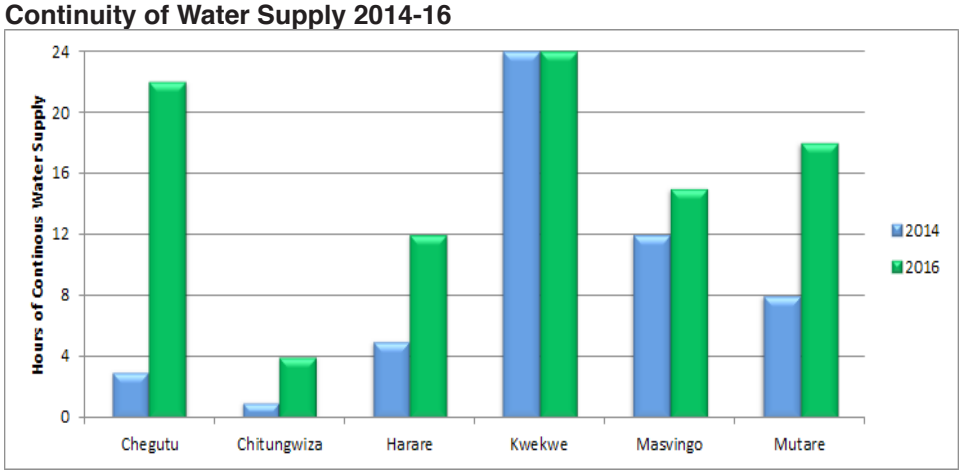
272. An evaluation of the project, undertaken by GRM International Zimbabwe (Pvt) Ltd from 24th October to 24th December 2016

indicates that the project has impacted positively on communities in the targeted towns.

273. Since the upgrade of the water systems in all beneficiary towns, there was an increase in the number of hours where municipal water supply was available despite periodic water rationing in Chitungwiza, Harare and Masvingo arising from shortage of raw water to the treatment plants as a result of the El-Nino drought.

274. Water supply to communities improved from an average of 5.4 days a week to 7 days a week and from an average of 10 hours per day of supply to 15.2 hours per day.

Continuity of Water Supply 2014-16



275. Furthermore, rehabilitation of the targeted nine waste water treatment plants have been modernised and are now functional.

276. The interventions also addressed the challenge of bulk waste water generated in the towns which was spilling into streams and eventually into the sources of raw water, thereby affecting aquatic life and also leading to huge water treatment costs. Masvingo Waste Water

Treatment Works

Source: Ministry of Finance

Masvingo Waste Water Treatment Works Turntable

Source: Ministry of Finance

277. The Zim Fund Phase II Urgent Water Supply and Sanitation Rehabilitation Projects will complement and sustain the works that were undertaken under Phase I of the project, targeting Harare, Mutare, Masvingo, Chegutu, Kwekwe and Chitungwiza.

278. This supported the following activities:

- Procurement of domestic and commercial water meters;
- Supply of sewer cleaning and operation & maintenance equipment as well as tools;
- Capacity Development for non-revenue water & customer care management for Harare as well as investment planning for Redcliff;
- Replacement of water and sewer pipelines and associated works in Chitungwiza and Ruwa;
- Supply of laboratory equipment, spares, pipes & fittings; and
- Construction of a building in each municipality for housing water meter test benches.

279. During 2016, thirteen (13) out of the sixteen (16) contracts were awarded, thereby allowing for commencement of works.

Rural Water Supply and Sanitation Programme

280. Government, in partnership with UNICEF and other Development Partners, is supporting efforts to improve access to water and sanitation services for 2.3 million rural households in 33 Rural Districts in five Provinces of Mashonaland West; Midlands; Masvingo; Matabeleland South and North.

281. During 2016, US$12.4 million was disbursed in support of the *Rural Water and Sanitation Programme*, focusing on rehabilitation of non-functional water points, drilling of boreholes, demand led sanitation and hygiene promotion in schools and communities.

282. At least 1 450 new water points had been established in rural communities and schools, with an additional 9 463 water points having been repaired or rehabilitated.

Irrigation Development

283. Growth in agricultural production is also heavily dependent on improvements in irrigation facilities countrywide as this allows for multiple cropping on any given piece of land.

284. In this regard, Government continued prioritising investments in irrigation rehabilitation and development, targeting smallholder farmers.

285. Accordingly, in 2016 a total of US$8.5 million was availed towards rehabilitation of 1 977 hectares on 33 irrigation schemes[16] countrywide, also with the support from Development Partners.

Smallholder Irrigation Development

286. The Food and Agriculture Organisation (FAO) is administering funds from the European Union (EU) and Swiss Development Agency in support of smallholder irrigation development programmes.

287. Support from the Swiss Government, to the tune of US$6 million, is focusing on rehabilitation and upgrading of 14 irrigation schemes in Masvingo Province, benefitting 36 000 households.

288. In 2016, US$1.6 million was disbursed, targeted at irrigation infrastructure rehabilitation, capacity building of farmers, agribusiness development as well as providing support for service delivery improvement by stakeholders in irrigation development.

16 Rehabilitated irrigation schemes are contained in Table 16

Upper Lepasi 6 Irrigation Scheme

Source: Ministry of Finance

289. With regards to the EU, focus is on rehabilitating and upgrading 20 irrigation schemes in Manicaland and Matabeleland South Provinces.

290. In 2016, US$2.7 million was disbursed towards procurement of materials, tendering and commencement of construction works for 11 projects in the 2 Provinces.

Nyakomba Irrigation Scheme

291. The Government of Japan extended a grant amounting to ¥1.791 billion (approximately US$17 million) for the development of Nyakomba Irrigation Scheme Block A. The agreement was signed on 9 November 2015.

292. The Ground Breaking Ceremony was held on 26 October 2016, to pave away for commencement of construction works at the irrigation scheme.

Zhove Irrigation Scheme

293. Government and the Kuwait Fund for Arab Economic Development negotiated for a loan to finance the Zhove Irrigation Project in Beitbridge District, Matabeleland South Province. The total cost of the project is estimated at US$35.7 million.

294. Following the conclusion of technical and financial evaluation of the project, Government and the Kuwait Fund signed the KD6 million, (Approx. US$20 million) loan agreement for co-financing of the project.

295. Government will provide counterpart financing to the tune of US$7 million, whilst the Abu Dhabi Fund for Development agreed in principle to support the project with the balance of US$8.7 million.

ARDA Dori 1 Irrigation Scheme

Source: Agricultural Rural Development Agency (ARDA)

296. Once complete, the project should enable the production of citrus fruits as well as other cash and food crops, enhancing income generating opportunities for communities in the drier Southern part of the country.

Transport

297. Interventions in the transport sector target enabling infrastructure that stimulates economic activity across sectors by reducing transportation costs.

298. Overall support to the transport sector amounted to US$140.3 million, funded through direct Budget support of US$1.6 million, ZINARA retentions of US$117.8 million and loan funding of US$20.9 million.

299. Major projects prioritised in 2016 were in roads construction and rehabilitation for rural and urban areas, as well as upgrading of airports.

Airports Upgrading

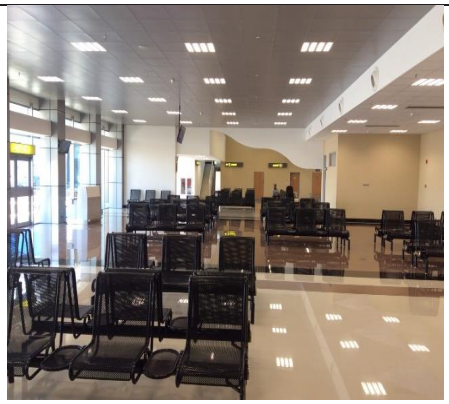
300. The year 2016 saw the Commissioning of the Victoria Falls International Airport, thereby giving impetus and scope for more direct flights to the resort town.

301. The new airport can accommodate long haul flights from around the globe and, hence, is expected to increase tourist arrivals to Victoria Falls, a World Heritage Site and one of the Seven Natural Wonders of the World.

302. Since its commissioning on 18 November 2016, air traffic to the airport has increased with some airlines up-grading aircraft equipment servicing the resort town, whilst four airlines have begun in 2017 direct flights into Victoria Falls.

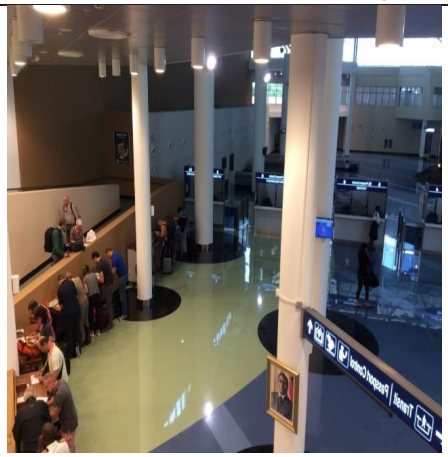
303. This development will greatly improve tourist arrivals into the country.

New International Terminal Building from the Airside



Inside the New International Terminal Building

Arrivals Hall, International Terminal Building



Departures Hall, International Terminal Building

Refurbished Domestic Terminal Building from the Landside

Refurbished Domestic Terminal from the Airside

New Control Tower

New Fire Station

Road Development

304. Poorly maintained roads constrain mobility, significantly raise vehicle operating costs, increase accident rates, with associated human and property costs, as well as retard development of rural communities.

305. Noting the constraints on the Budget to adequately fund a sustainable road maintenance programme, the Road Fund, managed by ZINARA, has increasingly become the main source of funding road improvements in the country, including leveraging private sector funding into the sector.

306. Total revenue collected amounted to US$150 million, against a budget estimate of US$200.8 million, reflecting a 25.3% under performance.

307. Expenditures towards roads development amounted to US$143.8 million, of which:

- US$40.9 million was direct disbursements to Road Authorities for rehabilitation and maintenance of our road infrastructure;
- US$25.8 million for identified national road projects; and
- US$47.2 million for the servicing of the loan for the Plumtree-Bulawayo-Harare-Mutare road.

308. The amounts disbursed to Road Authorities are reflected in Table 15.

309. In order to ensure that local communities benefit from resources under the ZINARA Road Fund, Government requires Local Authorities to comply with all the conditions of accessing the Fund, including non-diversion of resources towards non-road activities.

310. In this regard, capacity challenges in Local Authorities are also being addressed to ensure efficient utilisation of resources.

311. Furthermore, the Fund provided direct support for the Roads Conditions Survey to the tune of US$1.7 million, as well as rehabilitation and maintenance of the following national roads:

Project Name	Nature of Works	Amount Paid US$	Status
Bindura - Matepatepa Road	Rehabilitation of 1km road section	300,000	Complete
Sherwood Road	Rehabilitation of 8km road section	1,294,000	Complete
Norton - Zvimba Road	Resealing of 28km road section	900,000	On going

Project Name	Nature of Works	Amount Paid US$	Status
Norton - Zvimba Road	Resealing of 40km road section	836,500	On going
Guyu - Manana Road	Rehabilitation of 10km road section	423,000	Base 1:- 6.0
Construction of five Weighbridges	Forbes Border Post, Chitungwiza, Plumtree, Kazungula and Bindura	825,000	
Construction of five Tollgates	Magamba (Chivhu), Collen Bawn, Bindura (Mupfurudzi), Ngundu (Triangle) and Lothian (Roy)	1,474,756	On-going
Airport Road	Payment of outstanding certificates	16,022,996	
Cranborne Road	Resealing	110,020	Complete
Thornhill Airforce (Gweru)	Resealing	847,659	Complete
Midlands University	Rehabilitation of access road	872,864	On - going
Total		**25,639,796**	

Source: ZINARA

Beitbridge-Harare & Harare-Chirundu Highways

312. Contract negotiations for the dualisation of the Harare-Beitbridge phase under a BOT arrangement were concluded in 2016, paving way for onset of project implementation.

313. This allowed for project launch by the President, His Excellency R. G. Mugabe on 19 May 2017, with cost estimates of the dualisation put at US$984 million, and 40% of construction works earmarked for local contractors.

314. Discussions are also underway with the Japanese Government on the upgrading of sections between Karoi and Chirundu, through construction of climbing lanes and renovating sharp curves.

315. The interventions will improve the flow of traffic along the North-South Corridor, whilst also lowering the overall cost of funding for the dualisation of the Harare-Chirundu highway phase that has been earmarked for implementation under loan financing.

Emergency Road Rehabilitation Programme

316. The above normal rainfall received during the 2016/17 rainy season resulted in excessive damage to our road infrastructure network, with the situation being declared a state of disaster.

317. Consequently, Government has since March 2017 launched the Emergency Road Rehabilitation Programme to spearhead rehabilitation of the affected sections of the road network.

Surfacing of Robert Mugabe Way in Bulawayo

Source: Department of Roads

318. The Programme requirements amount to US$100.1 million, being funded through fiscal resources and leveraging road toll collections by the Road Fund.

Surfacing of Robert Mugabe Way in Bulawayo

Source: Department of Roads

319. To date, a total of US$23.3 million has been disbursed, with US$15 million coming from the Treasury, while US$8.3 million was from ZINARA.

Gonese Road Washaway Rehabilitation in Mashonaland East

Source: Department of Roads

320. The Emergency Works have already commenced across the country, with notable progress having being registered in the Cities of Harare and Bulawayo where work on identified priority routes is underway.

Road Works on the Nkankezi Bridge Approaches

Source: Department of Roads

321. The approaches to the Nkankezi Bridge along the Bulawayo-Masvingo road in Matabeleland South had been destroyed during Cyclone Dineo, thereby cutting off linkage between the two cities.

Dangamvura – Boka Road

Source: Department of Roads

322. Works to rehabilitate the bridge are underway with backfilling having been completed. The road works are now complete, with the Nkankezi Bridge now ready for opening to traffic. Prior to this, traffic had been diverted to use the Nkankezi Low Level Bridge.

Mwanezi Bridge (Zibanga – Mangena Road)

Source: DDF

323. Furthermore, the District Development Fund has registered commendable progress on the major rural feeder roads across the country, allowing for improved accessibility to once cutoff rural areas.

Boka Shopping Centre (Dangamvura) Access Road

Source: Department of Roads

Information Communication Technology

324. Extending the ICT infrastructure to all parts of the country remains central to enhancing communication systems in the economy.

325. Support towards back-bone ICT infrastructure, digitalisation migration projects, as well as the E-Government programme, amounted to US$85.6 million during the year 2016.

Tel-One Backbone Network and Broad Band Access Project

326. The US$98.6 million loan for the Tel-One Backbone Network and Broad Band Access Project loan became effective on 20 October 2016, paving way for the implementation of the project.

327. In this regard, site surveys, rehabilitation of existing network infrastructure, including enabling works for the data centre, have been undertaken.

Data Centre and Switch Room

Source: Tel One

328. This includes work on upgrading the Mutare-Harare fibre-optic network, Bulawayo-Victoria Falls Microwave Link upgrade, billing system and IP equipment for Harare and Bulawayo which were completed during 2016.

Project Update

No.	Project Name	Cost US$
1	Upgrade of Bulawayo-Victoria Falls microwave radio link	1 069 672
2	Upgrade of Mutare-Harare-Bulawayo-Plumtree fibre optic backbone link	1 964 735
3	Data Centre and Equipment Room:	2 290 034
4	Online Charging System	6 928 574
5	IMS Upgrade	3 460 606
6	Harare and Mutare IP equipment	2 791 213
7	MSAN (42 sites)	4 685 772
Total		**23 190 606**

Source: Tel One

Net-One Network Expansion Phase II

329. The US$218.9 million National Network Broadband Project, under implementation since 2014, to increase Net-One's network coverage and enhance quality of service has progressed as scheduled.

330. Achievements with project implementation by end of December 2016 are highlighted as follows:

No	Network Element	Project Total	Delivered	Commissioned As At 31/10/2016	Balance
1	Mobile Switching Centre	1	1	1	0
2	Value Growth System	1	1	1	0
3	Base Station Controllers	3	3	3	0
4	Radio Network Controllers	1	1	1	0
5	Base Station Controllers expansion	2	2	2	0
6	Radio & Core Network Management System	1	1	1	0
7	2G Base Stations	1 336	1 306	1 288	48
8	3G Base Stations	600	600	599	1
9	4G Base Stations (Long Term Evolution)	300	161	161	139

No	Network Element	Project Total	Delivered	Commissioned As At 31/10/2016	Balance
10	Internet Protocol Microwave	817	803	754	63
11	Transmission Management System	1	1	1	0
12	ATN	300	0	0	300
13	OSN	64	35	35	29
14	Generators	500	480	462	38
15	Pine Tree Towers	100	100	94	6
16	Lattice Towers	75	75	75	0

Source: Net One

Zimbabwe Digital Broadcasting Migration Project

331. The country embarked on the Digitalisation Migration Project on 25 February 2015, to replace the current Analogue Television Broadcasting System with the new Digital Broadcasting Platform, in line with the International Telecommunication Union requirements.

332. This project provides opportunities for content producers, including employment for those in the creative arts industry, thereby contributing to the growth of the economy.

333. Overall, requirements for the project amount to US$172 million. Through the Budget, an amount of US$16.2 million was availed in 2016, bringing the total support to date to US$47 million.

334. This has enabled completion of two digital television studios, the Master Control Room, Play-out System, Head-end and Satellite Uplink terminal.

335. Furthermore, digitalisation of six existing transmitter sites was completed at Kamativi, Kenmaur, Mutare, Nyanga, Harare and Susamoya, whilst six new transmitter site towers have been completed at Binga, Kotwa, Bindura, Nkayi, Gokwe, Sengwa and Mashava.

336. In addition, the Zvishavane new transmitter tower was completed during the first half of 2017, as well as repair of the Chivhu tower, installation of seven remote monitoring stations, fifteen outreach sessions on content production and power installation on all the 44 sites.

337. Efforts will be made to mobilise more funding from other sources in order to complement Budgetary resources.

Institutional Accommodation

338. Work on the Central Registry Building resumed in 2016, following the disbursement of US$1 million, bringing the cumulative disbursements to US$11 million since 2009.

339. The support availed in 2016 enabled completion of remaining major works such as carpentry, water reticulation, electrical, elevators and civil works, and this should allow occupation of the building in 2017.

340. Government also availed US$200 000 for the resumption of work on the Nkayi District Registry, which had been stalled since 2013. The contractor has completed all outstanding works with beneficial occupation also expected in the last half of 2017.

CHAPTER 7: PUBLIC SECTOR BORROWING REQUIREMENTS

341. In 2016, constrained fiscal space left little discretion for Government to accommodate inescapable additional pressures without increasing recourse to domestic sources of borrowing for both operational, as well as for Zim Asset development projects and programmes.

342. This was also against the background of absence of external financial Budget support.

Borrowing Requirements

343. The combination of inescapable expenditure requirements, and revenue under-performance of US$347.8 million, left public finances with a borrowing requirement of US$1.4 billion.

Borrowing Requirements

	2009	2010	2011	2012	2013	2014	2015	2016
Revenue (US$m)	933.6	2339.1	2921.0	3495.8	3741.0	3727.2	3737.1	3502.2
Expenditure (US$m)	898.1	2143.0	2898.9	3505.3	3987.4	3911.6	4119.6	4923.2
Requirements	**35.5**	**196.1**	**22.1**	**-9.6**	**-246.4**	**-184.4**	**-382.5**	**-1421.0**

Source: Budgets and Revenue Departments

344. Inescapable expenditure pressures that gave rise to larger borrowing requirements over the past year, in an environment of challenged tax revenue collections, were on account of drought mitigation, water and power projects, among others.

345. Drought mitigation related to grain importation accounted for, US$371.2 million; agriculture recovery support initiative, US$160 million; and other capital related programmes, US$121.3 million.

346. In addition, interest payments were US$120.2 million, against a target of US$110 million. Of this, domestic interest payments amounted to US$107.4 million, representing 90% of the total, while foreign interest payments were US$12.8 million.

Treasury Bill Issuances

347. Financing through borrowing from the domestic market was largely achieved using instruments such as Treasury bills and bonds[17].

348. However, issuance of Treasury bills during 2016 was not entirely to provide for the shortfall between Budget expenditure requirements and tax revenue collections.

Treasury Bills Issuances

Category	2016 Issuances
Total Treasury bills issued	2 097 471 650
Budget Financing	356 316 099
Legacy Debt (Issued with Treasury bills)	1 741 155 550
Government Debt	1 065 755 638
RBZ Debt Assumption	329 005 583
Capitalisation	127 624 253
ZAMCO	218 770 074

Source: Zimbabwe Debt Management Office

17 A Treasury bill is a short-term debt obligation backed by the Government with a maturity of less than 1 year. Bonds, on the other hand, have a maturity of more than 1 year. In this document, the acronym "TBs" to represent both Treasury bills and Bonds.

349. Of the US$2.1 billion worth of Treasury bills and bonds issued in 2016, only US$356.3 million was to finance the Budget deficit, whilst US$1.7 billion was to honour outstanding legacy debt.

350. The Budget deficit was financed through Treasury bills of US$346.3 million, average maturity of 160 days, and Treasury bonds, US$10 million, with average tenure of 3 years.

351. It is important to note that Government has been honouring its obligations on maturing Treasury bills, as demonstrated by a total of US$1.1 billion that has so far been repaid timeously.

352. Going forward, in order to contain the Budget deficit, Government will be implementing fiscal deficit targeting, with enforcement of tighter expenditure control mechanisms.

Legacy Debt

353. Government, through its operations to execute its mandate, has over the years accumulated debts through its various arms.

354. Subsequently, Government has taken an initiative to resuscitate public institutions, promotive of economic growth.

355. This has resulted in Government issuing non-budget financing Treasury bonds for the following:

Indebtedness to Suppliers and Service Providers

356. Government has accumulated US$1.07 billion worth of supplier's and service providers arrears to a number of domestic creditors who delivered goods and services to various line Ministries and Departments.

357. These relate to such utilities' obligations as those for water and rates, electricity, telephony and other ICT related services, among others.

Assumption of Reserve Bank Debt

358. The Treasury bills worth US$329 million, issued towards the financing of the Reserve Bank legacy debt, were subject to validation and reconciliation in line with the Reserve Bank Debt Assumption Act.

359. The assumption of US$329 million Reserve Bank debt includes US$130 million due to external creditors.

Issuance for the Recapitalisation of Public Institutions

360. Public Institutions are essential vehicles through which Government influences economic activities.

361. However, low capitalisation of such institutions has been negatively affecting the operations of some of these critical institutions.

362. In view of this, Government in 2016 issued Treasury bills worth a total of US$128 million towards recapitalisation of Public Institutions as indicated below.

Capitalisation of Public Institutions

Institution	Amount US$
Infrastructure Development Bank of Zimbabwe	18 707 797
Agribank	46 878 384
ZB Bank	20 000 000
People's Savings Bank (POSB)	20 000 000
Small and Medium Enterprises Development Corporation (SMEDCO)	15 000 000
Various	7 038 072
Total	127 624 253

Source: Zimbabwe Debt Management Office

Other Public Enterprises

363. Cabinet has also approved debt assumption of some public enterprises with a view to making their balance sheet attractive to potential investors.

364. These include the National Railways of Zimbabwe, Air Zimbabwe, Civil Aviation Authority of Zimbabwe, and recently for Zisco Steel.

365. This strategy will be pursued on a case by case basis as a way of attracting foreign investment into these entities.

Issuance for the Financing of Zimbabwe Asset Management Corporation

366. Financial sector stability remains crucial for sustainable development. However, rising Non-Performing Loans (NPLs) threatened to cripple the country's financial sector.

367. Government responded by establishing the Zimbabwe Asset Management Corporation (ZAMCO) that bought collateralised NPLs from the banking sector.

368. In 2016 Government issued Treasury bonds amounting to US$219 million towards recapitilisation of ZAMCO.

369. Government has also made a conscious decision to resuscitate CAPS Holdings and Cottco through warehousing their legacy debts under ZAMCO before Government fully takes up its equity.

CHAPTER 8: PUBLIC DEBT

370. Zimbabwe's total debt, as at end December 2016, is estimated at US$11.3 billion, of which public and publicly guaranteed external debt stood at US$7.3 billion, and domestic debt being US$4 billion.

Public External Debt

371. Of the US$7.3 billion, US$5.3 billion or 73% is owed by central Government, while US$1.5 billion relates to public enterprises borrowing[18], that is 19% of the total external debt, and US$0.5 billion or 8% is the Reserve Bank debt.

372. The assumption by Government of the Reserve Bank external debt of US$0.5 billion raised Government's indebtedness to the external world to US$5.8 billion.

Public and Publicly Guaranteed External Debt

	Central Government Debt	Guaranteed Debt	Total Debt
Total Debt	5 825	1 406	7 231
Bilateral	3 383	801	**4 183**
Paris Club	2 266	775	**3 041**
Non Paris Club	1 117	25	**1 142**
Multilateral	1 912	605	**2 518**
RBZ Assumed Debt	530	-	530

Source: Public Debt Management Office

18 Publicly guaranteed external debt is contained in Table 18

373. Of the total external debt of US$7.3 billion, that owed to bilateral creditors is US$4.8 billion, broken down into US$3.1 billion for the Paris Club and US$1.7 billion for the Non-Paris Club.

374. Paris Club debt relates to indebtedness to bilateral countries, mostly OECD members, with the French Treasury providing the Secretariat, while the Non-Paris Club is essentially commercial debt.

375. The balance of outstanding external debt of US$2.5 billion as at end December 2016 was to multilateral creditors.

Domestic Debt

376. Of the total domestic debt stock, US$1.44 billion was on account of financing of various Government operations, while US$1.3 billion is a legacy debt arising from previous borrowings.

Domestic Debt

Purpose	US$ mil
Government Operations	1 440
Government Legacy Debt	1 252
RBZ Debt Assumption	610
Capitalisation of RBZ and other institutions	721
Grand Total	4 014

Source: Public Debt Management Office

377. In addition, Government also assumed the Reserve Bank debt to the tune of US$610 million, with an additional US$721 million having

been borrowed for capitalisation of the Reserve Bank and other Public Institutions.

Arrears Clearance

378. Of the total external debt of US$7.2 billion, US$5.1 billion is in arrears. The arrears problem remains a stumbling block for Zimbabwe to access new financing at cheap borrowing terms.

379. Pursuant to the Arrears Clearance Strategy agreed with creditors in Lima in October 2015, on 20 October 2016, Zimbabwe settled its overdue obligations to the IMF amounting to US$107.9 million.

380. It is, however, important to note that for any future consideration of new financing from the IMF, Zimbabwe would be required to comply with other applicable IMF policies, which includes:

- Resolving arrears to other multilateral creditors under the *pari-passu* rule (African Development Bank, the World Bank, European Investment Bank) as well as bilateral official creditors; and
- Implementing strong fiscal adjustment and structural reforms to restore fiscal and debt sustainability and foster private sector development.

381. The next step entails resolving arrears to the other multilateral creditors, namely the African Development Bank, US$642 million; the World Bank, US$1.4 billion; the European Investment Bank, US$294 million; and other multilateral institutions, as well as bilateral official creditors.

382. Clearance of arrears will open up opportunities for the country to access concessional development financing as well as investment inflows.

CHAPTER 9: STRUCTURAL REFORMS

383. The implementation of the 2016 Budget also targeted development of a raft of Structural Reform Measures to improve the competitiveness of the economy in order to revitalise local production and reduce over-dependency on imports.

384. To this end, implementation of structural reform measures focused in the following areas:

- Improving Zimbabwe's openness as a destination of investment, targeting both the domestic as well as the foreign investor.
- Reforming our public enterprises to transform them from perennial loss making and dependency on the fiscus, to contributors of employment creation, exports and tax payment.
- Strengthening the Public Finance Management System to enhance transparency and accountability in the utilisation and management of public resources.
- Streamlining Public Procurement processes.
- Strengthening the monitoring capacity of the Legislature.
- Strengthening Governance through alignment of various Laws to the Constitution.

Ease of Doing Business

385. The review of the legislative framework, together with the removal of regulatory, transactional and administrative hurdles being spearheaded by the Office of the President and Cabinet under the Rapid Results Initiative, has seen significant progress in improving the ease of doing business environment, including strengthening the country's competiveness.

386. Some of the legislative reforms that were submitted to Parliament in 2016, include the following:

Ease of Doing Business Legislative Reforms

Legal Reform	Objective
Movable Property Security Interests Bill	to permit creation of a Collateral Registry and thereby improve access to finance for SMEs by allowing them to use movable assets as collateral
Insolvency Bill	to ensure accountability and efficient insolvency proceedings that permit unsalvageable companies to be quickly liquidated and viable firms to be revived thus preserving jobs
Estate Administrators Bill	To set out requirements for registration of insolvency practitioners and for registration and de-registration procedures for insolvency practitioners
Judicial Laws (Ease of Settling Commercial and Other Disputes) Bill	to ensure expeditious resolution of commercial disputes
Deeds Registries Amendment Bill	to allow for electronic management of the Deeds Registry
Public Procurement and Disposal of Assets Bill	to separate the regulatory and operational functions of procurement authority; decentralise procurement to procuring entities and modernise and professionalise procurement.
Shop Licencing Amendment Bill	to streamline and simplify licensing procedures and timelines under the Act

387. Meanwhile, various legal reforms have been promulgated and are now law, and these include:

Promulgated Legislation

Act	Objective
Banking Amendment Act	To enhance good corporate governance, financial infrastructure development, consumer protection and proving a framework for dealing with problem banking institutions
Public Debt Management Act	to ensure 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
Public Finance Management (Amendment) Act	to enhance transparency and accountability in the management of public resources and ensure that resources collected by public entities are used for delivering vital public services efficiently;
Joint Ventures Act	to regulate how joint venture proposals are received and processed further to which a joint ventures unit is being set up in the Ministry of Finance and Economic Development
Special Economic Zones Act	to provide an enabling environment for the development of all aspects of Special Economic Zones including development of infrastructural facilities; incentives for economic and business activities in Special Economic Zones; and removal of barriers that negatively affect operations in areas designated as Special Economic Zones
Census and Statistics Amendment Act	To allow for dissemination of micro data to data users
Judicial Laws (Ease of Settling Commercial and other Disputes) Amendment Act	to ensure expeditious resolution of commercial disputes
Deeds Registries Amendment Act	to allow for electronic management of the Deeds Registry

388. In addition, the alignment of Zimbabwe's laws to the Constitution progressed well and is nearing completion, after the passage in 2016 of the General Laws Amendment Act through which 125 laws were amended.

389. Of the 116 Acts which either still alignment or further alignment, the work required on 67 of those Acts is confined to making appropriate provisions for representation of women on governing bodies.

390. A Companies Bill which will repeal the current Companies Act has been developed and will be presented before Cabinet during the course of the year.

Public Finance Management Reforms

Review of Public Finance Management Act

391. Government is reviewing the Public Finance Management Act to align it with the Constitution and further improve on effectiveness of public resource use and accountability arrangements.

392. Consultations are ongoing with a view to finalising the Bill, during the last half of 2017.

Public Entities Corporate Governance Bill

393. In order to promote sound corporate governance, ethical leadership, professionalism and enhanced accountability in public sector institutions, a Public Entities Corporate Governance Bill has been drafted to give legal effect to key aspects of the National Code of

Corporate Governance launched by Government in 2015 and make compliance therewith mandatory and enforceable.

394. The draft Bill has been approved by Cabinet and will soon be tabled before Parliament.

Public Procurement

395. The Public Procurement and Disposal of Public Assets Bill that seeks to transform the State Procurement Board into a regulatory authority, and transfer the responsibility of awarding tenders to procuring individual entities has been passed by Parliament and now awaits Presidential assent.

396. Capacity building activities in preparation for the decentralisation of procurement to procuring entities are already under way.

Public Finance Management Regulations

397. In order to provide guidance on, and fully operationalise provisions of the Public Finance Management Act, the Public Finance Management Regulations have been developed, while Treasury Instructions have been reviewed and updated to align them with the Public Finance Management Act and bring on board changes in the operating environment.

398. The two documents are expected to be finalised by the end of October 2017.

Remuneration Framework for Public Entities

399. Relating compensation to enterprise performance is necessary to attract the right calibre of human resources required to steer public entities' turnaround and performance improvement efforts.

400. In this regard, the draft Remuneration Framework for Boards and Executive Management at public entities that make a call on the fiscus has been developed and is under consideration within Government structures.

401. A freeze on review of remuneration and benefits is in place with effect from 1 January 2017, pending finalisation of the proposed Remuneration Framework.

Roll-out of Public Financial Management System

402. The computerised Public Financial Management System that runs on the SAP platform is now available in all Ministries up to Provincial level.

403. Government recently took delivery of new servers that provide the capacity to further roll-out the system to District level for Government institutions in 2017.

404. Urban and rural local authorities will complement this thrust by establishing Computerised Accounting Systems that are compatible with the main Government SAP system, such that information on resource availability at local authority level can be accessed and effectively monitored.

Public Finance Management Amendment Act 2016

405. The Public Finance Management (Amendment) Act 2016 was enacted to improve the effective management of and accountability for public resources by strengthening the sector Ministries and Treasury's financial oversight of public entities.

406. The amendment further enhances governance arrangements over statutory funds that were not adequately catered for in the Public Finance Management Act.

Special Economic Zones

407. In an endeavour to attract foreign direct investment, the Special Economic Zones Act was promulgated in the last quarter of 2016,

paving way for the implementation of the first stage of three prioritised projects namely:

- Sunway City in Harare;
- Bulawayo Industrial Hub;
- Special Economic Tourism Zone Corridor stretching from Victoria Falls–Hwange National Park–Binga–Kariba to Mana Pools;
- Victoria Falls Financial Services Special Economic Zone; and
- Diamond Cutting and Polishing Special Economic Zone in Mutare.

408. Incentives for Special Economic Zones are contained in Annex 36.

409. Already, Government has signed a Memorandum of Understanding with Gansu Provincial Development and the Reform Commission of China on the stimulation of the Sunway City Special Economic Zone.

410. In promotion of investment in tourism, Government also established a Special Purpose Vehicle (SPV) named Mosi-a-Tunya Development Company which owns a piece of land covering 271.5 hectares.

411. This SPV was earmarked as a pilot project for Tourism Special Economic Zone in Victoria Falls.

412. Feasibility studies for the Victoria Falls SEZ are planned for 2017 and this will form the basis for engaging potential investors into the area.

413. Within the same framework, a Victoria Falls Integrated Tourism Park Master Plan is yet to be developed and is planned for 2017.

414. Expectations are that this will spearhead tourism development and increase the benefits from the tourism value chain through employment creation, increase in Foreign Direct Investment and, therefore, tourism's contribution to overall economic activity.

415. The Special Economic Zones Authority is also expected to establish an appropriate regulatory and policy infrastructure to facilitate competitive business activities.

Local Authorities

416. Our Local Authorities still lag behind in their contribution to economic development through public services delivery, regulation, and promotion of various pro-business initiatives.

417. Almost all urban centres face challenges in terms of water supply and sanitation, refuse collection, roads maintenance and lighting, among

other critical areas which make urban areas livable and promotive of business activities.

418. These challenges reflect in part governance as well as financial deficiencies, including accumulating debts by rate payers.

419. Government is, therefore, engaging Local Authorities with a view towards:

- Settling outstanding debts owed by Government and other quasi Government entities;
- Requiring rate payers to meet their obligations as they fall due; and
- Support for a framework for rate payers to settle outstanding debts.

420. In the same vein, Local Authorities are also required to contain their administrative costs.

421. Central will be enforcement of the Cabinet directive over the ratio of wages to revenue of 30 to 70%.

CHAPTER 10: FINANCIAL SECTOR DEVELOPMENTS

422. Growth in the financial sector, inclusive of the banking, insurance and pension, securities and micro-finance sectors, averaged 2% in 2016.

423. This was against the background of tighter liquidity conditions, which Government continues to address by implementation of Zim Asset initiatives to stimulate increased domestic production and value addition, alongside the ongoing innovations in the provision of digital financial services on a business-to-business, business-to-persons and persons-to-persons basis.

Banking Sector

Digital Financial Services

424. The promotion of digital finance by the Reserve Bank saw 32 629 point of sale (POS) swipe machines and 40 590 mobile money agents deployed across the country by December 2016, covering all sectors of the economy beyond the formal retailers to include both public and private service providers.

425. In line with the National Financial Inclusion Policy thrust for the period to 2020, the target is to deploy about 200 000 POS machines and 90 000 mobile money agents.

426. Distribution of the POS machines will also cater for our education sector with about 9 000 schools requiring POS machines.

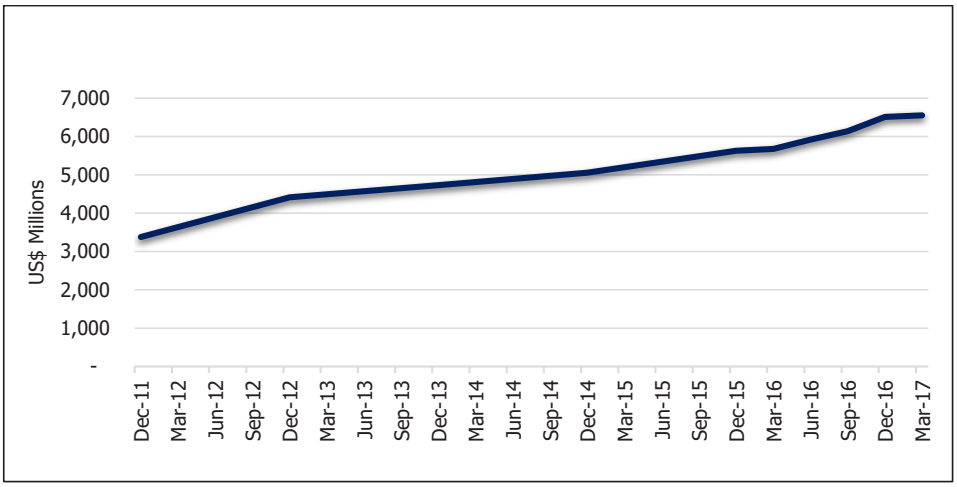
427. The value of plastic money and electronic banking transactions grew from US$56.9 billion in 2015 to US$61.7 billion in 2016, thus trending the economy away from cash towards greater utilisation of electronic systems for transactions.

Bank Sector Deposits

428. Total banking sector deposits during 2016 increased by 15.8% to end the year at US$6.5 billion. Further growth was witnessed during the first quarter of 2017, to US$6.6 billion.

429. The trend of total deposits is illustrated in the Chart below:

Total Deposits



Source: Reserve Bank

430. Of this amount, demand deposits accounted for 54.6%, followed by time deposits and savings deposits at 26.9% and 4.7%, respectively. Other deposits accounted for 13.8%.

Interest Rates

431. Deposits rates for savings, 30 day deposits and 90 day deposits were 3.2%, 6.9% and 7.21% in January 2016, respectively. However, they gradually declined to close the year at 3.01%, 5.36% and 5.72%, respectively.

432. All deposit rates classes continued to decline in the first half of 2017. This is illustrated in the Table below.

Average Deposit Rates (%)

Date	Savings	30-Day	90-Day
Jan 2016	3.20	6.90	7.21
March 2016	3.03	6.57	6.93
May 2016	3.03	6.15	6.74
Jul 2016	3.03	5.49	6.03
Sep 2016	3.01	5.41	5.76
Nov 2016	3.01	5.34	5.75
Dec 2016	3.01	5.36	5.72
Jan 2017	3.01	5.34	5.81
Mar 2017	3.55	4.97	5.43
May 2017	3.96	4.38	4.45
June 2017	3.85	4.40	4.45

Source: Reserve Bank

433. Commercial bank weighted lending rates for corporate clients opened the year higher at 7.28 in January 2016, closing the year at 6.87%, before rising marginally to 7.05% by June 2017.

434. Similarly, lending rates for individuals have been on a downward trend from 12.08% at the beginning of 2016 to 9.01% by the end of the first half of 2017.

Commercial Bank Weighted Lending Rates (%)

Date	Individuals	Corporates
Jan 2016	12.08	7.28
March 2016	11.41	7.27
May 2016	11.43	7.35
Jul 2016	10.69	6.79
Sep 2016	10.66	6.88
Nov 2016	10.67	6.95
Dec 2016	10.59	6.87
Jan 2017	10.67	6.69
Mar 2017	9.12	7.02
May 2017	9.17	7.03
June 2017	9.01	7.05

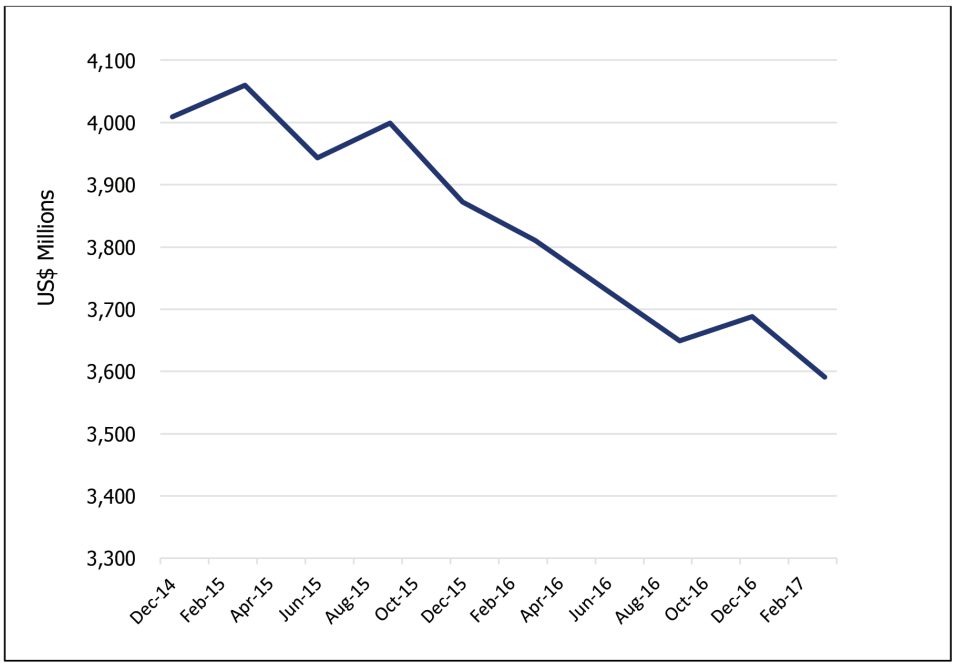
Source: Reserve Bank

Banking Sector Loans and Advances

435. Banking sector loans and advances marginally declined by 3.2% from US$3.9 billion as at the end of December 2015 to US$3.7 billion by December 2016.

436. The decline is largely attributable to prudential and cautious lending by banks as well as acquisition of non-performing loans by ZAMCO. Loans and advances further declined to US$3.59 billion by March 2017.

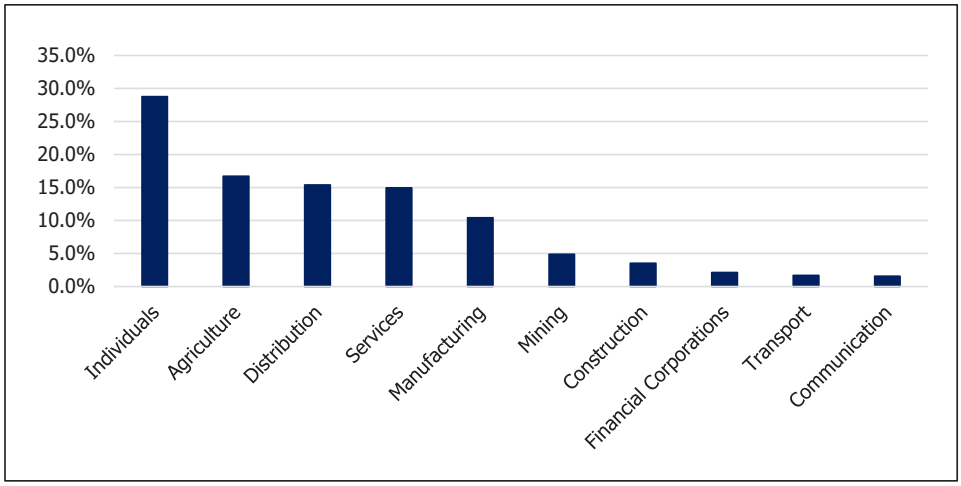
Loans and Advances



Source: Reserve Bank

437. The distribution of loans and advances continued to be skewed towards individuals, with salary backed loans accounting for 28.8% of total, followed by agriculture and distribution at 16.7% and 15.4%, respectively.

Distribution of Loans and Advances



Source: Reserve Bank

Non-Performing Loans

438. The asset quality of the banking sector improved during the year 2016, with Non-Performing Loans declining to 7.87% of the total loan book, against 10.82% of December 2015.

439. The decline in Non-Performing Loans is largely attributable to enhanced credit management systems by banks during the year, coupled with improvements benefitting from disposal of Non-Performing Loans to ZAMCO.

440. The operationalisation of a credit reference system is expected to improve information sharing, thereby, reducing credit risk and, hence, the level of Non-Performing Loans.

441. The credit reference system is a centralised credit information repository that enable lenders to determine the level of indebtedness and credit history of current and potential borrowers.

Credit Registry

442. The Credit Registry, which was established at the Reserve Bank in terms of the Banking Act, went live at the beginning of January 2017.

443. As at 31 March 2017, the Reserve Bank had captured 60% of the total banking sector loan records in the Credit Registry, comprising both individuals and corporates.

444. The Credit Registry is expected to promote responsible borrowing through reducing information asymmetry among lenders, thereby reducing over indebtedness among borrowers.

445. The long-term benefits of the Credit Registry include reduction in the level of non-performing loans in the banking sector and improved access to credit.

Liquidity and Cash Challenges

446. The current liquidity and cash challenges are not unique to this economy but an expected temporary and transitional phenomena for a dollarised economy.

447. These challenges, which also stem from the proliferation of indiscipline related to activities of money changers, as well as foreign currency externalisation cases, are being dealt with.

448. This is in the context of the position of the 18th Meeting of Cabinet held on 13 June 2017 directing that we also explicitly deal with the following:

- Fighting corruption;
- Curbing illicit financial flows;
- Addressing underground foreign exchange dealings; and
- Operationalising the Commercial Court.

449. In taking the above decisions, Cabinet has underscored that it will not tolerate indiscipline, and the associated leakages besetting the economy.

Equities Market

450. The stock market, though subdued for the earlier part of 2016, recovered from September and closed the year 2016 on a higher note.

451. Industrial counters gained 25.8% in 2016, on a year to year basis, as the industrial index, which had opened the year at 114.85 points, recovered to an annual high of 144.53 points by end of December.

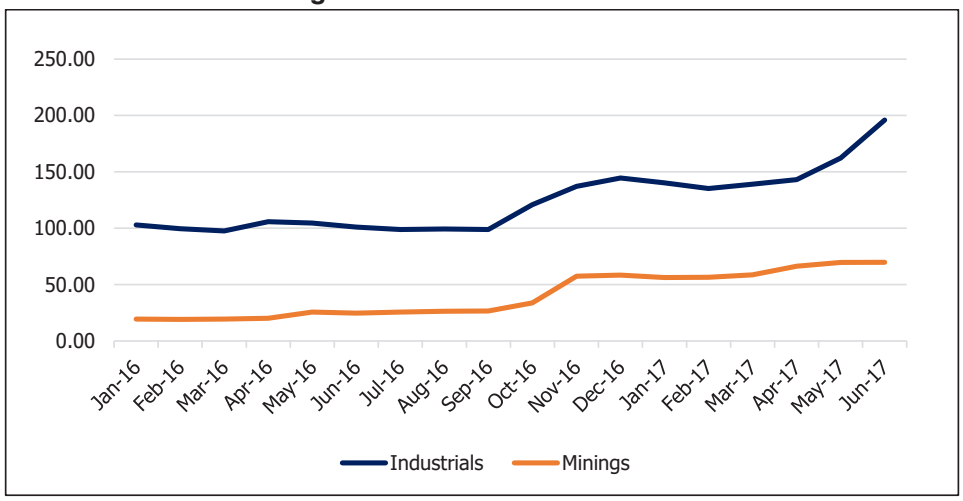
452. Even stronger recovery was witnessed in mining, with the mining share index gaining 145.7% to close the year at 58.51 points.

453. Total market capitalisation of the stock market by end of 2016 increased by 30.4%, from a beginning of year opening of US$3.1 billion to US$4 billion by December 2016.

454. The first half of 2017 was characterised by a strong rally as bullish sentiments dominated the equities market.

455. The industrial index gained 35.6% to close the month of June 2017 at 195.97 points, whilst the mining index rose by 19.3% to 69.79 points.

Zimbabwe Stock Exchange Indices



Source: ZSE

456. In addition to the above developments, the ZSE made strides towards introduction of the bond market, with the drafting and approval of debt market rules, already finalised and now awaiting gazetting.

Insurance and Pension Industry

457. The asset base for the insurance and pension industry totaled US$4.4 billion as at 31 March 2017.

Insurance Industry Assets

Insurer	Assets (US$)
Non-Life	221 378 000
Life	1 658 817 000
Funeral	61 799 000
Life Reinsurance	36 578 000
Short term Reinsurance	137 288 000
Pension Funds	2 284 140 000
Total	**4 400 000 000**

Source: Insurance and Pensions Commission (IPEC)

Insurance Premiums

458. Gross premiums in life insurance business grew by 3.2% to US$581.2 million as at December 2016.

Insurance Companies' Premium Receipts

Insurer	Gross Premiums (US$ m)		Growth (%)
	2015	2016	
Non-life Insurance	213.44	215.97	1.19
Life Assurers	313.04	326.64	4.34
Funeral Assurers	36.54	38.62	5.69
Total	**563.02**	**581.23**	**3.23**

Source: IPEC

459. The bulk of this growth was driven by life assurers, whose premiums went up by US$13.6 million, whereas non-life insurance and funeral assurers' premiums grew by US$2.5 million and US$2.1 million, respectively.

Re-Insurance Premiums

460. Gross premiums underwritten by re-insurance companies declined by 5% in 2016.

Re-Insurance Companies' Premium Receipts

Re-Insurer	Gross Premiums (US$ m)		Growth (%)
	2015	2016	
Non-life Re-Insurance	102.7	100	-2.7
Life Re-Assurance	8.8	5.9	-32.4
Total	**111.5**	**105.9**	**-5**

Source: Insurance and Pensions Commission (IPEC)

461. Overall, the insurance industry registered a steady average growth of 2% in 2016.

Minimum Capital Requirements

462. Insurance companies' minimum capital requirements were reviewed from January 2016, however, companies below the prescribed thresholds were allowed up to 31 December 2016 to meet the revised minimum capital requirements.

463. The Table below shows the level of minimum capital compliance requirements for different classes of business:

Capital Requirements: December 2016

Insurer	Previous Capital Threshold	Capital Threshold effective January 2016
Non-life Insurance	US$1.5 m	US$2.5 m
Non-life Re-Insurance	US$1.5 m	US$5 m
Composite Re-Insurers	US$3 m	US$5 m
Life Assurance	US$2 m	US$5 m
Funeral Assurance	US$1.5 m	US$2.5 m
Life Re-Assurance	US$1.5 m	US$5 m

Source: IPEC

464. The industry's actual capital holdings were as follows:

Life Companies (Excluding Funeral Assurers)

Company	Capital Position (US$)	
	Dec-16	Mar-17
CBZ Life	15 134 000	15 498 000
Econet Life	6 234 000	6 129 000
Evolution Health & Life	3 081 000	3 281 000
Fidelity Life	18 852 000	17 070 000
First Mutual Life	12 488 000	12 290 000
Getsure Life	3 644 000	3 799 000
Heritage Life	2 703 000	3 395 000
Nyaradzo Life	11 833 000	13 496 000
Old Mutual Life	160 818 000	162 278 000
ZB Life	14 241 000	15 530 000
Zimnat Life	19 874 000	20 759 000
Total	**268 902 000**	**273 525 000**

465. From the Table above, Evolution Health and Life, Getsure Life and Heritage Life were non-compliant with the US$5 million minimum capital requirement.

Non-Life Companies

Company	Capital Position (US$)	
	Dec-16	Mar-17
Alliance Insurance Company	5 072 004	4 711 507
Allied Insurance Company	1 671 164	1 762 885
C.B.Z Insurance Company	5 108 606	5 309 482
Cell Insurance Company	4 184 007	4 889 783
Champions Insurance Company	3 102 802	3 439 527
Clarion Insurance Company	1 634 918	2 115 896
Credit Insurance Zimbabwe	1 206 266	1 766 543
Eagle Insurance Company	6 553 460	6 518 091
Evolution Insurance Company	3 364 620	3 252 806
Export Credit Guarantee Company	3 160 996	3 315 615
Hamilton Insurance Company	2 029 696	1 816 055
Nicoz Diamond Insurance Company	12 123 000	13 241 000
Old Mutual Insurance Company	22 676 652	21 832 771
Quality Insurance Company	1 727 000	1 668 785
Regal Insurance Company	3 032 468	3 070 529
Safel Insurance Company	1 673 534	2 141 901
Sanctuary Insurance Company	1 564 233	1 603 451
THI Insurance (Pvt) Ltd	1 846 570	2 216 765
Tristar Insurance Company	2 294 938	2 223 485
Zimnat Lion Insurance Company	8 158 327	8 727 485
Total	**92 185 261**	**95 624 362**

466. As depicted in the Table above, 9 out of 20 non-life direct insurers were not compliant with the US$2.5 minimum capital requirement.

Funeral Companies

Company	Capital Position ($)	
	Dec-16	Mar-17
Orchid	704 000	708 000
Doves	20 391 000	20 135 000
First Funeral	6 736 000	6 386 000
Foundation	863 000	918 000
Moonlight	3 590 000	4 348 000
Passion	808 000	644 000
Ruvimbo	1 835 000	1 929 000
Sunset	1 501 000	1 504 000
Vineyard	1 888 000	1 958 000
Total	**38 316 000**	**38 530 000**

467. From the above Table, only Doves, First Funeral and Moonlight funeral companies were compliant with the US$2.5 million minimum capital requirement.

468. Out of the 12 reinsurers, 5 were non-compliant with the US$5 million minimum capital requirement.

Prescribed Assets Requirements

469. The insurance and pensions industry's compliance with prescribed asset requirements as at 31 March 2017 was as follows.

Insurer	Prescribed Asset Requirement	Compliance Level
Funeral	5%	1%
Life Reinsurance	7.5%	7%
Life Business	7.5%	13.8%
Pension Funds	10%	7%

Source: IPEC

470. As depicted in the Table above, only life business was compliant to the minimum prescribed asset thresholds.

Insurance and Pensions Legislation

471. The Insurance and Pension Commission (IPEC) Bill and the Insurance Bill were finalised in 2016, and subsequently approved by the Cabinet Committee on Legislation (CCL) whilst the Pension and Provident Funds Bill await CCL approval before being tabled in Parliament before the end of 2017.

Interface Information Technology System

472. The Interface Information Technology system for IPEC was installed in 2016, with implementation having started in February 2017. The system enables e-filing of returns and timely production of reports, hence, is envisaged to improve service delivery.

Conversion of Insurance and Pension Values

473. Work by the Commission of Inquiry into the Conversion of Insurance and Pension Values from the Zimbabwe dollar to the United States dollar progressed well in 2016 and was concluded in February 2017.

474. The findings and recommendations of the Commission of Inquiry into the Conversion of Insurance and Pension Values will be announced once considered by His Excellency the President.

Alternative Trading Platform

475. Alternative Trading Platform rules were gazetted in 2016, paving way for the launch of a well-developed financial and capital market offering a variety of products to the public.

476. Old Mutual was the first to list on the Alternative Trading Platform to facilitate secondary trading of lower-tier securities not listed on the ZSE.

Financial Inclusion

477. The National Financial Inclusion Strategy (2016-2020) was launched in March 2016 to reach out to the under-served and un-banked and to harness deposits, as well as promote long term savings.

478. In addition, the Strategy is aimed at facilitating the effective provision of a wide range of quality, affordable and accessible financial services, in a fair and transparent manner through the formal financial system.

479. It seeks to broaden and deepen financial intermediation by targeting traditionally excluded groups such as:

- Micro, small and medium enterprises;
- Women and the youths;
- Rural population;

- Small scale farmers;
- People living with disabilities; and
- Small scale or artisanal miners.

480. The Financial Inclusion Strategy is anchored on four main pillars, namely:

- Financial innovation;
- Financial capability;
- Financial consumer protection; and
- Micro-finance.

481. The Reserve Bank is co-ordinating financial inclusion initiatives through Thematic Working Groups.

482. The 9 Thematic Working Groups for the Financial Inclusion Strategy are the following:

- Digital Financial Services;
- Insurance, Pensions and Capital Markets;
- Rural and Agricultural Finance and Development;
- SMEs Finance and Development;
- Women Finance and Development;

- Financial Literacy and Consumer Protection;
- Micro-Finance;
- Disabled and Disadvantaged Groups Finance and Development; and
- Youth Finance and Development.

483. Membership for the Thematic Working Groups is drawn from:

- Government Ministries;
- Government Departments;
- Regulatory Bodies;
- Development Partners;
- Mobile Network Operators;
- Academia; and
- Business Associations or Networks.

484. Financial institutions have instituted a number of initiatives targeting the identified priority groups in the National Financial Inclusion Strategy, namely, SMEs, women, small holder farmers, small scale or artisanal miners and the youth.

Exports

485. Total exports of goods increased to US$3.7 billion in 2016, from US$3.6 billion recorded in 2015, driven mainly by gold and tobacco exports[19].

Mineral Exports

486. Mineral exports grew by 6.4%, to reach US$2.2 billion from US$2.1 billion in 2015, largely reflecting strong performance in gold, which recorded US$913.4 million in 2016, on account of improvements in both production and international prices.

Mineral Exports (US$ m)

	2015 Actual	2016 Est	2017 Proj
Total	2 089.2	2 222.6	2 266.2
Gold	753.3	913.4	905.3
PGMs	678.2	781.5	789.2
Diamond	179.1	98	105
Nickel	170.7	170.2	208

Source: RBZ

19 Balance of Payments summary is contained in Table 19

487. Strong production performance, coupled with firming international prices, for the platinum group of metals, diamonds and nickel, are expected to push mineral exports to US$2.3 billion in 2017.

Agricultural Exports

488. Growth of 9% in tobacco export realisations in 2016 underpinned positive performance in overall agriculture exports during the year.

Agricultural Exports (US$ m)

	2014 Actual	2015 Actual	2016 Est	2017 Proj
Agricultural Exports	981.2	1 015.9	1 064.3	1 155.1
Tobacco	772.6	855.0	933.3	980
Sugar	155.2	108.9	52.8	122.6
Horticulture	10.2	12.7	11.2	16.4
Citrus	4.0	4.0	4.8	4.9
Flowers	3.8	3.3	2.6	4.2
Vegetables & Other Fruits	2.4	5.4	3.7	7.2
CSC Beef	0.042	0.055	0.000	4.152
Poultry & related Products	3.4	3.2	1.9	1.9
Coffee	1.7	1.5	1.9	1.2
Other Agriculture	38.0	34.6	63.3	47.1
Annual Growth Rate (%)	-6.3	3.5	4.8	6.7

Source: Reserve Bank

489. Exports of the economy's agriculture products in 2016 grew by 4.8% from US$1 billion in 2015 to US$1.1 billion.

490. Of this, improved performance in tobacco production accounted for US$933 million of total agriculture exports. In the previous year, tobacco had accounted for US$855 million in exports.

491. However, sugar exports significantly declined from US$108.9 million in 2015 to US$53 million in 2016.

492. This was on account of improved domestic demand following import substitution measures instituted by Government, as well as depressed international sugar prices from US$0.55 per kg to US$0.44 per kg.

493. The impact of improved domestic demand was also to benefit sugar refineries' production capacity utilisation levels.

494. In 2017, agricultural exports are expected to increase by 6.7% to US$1.16 billion, led by tobacco and sugar.

Value Added Exports

495. Exports of finished manufactured goods were on the increase, recording US$183 million in 2016, from US$175 million of the previous year.

496. These ranged from foodstuffs, furniture, building materials, chemicals, packaging materials, footwear, and plastics, among others.

497. Challenges were, however, experienced with exports of such semi-processed products as ferro-alloys and cotton lint.

498. While the fall in cotton lint exports reflected collapse of production, that on high carbon ferrochrome was largely on account of depressed international prices.

Manufactured Exports (US$ m)

	2015 Act	2016 Est	2017 Proj
Total	**417.1**	**320.2**	**363.0**
Ferro-Alloys	181.4	116	130.6
Cotton lint	52.3	13.7	45.3
Pure manufactures	175	182.9	184.7

Source: Reserve Bank

499. However, in 2017, with the support extended to cotton farmers by Government, coupled with firming up of metal prices, exports of semi-processed goods are projected to markedly improve.

500. The overall impact on total manufactured exports is growth from US$320 million in 2016 to US$363 million by end of 2017.

Imports

501. Total imports dropped by 15%, from US$6.1 billion in 2015 to US$5.2 billion in 2016, mainly due to Zim Asset intervention measures

to stimulate domestic production and value addition, and that way increasing supply of domestically produced goods.

Imports: US$ m

	2015	2016 Est	2017 Proj
Total	**5 980.1**	**5 162**	**5 394**
Food	586.3	634.4	375.2
o/w maize	164.8	286.5	148
Electricity	32.7	190.3	95.7
Fuels	1 460.9	1 283.2	1 539.5

Source: Reserve Bank

Food Imports

502. Of the total year 2016 import bill, food imports stood at US$634.4 million, up from US$586.3 million in 2015, of which imports of maize were US$286.5 million.

Fuel

503. The decline in the overall 2016 import bill also benefitted from the fall in fuel imports, down to US$1.3 billion from US$1.5 billion in the previous year.

504. This was also against the background of falling international crude oil prices, as import volumes for diesel actually increased from 1.7 billion litres in 2015, valued at US$919 million; to 1.8 billion litres, valued at US$775 million in 2016.

505. Volumes of petrol imports, however, declined to 882 million litres, at a value of US$395 million in 2016; from 891 million litres, at US$466 million in the previous year.

Imports of Diesel and Petrol, US$ m

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Diesel	54.1	52.0	114.6	41.3	61.7	67.7	54.4	69.4	59.8	59.6	66.5	74.0	775.1
Petrol	28.8	29.1	61.0	26.0	30.5	33.8	25.9	36.2	29.8	28.0	28.1	37.8	395.1

Source: Reserve Bank

Electricity

506. There was a large surge in imports of electricity from the Sub-Region to provide for shortfalls in domestic power generation at the Kariba South Hydro-Power Station. Intermittent outages at Hwange Power Station also added towards reliance on power imports.

Electricity Imports US$ million

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
HCB[20]	2.81	3.17	3.07	3.90	2.95	2.96	2.78	1.95	2.03	2.00	2.06	1.99	31.67
ESKOM	4.12	8.04	8.55	10.48	12.32	17.52	16.50	10.38	15.72	16.42	18.53	18.14	156.70
DAM	0.18	0.23	0.06	0.14	0.03	0.00	0.05	0.09	0.09	0.23	0.48	0.36	1.95
Total	7.11	11.44	11.68	14.52	15.30	20.48	19.33	12.42	17.84	18.65	21.07	20.49	190.32

Source: ZETDC

507. Electricity imports markedly rose to US$190.3 million in 2016 from US$32.7 million recorded in 2015.

[20]Hydro Cabora Basa

508. The situation at Kariba reflects drought induced reduction of water allocation for power generation by the Zambezi River Authority.

Current Account

509. The *Current Account* deficit, benefitting from improved exports and declining imports, is estimated to have narrowed down to a deficit of US$552 million, from US$1.5 billion recorded in 2015.

510. Further interventions to improve domestic production and value addition should see continued decline in the *Current Account* of the country's balance of payments into 2018.

511. In 2017, total exports are projected to reach US$3.9 billion, on account of strong performance in tobacco, PGMs and nickel among others, while imports are expected to increase to US$5.4 billion on account of a surge in the imports of intermediate goods required in the productive sectors.

Financial Account

512. The quest for improved domestic production and value addition is also against the background of reduced *Financial Account* inflows into the country over the years.

513. This development is a reflection of declining short and long term loans which had been driving *Financial Account* surpluses, as well as subdued direct investment inflows, and portfolio investment outflows in 2016.

514. Going forward, Government will continue implementing measures targeted at improving the doing business environment, providing incentives in the Special Economic Zones, as well as honouring external payment obligations, that way improving investor confidence.

CONCLUSION

515. Notwithstanding some setbacks and challenges under the current environment, the country has made substantial strides in a number of areas, including agriculture, infrastructure rehabilitation, as well as social services delivery, and these have to be acknowledged and rightfully disseminated for the benefit of the public.

516. The challenges have been noted and are integral issues being addressed.

517. As a result, Government will be seized with implementing supply response measures, through advancing the ease of doing business reforms, implementation of Special Economic Zones, and deepening of 'Command' programmes.

518. In addition, Government will intensify revenue mobilisation efforts, while consolidating expenditure rationalisation initiatives through Budget deficit targeting.

519. The destiny of the country rests in our own hands. Given the sanctions environment, the country has no choice, but to rely on mobilisation of domestic resources. Hence, our policies require to be aligned to this reality.

Hon. P. A. Chinamasa (M.P.)
Minister of Finance and Economic Development
20 July 2017

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Annex 1: Expenditure Rationalisation

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
Rationalise the civil service and contain the wage bill to re-orient spending towards capital and social outlays.	• Wage Bill rationalisation and redeployment measures were approved by Cabinet in November 2015.	• Implementation of Cabinet approved measures led to a reduction of Government's baseline employment costs bill, from a monthly level of around U$262 million in 2015 to around US$252 million in 2016 and a projected baseline of US$251 million in 2017. • Conducted a Civil Service Skills Audit and have since started implementing the recommendations. • Some posts, mainly in the Youth, Women, SMEs and Agriculture Ministries were completely abolished, while in other ministries staff was redeployed to more relevant areas. • Health Services Board is finalizing the Skills Audit in the health sector. • Filling of vacant posts and salary freeze remain in all other ministries except for education and health. • Ceased paying salaries for teachers in Trust schools'.	• December 2019

Source: Ministry of Finance

Annex 2: Domestic Revenue Collection and Administration

Objective	Date Adopted by Cabinet	Progress to Date	Date of Completion
• To create fiscal space in order to accommodate important social spending and infrastructure maintenance and development.	• 2016/17 National Budgets and 2016 Mid-Year Fiscal Policy Review.	• Introduced the VAT fiscalisation programme in 2010. • Authorised suppliers of fiscalised devices in 2017 to procure advanced fiscal devices after the initial ones were presumed to be outdated. • Licenced more suppliers of VAT fiscalised devices as well as appoint more VAT withholding agencies. • Allowed ZIMRA to penalise operators for failure to connect to the ZIMRA Server by not giving them Tax Clearance Certificates. • Exempted or standard rated VAT to avoid too many refunds, thereby minimise costs of tax administration. • ZIMRA acquired an Electronic Cargo Tracking system valued at US$2.1million and officially commissioned in May 2017. • Amended the definition of some tax terms in order to minimise tax avoidance for example capital gains tax. • Introduced a Health Fund Levy of 5 cents for every dollar of airtime and mobile data, under the theme, 'Talk-Surf and Save a Life'. • Set up a Large Tax Office (LTO) in order to better administer taxes from large tax payers.	• Ongoing.

Source: Ministry of Finance

Annex 3: Indigenisation Policy Framework

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• Promote investment by making Zimbabwe a competitive investment destination. • Provide guidance on the implementation of the Indigenisation and Economic Empowerment Act in the Resources based sector, Non-resources, financial services sector and Reserved sectors.	• Presidential clarification of the Indigenisation and Empowerment Framework of 11 April 2016.	• The 2016 National Budget announced the formulation and gazetting of respective regulations and procedures for implementation. • Draft Statutory Instrument awaiting gazetting. • Community ownership scheme. • Local content. • Empowerment credits.	• 31 October 2017.

Source: Ministry of Finance and Economic Development

Annex 4: State Owned Enterprises

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• To strengthen management of Public Enterprises with a view of improving public services delivery and eliminating their high dependence on the fiscus.	• Zim Asset, National Budgets.	• Cabinet has prioritised and approved 20 SEPs for quick turnaround, which if successful will bring relief on the fiscus and support economic growth and development. • These 20 SEPs which are categorized in two groups of 10 are the largest and most strategic out of the 38 commercial State Enterprises. • Different funding arrangements are under consideration and a roadmap for their transformation is being developed. • In addition, Government has frozen any remuneration reviews while working on a Remuneration Framework for both SEPs and Local Authorities. • All Ministries are also required to develop implementation plans with specific targets for reforms on their respective SPEs.	• Ongoing.

Source: Ministry of Finance and Economic Development

Annex 5: Land Reform Programme

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• Issuance of a bankable and transferable 99 year leases.	• Approved by Cabinet in November 2015.	• The World Bank provided technical assistance in 2016, culminating in the development of bankable and transferable lease that was also acceptable to banks.	• Ongoing and completion targeted December 2017.
• Survey of land with a view to putting new boundaries and allowing the valuation of farms for compensation purposes.	• The 2016 National Budget announced collaboration between Government, the UNDP and EU on remapping of farm boundaries and valuations of improvements on farms for purposes of compensation.	• To date, the mapping exercise was completed on 5 291 farms out of target of 10 137 farms. • To date, valuations were undertaken on about of 2 984 farms out of a target 4 900 farms. • Valuation for land and improvements for BIPPA farms. • Valuation of improvement for non-BIPPA farms. • Following the introduction of the farm rentals and development levies effective 13 November 2015, (as pronounced in the 2015 Mid-Year Fiscal Policy Review, and in accordance with the Finance Act) collections to date stood at US$2.3 million from rentals and US$0.862 million as development levies. • Rentals are a source for the compensation fund and tool for promoting full utilisation of the land while levies are for development of the communities for Rural District Councils (RDCs).	• The mapping exercise will go beyond 2017, whilst valuations of targeted farms will be completed by December 2017.

Source: Ministry of Finance and Economic Development

Annex 6: Agriculture Productivity

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• To improve productivity in Agriculture.	• Zim Asset October 2013 and the 2016/17 National Budgets.	• Government, in collaboration with the private sector, mobilised over US$400 million for various agricultural financing schemes, to enhance productivity in agriculture through models that include the Special Maize Production Programme, wheat, cotton, soybeans, tomatoes and livestock Programme/Command agriculture, contract farming, joint ventures and the incubator system. • Measures to enhance horticulture exports are also being pursued to restore Zimbabwe's export of flowers and vegetables, especially to the EU.	• 2018/19 season.

Source: Ministry of Finance and Economic Development

Annex 7: Small and Medium Enterprises' Productivity

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• To improve the participation of SMEs in the economy and enhance employment as well as reducing poverty.	• Zim Asset, National Budgets and Monetary Policy Statements.	• Facilities amounting to US$90 million earmarked for SMEs were put in place. • In addition, other incentives are being developed.	• Ongoing.

Source: Ministry of Finance and Economic Development

Annex 8: Enhancing Infrastructure Development

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• Enhancing enablers for supporting productive sectors.	• Zim Asset October 2013 and the 2016/17 National Budgets.	• Notable projects completed include Tokwe Murkosi Dam, Plumtree-Bulawayo-Harare-Mutare road, Bulawayo and Victoria Falls Airports, various urban, and rural water and irrigation projects, among others. • Pipeline projects include Kariba South (extension) hydro power station, Beitbridge-Harare-Chirundu road, among others. • Other ongoing projects are in ICT, power, water and transport, social services sectors. • This was a result of utilisation of different financing models ranging from domestic resources, joint ventures, loans, together with development partner support. • Feasibility studies on infrastructure (Tokwe Mukorsi, Osborne Dam, Gwayi Shangani).	• Ongoing.

Source: Ministry of Finance and Economic Development

Annex 9: Development of Small and Medium Enterprises

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• Development of financing structures, training, access to markets and availing appropriate infrastructure.	• In the 2015/16/17 National Budgets, Government made capitalisation provisions for SMEDCO and also announced plans for its upgrading into a microfinance institution.	• Small Enterprise Development Corporation (SEDCO) was transformed into Small and Medium Enterprises Development Corporation (SMEDCO) in 2015. • Capitalisation of SMEDCO by Government in 2015 and 2016. • Various banks with financing windows for SMEs. • The Reserve Bank has launched a US$90 million facility targeted at small scale gold miners, horticulture, SME business linkages, women in business and cross border traders. • The 2017 Budget provides fiscal incentives for private sector development and infrastructure for SMEs	• Ongoing.

Source: Ministry of Finance and Economic Development

Annex 10: Use of Multiple-Currencies

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• Foster macro-economic stability.	• National Budget Statement of 17 March 2009 introduced the Multi-currency System. • Exchange Control Directive ECD1/2009 issued in July 2009. • Exchange Control Directive RP02/2014 issued 3 January 2014. • Exchange Control Directive ECOGAD8/2016 issued 5 May 2016.	• Finance (No.2) Act 2009 amended the Reserve Bank Act: Section 44 (A) to allow for use of foreign currencies as legal tender in Zimbabwe. • Use of multiple currencies is ongoing and the basket was expanded to nine. • Bond notes – introduction. • Prioritisation of usage of foreign currency.	• Ongoing.

Source: Ministry of Finance and Economic Development

Annex 11: Ease of Doing Business

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• Removal of regulatory, transactional and administrative hurdles in doing business.	• Zim Asset announced in October 2013 accelerated implementation of the ease of doing business reforms through a 100 day programme which started in September 2015. These are being spearheaded by the Office of the President and Cabinet.	• Number of days to start a business has been reduced from 90 to 15 days. • Time for approval of construction permits has been reduced from 448 days to 120 days. • Property Registration now takes 14 from 36 days. • Time taken to pay taxes has been reduced from 242 hours to 160 hours. • Companies no longer need to advertise when applying for shop licences at municipalities. • More than 13 Bills have been developed to improve the doing business climate and some of these are amendments to existing laws while some are completely new laws. A program is in place to fast-track finalisation of the legal instruments to become law by December 2017.	• August 2017.

Source: Ministry of Finance and Economic Development

Annex 12: Enhancing Domestic Production

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• To regulate commercial imports and promote local industry from unfair competition from cheap imports, that way boosting industrial capacity utilisation.	• Consistent with the Zim Asset strategy of reviving the local industry, Government gazetted SI 64 in June 2016.	• According to the Confederation of Zimbabwe Industries (CZI) 2016 Manufacturing Sector Survey, implementation of SI 64 resulted in an increase in average manufacturing sector capacity utilisation from 34.3% in 2015 to 47.4% in 2016. • The country also recorded a reduction in the import bill from US$6.3 billion in 2015 to US$5.2 billion in 2016. This was partly attributed to the Government's Import Management Programme, specifically SI 64 of 2016. • Prioritisation on the utilisation of foreign exchange to productive sectors in line with the Reserve Bank foreign currency prioritisation framework.	• Ongoing and awaiting the Imports Monitoring and Evaluation Committee Report on SI 64, earmarked for the last quarter of 2017.

Source: Ministry of Finance and Economic Development

Annex 13: Support for Exporting

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• Provision of export incentives and supportive duty rebates on imported capital equipment.	• Reserve Bank Mid-Term 2016 Monetary Policy Statement, September 2016.	• Exporters are receiving between 2.5% and 5% incentives funded by bond notes. • As at 30 April 2017, US$140 million has been disbursed.	• Ongoing.

Source: Ministry of Finance and Economic Development

Annex 14: Beneficiation, Value Addition and Value Chains

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• Promotion of value addition and value chains.	• The 2016 and 2017 National Budgets.	• Implementation of the cotton to clothing, leather to shoe and related products, agro-processing value chains, as well as mineral to mineral products is under way. • The strategy will be rolled out to other sub-sectors such as metals and metal products, wood and furniture, among others.	• Ongoing.

Source: Ministry of Finance and Economic Development

Annex 15: Special Economic Zones Act

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• To provide an enabling environment for the development of all aspects of Special Economic Zones and removal of barriers that negatively affect operations. • Employment creation. • Technology transfer. • Skills development. • Development of managerial skills.	• The Special Economic Zoness Act was enacted on 1 November 2016.	• Government designated three pilot Special Economic Zones, namely Sunway City in Harare, Bulawayo Industrial Hub, and the Victoria Falls Tourism Corridor stretching from Victoria Falls-Hwange National Park-Binga-Kariba-Mana Pools, and Victoria Falls Finance Hub. That for the Mutare Diamond Cutting and Polishing Hub is ongoing. • The 2017 National Budget announced fiscal Incentives for Special Economic Zones.	• Ongoing.

Source: Ministry of Finance and Economic Development

Annex 16: Strengthening Bank Supervision and Surveillance

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• Ease liquidity constraints through promotion of plastic money, e-banking services and broader use of multiple currencies.	• Banking Amendment Act gazetted on 13 May 2016.	• On 13 May 2016, the Banking Amendment Act No. 12 of 2015 was gazetted. The new regulatory framework encompasses comprehensive frameworks on corporate governance and risk management within banking institutions, consumer protection, as well as, problem bank resolution. • Directors' duties are now spelt out and there is civil and criminal liability for breach of the rules. • The Reserve Bank is now empowered to supervise controlling companies of banking institutions. Supervision of banks is on solo and consolidated basis. • The Law now provides for cooperation between regulatory authorities. The authorities meet regularly and an MoU is in place.	• Ongoing.

Source: Ministry of Finance and Economic Development

Annex 17: Enhancement of Credit Infrastructure

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• Establishment of a credit reference bureau system and collateral registry under for movable property.	• Establishment of the Credit Registry is provided for in the Banking Act Amendment 12/2015.	• The Credit Registry System was successfully deployed at the Reserve Bank and went live at the beginning of January 2017.	• Ongoing.

Source: Ministry of Finance and Economic Development

Annex 18: Non-Performing Loans

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• Operationalisation of the Credit Registry Bureau and Takeover of Non-Performing Loans by Zimbabwe Asset Management Company (ZAMCO).	• ZAMCO was established in July 2014 in terms of the Companies Act.	• ZAMCO has taken over US$800 million of non-performing loans, that way reducing NPLs to 7.5% of the total loan book value of banks.	• Ongoing.

Source: Ministry of Finance and Economic Development

Annex 19: Strengthening the Electronic Payment System

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• Facilitate transactions through use of devices and point of sale machines.	• Various Monetary Policy Statements.	• The Real Time Gross Settlement System (RTGS) was upgraded in June 2016 to allow for transactions in other currencies in the official multi-currency basket, such as South African rand, British pound and Euro (RBZ Press Statement issued on 4 May 2016). • The Reserve Bank lowered bank charges on non-cash or electronic payments by at least 40% (Monetary Policy Statement of January 2017). • Increased Point of Sale access points from 16 000 in 2015 to 40 600 (as at 30 April 2017). • Increased mobile payment agents from 38 000 in 2015 to 41 000 by 30 April 2017.	• Ongoing.

Source: Ministry of Finance and Economic Development

Annex 20: National Financial Inclusion Strategy

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• To ensure the existence of an inclusive financial sector that broadens access to and use of financial services by all, with the view of engendering social and economic development.	• National Financial Inclusion Strategy document launched in March 2016.	• Implementation of the Strategy is ongoing with the Thematic Working Groups (TWG), having been put in place.	• Ongoing.

Source: Ministry of Finance and Economic Development

Annex 21: Promotion of Electronic and Plastic Money Usage

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• To promote efficient use of foreign exchange, minimise usage of physical cash, and enhance financial inclusion.	• 2015/16 Monetary Policy Statements.	• About 70% of retail transactions are now being effected through plastic and electronic systems.	• Ongoing.

Source: Ministry of Finance and Economic Development

Annex 22: Movable Property Security Interest Bill

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• To permit the establishment of a Collateral Registry to improve access to finance by SMEs through allowing them to use movable assets as collateral.	• Movable Property Security Interests Bill, November 2016.	• Bill passed by Parliament on 11 May 2017 and now awaits Presidential Assent.	• June 2017.

Source: Ministry of Finance and Economic Development

Annex 23: Insolvency and Estate Administrators' Bills

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• To ensure accountability, efficiency and insolvency proceedings that permit unsalvageable companies to be quickly liquidated and viable firms to be revived, thus, preserving jobs.	• Approved.	• Bills gazetted and now before Parliament.	• December 2017.

Source: Ministry of Finance and Economic Development

Annex 24: Ease of Settling Commercial and Other Disputes Bill

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• To ensure expeditious resolution of commercial disputes.		• Bill passed by Parliament in May 2017 and now awaits Presidential Assent.	• December 2017.

Source: Ministry of Finance and Economic Development

Annex 25: Deeds Amendment Bill

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• To allow for electronic management of the Deeds registry.		• Bill passed by Parliament in May 2017 and now awaits Presidential Assent.	• December 2017.

Source: Ministry of Finance and Economic Development

Annex 26: Public Procurement and Disposal of Assets Bill

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• To separate the regulatory and operational functions, decentralise procurement to procuring entities and modernise/professionalise procurement.		• Bill passed by Parliament and now awaits Presidential Assent.	• December 2017.

Source: Ministry of Finance and Economic Development

Annex 27: Shop Licencing Bill

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• To streamline and simplify licencing procedures and timelines.		• Bill Gazetted on 16 December 2016 and is before Parliament.	• December 2017.

Source: Ministry of Finance and Economic Development

Annex 28: Bank Amendment Act

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• To enhance good governance, financial infrastructure development, consumer protection and provide a framework for dealing with problem banking institutions.		• Operational.	• Banking Amendment Act No. 12 of 2015 was gazetted on 13 May 2016.

Source: Ministry of Finance and Economic Development

Annex 29: Public Debt Management Act

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• To set up the Public Debt Management Office and ensure that Government financing needs and its payments are met.		• Operational.	• Gazetted in September 2015.

Source: Ministry of Finance and Economic Development

Annex 30: Public Finance Management (Amendment) Act

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• To enhance transparency and accountability in the management of public resources.		• Operational. • In addition, principles are being developed in light of further review of the PFM Act to align it with the Constitution and further improve on effectiveness of the use of public resources and accountability.	• December 2017.

Source: Ministry of Finance and Economic Development

Annex 31: Joint Ventures Act

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• To regulate how joint venture proposals are received and processed.		• Operational.	• Act Gazetted on 12 February 2016.

Source: Ministry of Finance and Economic Development

Annex 32: Census and Statistics Amendment Act

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• To allow dissemination of micro-data to data users.		• Amendment enacted in March 2017.	• Operational.

Source: Ministry of Finance and Economic Development

Annex 33: General Laws Amendment Act

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• Amendment of 125 laws.	• Aligned various laws to the Constitution.	• Enacted in July 2016.	• Operational.

Source: Ministry of Finance and Economic Development

Annex 34: Public Entities' Corporate Governance Bill

Objective	Date Adopted by Cabinet	Progress to Date	Targeted Date of Completion
• To give legal effect to key aspects of the National Code of Corporate Governance launched by Government in 2015.		• Ready for Gazetting.	• December 2017.

Source: Ministry of Finance and Economic Development

Annex 35: Remuneration Framework for Board Executive Management

• To address remuneration for Government structures.		• Being considered under the Public Entities' Corporate Governance Bill.	• December 2017.

Source: Ministry of Finance and Economic Development

Annex 36: Fiscal Incentives for Special Economic Zones

Tax Head	Proposed Incentive
Corporate Tax	Exemption from Corporate Income Tax for the first 5 years of operation. Thereafter, a corporate tax rate of 15% applies.
Special Initial Allowance	Special Initial allowance on capital equipment to be allowed at the rate of 50% of cost from year one and 25% in the subsequent two years.
Employees' Tax	Specialised expatriate staff will be taxed at a flat rate of 15%.
Non-Residents Withholding Tax on Fees	Exemption from Non-residents tax on Fees on services that are not locally available.
Non-Residents Withholding Tax on Royalties	Exemption from Non-residents tax on Royalties.
Non-Residents Withholding Tax on Dividends	Exemption from Non-residents tax on Dividends.
Customs Duty on Capital Equipment	Capital equipment for Special Economic Zones will be imported duty free.
Customs Duty on Raw Materials	Inputs which include raw materials and intermediate products imported for use by companies set up in the Special Economic Zones will be imported duty free. The duty exemption will, however, not apply where such raw materials are produced locally.

Source: Ministry of Finance and Economic Development

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Table 1: GDP Sectoral Growth Rates (%)

	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Est	2016 Prj	2017 Prj
Agriculture, hunting and fishing	31.1	7.2	1.4	7.8	-2.6	23.0	-5.3	-3.6	21.6
Mining and quarrying	18.9	37.4	24.4	8.0	11.7	-3.4	0.5	8.2	5.1
Manufacturing	17.6	2.0	13.8	5.3	-0.6	-5.1	0.2	0.3	0.1
Electricity and water	1.9	19.5	6.4	0.3	5.0	5.4	-5.5	-19.0	2.5
Construction	2.1	14.1	65.1	23.5	3.9	6.9	4.0	3.5	2.0
Finance and insurance	4.5	8.3	8.3	28.0	11.3	-16.5	4.6	2.0	1.0
Real estate	2.0	4.9	48.9	59.0	0.7	4.8	3.5	2.0	2.0
Distribution, hotels and restaurants	6.5	8.8	4.3	4.3	3.9	2.5	3.7	2.7	0.8
Transport and communication	2.2	4.7	0.0	6.7	7.0	1.1	1.9	1.5	1.9
Public administration	2.0	39.2	82.8	39.7	0.6	9.1	1.2	-3.0	-0.6
Education	2.8	107.8	45.8	33.1	13.8	5.2	4.2	2.5	1.1
Health	3.2	88.9	58.4	33.8	9.2	11.1	-0.8	0.3	0.1
Domestic services	2.2	10.0	1.0	-3.5	6.0	2.2	2.0	2.0	2.0
GDP at market prices	**-**	**15.4**	**16.3**	**13.6**	**5.3**	**2.8**	**1.4**	**0.7**	**3.7**

Source: Ministry of Finance and Economic Development

Table 2: GDP by Expenditure (% of GDP)

	2012	2013	2014	2015 est	2016 est
Final Consumption Expenditure	115.4	118.1	112.2	106.8	95.0
Private Consumption incl. non-profit	99.5	102.4	88.1	81.9	69.7
Government Consumption Expenditure	16.0	15.7	24.1	24.9	25.3
Gross Capital Formation	13.6	13.0	13.2	14.5	16.9
Gross fixed Capital Formation	16.8	13.0	13.2	14.4	16.9
Government Investment	2.6	2.9	2.2	3.2	5.7
Private Investment	14.2	10.1	11.0	11.2	11.2
Net Exports of Goods and Services	-29.1	-31.1	-25.4	-21.3	-11.9
External Savings	18.1	11.3	9.0	10.8	9.1
Domestic savings	-14.9	-15.1	-14.0	-2.2	11.7
Public savings	3.4	1.6	1.4	1.1	-1.5
Private savings	-18.3	-16.7	-15.4	-3.3	13.2

Source: Ministry of Finance and Economic Development

Table 3: Agriculture Production (000 tons)

	Weight	2015 Est.	2016 Initial	2016 Revised	2017 Proj
Tobacco (flue cured)	*25.5*	198.9	170.0	202.3	215
Maize	*14.0*	742.2	450.0	511.0	2 100
Beef	*10.2*	84.0	95.0	86.0	90
Cotton	*12.5*	105.0	90.0	30.0	100
Sugar cane	*6.8*	4 399.0	4 400.0	4 400.0	4 180
Horticulture	*6.5*	69.4	65.0	65.0	67
Poultry	*4.8*	151.0	154.0	154.0	165.0
Groundnuts	*3.2*	88.9	41.9	47.2	75.0
Wheat	*3.6*	62.3	55.0	60.0	280.0
Dairy (m/lt)	*2.9*	71.9	72.0	75.0	82.0
Coffee	*2.1*	0.7	0.6	0.5	0.5
Soya beans	*1.9*	57.9	35.0	47.7	90
Tea	*1.9*	14.0	14.0	17.7	19
Paprika	*1.1*	5.5	5.5	7.0	8
Pork	*0.8*	8.9	10.8	10.8	12.2
Wildlife	*0.6*	51.0	30.0	30.0	32
Sorghum	*0.6*	39.7	13.7	36.3	50.0
Barley	*0.4*	18.0	18.0	13.0	25
Sheep & goats	*0.3*	10.3	10.6	10.6	10.6
Sunflower seeds	*0.2*	21.0	25.0	25.0	25.0
Growth Rate		**-4.7**	**-10.3**	**-3.7**	**21.6**

Source: Ministry of Finance and Economic Development

Table 4: Mineral Production

	2009	2010	2011	2012	2013	2014 Est	2015 Est	2016
Black Granite (000) \t	162	165	168	171	174	180	182	214
Chrome (000) \t	201	517	599	408	450	511	267	304
Coal (000) \t	1606	2 668	2 922	2 564	4 980	6 345	4 200	2 972
Cobalt \t	39	58	174	195	319	358	355	408
Copper \t	3 572	4 629	6 555	6 665	8 275	8 261	8 262	9 101
Gold \kg	4 966	9 620	12 949	14 743	14 065	15 347	20 200	22 742
Graphite \t	2 463	741	7 252	7 022	6 934	6 853	6 362	5 622
Iridium \t	209	254	398	412	524	544	548	598
Nickel \t	4 858	6 134	7 992	7 899	14 057	16 633	16 109	17 743
Paladium \kg	5 355	6 916	8 422	8 136	10 153	10 137	10 138	12 222
Phosphate \t	-	56 656	46 047	33 774	6 100	6 100	25 527	28 317
Platinum \kg	6 848	8 639	10 827	10 524	13 066	12 483	12 564	15 110
Rhodium \kg	568	727	940	891	1 146	1 140	1 147	1 322
Ruthenium \kg	413	555	823	787	1 012	983	989	1 174
Diamonds (000) carats	1 306	3 000	8 719	12 015	9 589	4 773	3 214	1 746

Source: MOFED, RBZ, Ministry of Mines, Chamber of Mines, 2017

Table 5: Volume of Manufacturing Index (Rebased 2009)

	2009	2010	2011	2012	2013	2014	2015 Proj	2016 Est	2017
Foodstuffs	100.0	95.1	100.7	100.8	97.9	98.0	98.0	99.0	100.0
Drinks, Tobacco and Beverages	100.0	95.8	112.5	97.2	93.1	97.2	96.7	96.3	97.0
Textiles and Ginning	100.0	108.6	107.4	117.5	86.1	76.9	78.7	78.0	78.0
Clothing and Footwear	100.0	100.9	88.0	95.4	94.4	83.0	91.8	95.0	95.0
Wood and Furniture	100.0	87.8	97.0	86.5	95.1	85.5	99.8	96.2	97.0
Paper, Printing & Publishing	100.0	91.6	116.5	102.4	99.6	98.1	93.3	90.4	91.0
Chemical & Petroleum Products	100.0	97.3	101.3	88.5	91.1	88.7	88.4	87.4	85.0
Non-metallic mineral products	100.0	104.4	111.5	106.9	121.6	130.2	140.6	143.0	143.9
Metals and Metal products	100.0	104.2	102.6	82.1	76.0	70.3	67.5	66.5	66.0
Transport, Equipment	100.0	97.5	97.8	101.1	100.7	61.4	63.2	66.0	66.0
Other manufactured goods	100.0	53.6	103.2	60.7	54.1	60.5	63.5	66.7	67.9
Manufacturing Index	100.0	93.7	100.1	92.9	90.6	68.5	89.9	90.3	90.3
Manufacturing Growth Rate	**17.6**	**2**	**13.8**	**5.3**	**-0.6**	**-5.1**	**0.2**	**0.3**	**0.1**

Source: Ministry of Finance and Economic Development (2016)

Table 6: Tourist Arrivals by Source Region 2015-16

	2016	2015	Change
Africa	1 848 935	1 760 690	5%
America	92 625	76 751	21%
Asia	55 364	35 840	54%
Europe	137 183	149 817	-8%
Middle East	4 783	3 990	20%
Oceania	28 796	29 500	-2%
Grand Total	**2 167 686**	**2 056 588**	**5%**

Source: Zimbabwe Tourism Authority

Table 7: Annual and Monthly Inflation %

	Monthly Inflation	Annual Inflation
Jan-11	1.0	3.5
Apr-11	0.1	2.7
Jul-11	0.3	3.3
Oct-11	0.1	4.2
Dec-11	0.2	4.9
Jan-12	0.5	4.3
Apr-12	0.2	4.0
Jul-12	0.2	3.9
Oct-12	0.3	3.4
Jan-13	0.1	2.5
Apr-13	-0.1	2.5
Jul-13	-0.4	1.2
Oct-13	0.0	0.6
Jan-14	0.1	0.4
Apr-14	0.6	-0.3
Jul-14	0.0	0.3
Oct-14	-0.1	0.0
Jan-15	-0.3	-1.3
Apr-15	-0.9	-2.6
Jul-15	0.1	-2.8
Oct-15	-0.3	-3.3
Jan-16	-0.1	-2.2
Apr-16	-0.2	-1.6
Jul-16	-0.2	-1.6
Oct-16	0.1	-1.0
Dec-16	0.1	-0.9

Source: ZIMSTAT

Table 8: Appropriations vs Outturn

Vote Appropriation	2016 Budget	2016 Outturn
Office of the President and Cabinet	179 936 000	223 013 213
Parliament of Zimbabwe	20 255 000	21 080 124
Public Service, Labour and Social Welfare	174 835 000	79 961 560
Defence	358 065 000	446 319 801
Finance and Economic Development	215 269 000	259 938 383
Audit Office	4 130 000	2 390 890
Industry and Commerce	17 465 000	29 923 297
Agriculture, Mechanisation and Irrigation Development	145 091 000	772 178 832
Mines and Mining Development	5 964 000	117 637 239
Environment, Water and Climate	34 242 000	44 625 992
Transport and Infrastructural Development	39 937 000	22 392 891
Foreign Affairs	36 995 000	32 709 762
Local Government, Public Works and National Housing	44 640 000	44 671 823
Health and Child Care	330 789 000	321 314 576
Primary and Secondary Education	810 431 000	850 699 478
Higher & Tertiary Education, Science and Technology Development	307 645 000	273 850 823
Youth, Indigenisation & Economic Empowerment	19 801 000	28 993 727
Home Affairs	395 372 000	438 326 505
Justice, Legal and Parliamentary Affairs	108 762 000	103 322 917
Information, Media and Broadcasting Services	3 631 000	3 108 255
Small and Medium Enterprises and Cooperative Development	6 363 000	19 563 293
Energy and Power Development	6 810 000	1 139 875
Women Affairs, Gender and Community Development	13 563 000	8 415 996
Tourism and Hospitality Industry	2 892 000	5 069 403
Information Communication Technology, Postal and Courier Services	6 257 000	4 100 915
Lands and Rural Resettlement	9 562 000	48 456 925
Judicial Services Commission	15 518 000	13 784 680
Public Service Commission	496 405 000	493 586 957
Sport and Recreation	4 142 000	3 766 500
Macro-Economic Planning and Investment Promotion	6 295 000	5 926 540
Welfare Services for War Veterans, Former Political Detainees, Restrictees and War Collaborators	21 826 000	12 681 599
Rural Development, Promotion and Preservation of culture and Heritage	13 652 000	10 441 115
Council of Chiefs	3 637 000	994 580
Human Rights Commission	1 339 000	1 827 264
National Peace and Reconciliation Commission	200 000	517 103
National Prosecuting Authority	3 402 000	2 864 802
Zimbabwe Anti- Corruption Commission	1 602 000	1 963 296
Zimbabwe Electoral Commission	8 316 000	10 771 566
Zimbabwe Gender Commission	150 000	534 333
Zimbabwe Land Commission	191 000	453 142
Zimbabwe Media Commission	351 000	298 337
Total	**3 875 728 000**	**4 763 618 315**
Debt Service: Interest Bill	110 000 000	120 172 906
Other Constitutional and Statutory Appropriations	14 272 000	18 439 159
Total Expenditure and Net Lending	**4 000 000 000**	**4 902 230 380**

Source: Ministry of Finance and Economic Development

Table 9: Disbursements on Agriculture Related Activities

	Expenditure US$ m
AGRITEX	0.7
Livestock	0.1
Irrigation	0.3
Mechanisation	0.3
Animal health	0.7
Other Operations	3.6
Total	**5.7**

Source: Ministry of Finance and Economic Development

Table 10: Development Partner Support (US$)

Development Partners	2015	2016
Australia	7 858 949.00	5 016 201.00
China	22 862 500.00	62 955 096.00
Denmark	36 097 688.00	9 012 802.00
European Union	75 392 542.00	31 105 278.60
Sweden	29 976 000.00	18 422 574.00
Germany/GIZ	16 010 325.00	3 828 502.12
Kuwait	1 000 000.00	-
Japan	4 962 915.00	10 144 984.00
Netherlands	7 994 242.00	10 156 360.00
Norway	25 500 000.00	-
India	-	1 000 000.00
South Korea	2 000 000.00	-
Switzerland	13 719 799.00	9 183 355.00
UKAID	148 254 154.00	109 282 930.00
USAID	2 222 578.00	-
Sub Total	**393 851 692.00**	**270 108 082.72**
Multilateral		
AfDB	5 813 000.00	15 220 000.00
ACBF	364 820.00	300 000.00
FAO	1 044 366.00	640 925.00
Global Fund	100 902 030.00	164 000 000.00
ILO	212 747.00	552 301.75
ITU	312 700.00	149 170.00
UNDP	6 099 665.00	6 422 666.00
UNESCO	277 568.00	46 303.00
UNFPA	2 890 545.00	2 400 083.03
IOM	217 405.00	-
IAEA	0.00	427 164.00
UNICEF	7 664 143.00	8 429 734.28
UN WOMEN	1 153 623.00	
UNODC	230 072.00	377 932.29
World Bank	500 000.00	
WHO	4 993 997.00	2 119 426.00
Sub Total	**132 676 681.00**	**201 085 705.35**
Grand Total	**526 528 373.00**	**471 193 788.07**

Source: Ministry of Finance and Economic Development

Table 11: Capital Budget Financing 2016

Sector	Approved Budget US$	Actual Outturn US$
INFRASTRUCTURE		
Energy and Power Supply	5 500 000	-
Transport	20 748 000	1 638 201
Water Supply and Sanitation	31 550 000	41 948 108
ICT	13 255 000	8 215 488
Public Amenities	33 093 000	14 556 408
Social Services	53 632 000	5 864 664
Irrigation Development	7 022 000	4 206 583
AGRICULTURAL SCHEMES		
Strategic Grain Reserve	46 000 000	425 765 643
Special Maize Production Programme	-	104 518 651
Vulnerable Input Scheme	20 000 000	42 685 416
Cotton Input Scheme	-	42 000 000
CAPITALISATION OF PUBLIC ENTITIES		
ZB bank	-	20 000 000
P.O.S.B	-	20 000 000
IDBZ	-	18 707 797
Agribank	-	30 000 000
SEDCO	-	15 000 000
Cottco	-	30 541 923
OTHER CAPITAL ITEMS		
Contingent Liabilities	22 239 000	1 630 776
Shareholding in International Organisations	16 750 000	23 082 890
Purchase of land and user rights	1 000 000	42 274 456
Vehicles, plant and mobile equipment	14 488 000	48 537 264
Other	29 723 000	26 303 069
GRAND TOTAL	**315 000 000**	**967 477 337**

Source: Ministry of Finance and Economic Development

Table 12.1: Water and Sanitation Infrastructure Projects

Project Name	Project Scope	Estimated Project Cost (Million US$)	Funding Sources	Comment
Tokwe Mukorsi Dam	Construction of a 90m high concrete faced rock fill dam, 5 saddle dams and two 6m spillway tunnels.	300.00	Budget	Commissioned on 18 May 2017.
Lupane Water works	Construct 240m3/hour water treatment plant, lay a 7km pumping main line, construct a 2280 m3 reservoir, extent reticulation and install pumps	1.94	Budget	Completed
Beitbridge Water Supply	Construction of treatment plant , raw water pipeline, workshop and offices	5.85	Budget	Completed, awaits commissioning
Causeway dam	Construction of 495m long conventional zoned earth fill and embankment with a height of 23.3 m	18.50	Budget	Under construction
Kunzwi Water supply	Construction of an Earth Dam and a treatment plant	600.00	Ppp	Project development stage
Marovanyati Dam	Construction of a 35m high, 800,000m3 zoned earth fill embankment with a crest length of 470m. It also includes the construction of a 120m long concrete ogee spillway and an intake tower linked to tunnel housing two 900mm diameter steel pipes.	32.00	Budget	Under construction
Harare Municipal Water and Sewer Treatment Works	Rehabilitation of water and sewer treatment plants and distribution networks	140.8	Loan	Under construction
Bulawayo water and sanitation	Rehabilitation of water and waste water distribution network	32	Afdb Grant	Under construction
Water and sewer infrastructure upgrading	Construction and rehabilitation of water sewer infrastructure for 7 growth points	14.00	World Bank Grant (Zimref)	Under construction

Source: Ministry of Finance and Economic Development

Table12.2: Transport Infrastructure Projects

Project Name	Project Scope	Estimated Project Cost (Million US$)	Funding Sources	Comment
Victoria Falls Airport	Construction of a new terminal building, control tower and upgrading of the old terminal building	150.00	Loan	Completed & commissioned on 18 November 2016
Emergence Road Rehabilitation project	Upgrading and rehabilitation of major trunk roads, rural and urban road networks affected by the recent rains.	100.00	Zinara / Budget	Under implementation
Harare-Beitbridge Road	Rehabilitation and dualisation of 570 km of road.	984.00	Ppp	Awaits financial close
Harare- Chirundu Road	Rehabilitation and dualisation of 353km of road.	833.00	Loan	Awaits financial close
Harare International Airport	Rehabilitation of terminal building, runway and installation radar and navigational system.	154.00	Loan	Project development phase
Rail Infrastructure	Upgrading and rehabilitation of signals and Telecoms and track Infrastructure as well as traction and Rolling Stock	653.00	Budget	Project development phase

Source: Ministry of Finance and Economic Development

Table12.3: Energy Infrastructure Projects

Project Name	Project Scope	Estimated Project Cost (Million US$)	Funding Sources	Comment
Kariba South Expansion	Generation expansion by 300 MW and switchgear extension.	530.00	Own Resources / Loan	Under construction
Bulawayo Thermal Power Station	Replacement of boilers with CFBC boilers. Rehabilitation of turbine plant and auxiliaries	36.50	Budget / Loan	Awaits Financial Close
Kariba Dam rehabilitation	Rehabilitation of the plunge pool and spill way upstream control facility	294.20	Loan/Grants	Under construction
Alaska-Karoi Power Transmission reinforcement	Construction of Karoi 132/33 kV substation and line.	15.00	Budget/Adb Grant	Awaits Financial Close
Batoka Hydro Electric	Construction of dam, two power stations and transmission infrastructure	6,000.00	Loan/Ppp	Project development phase
Hwange 7 & 8 expansion project	Construction of 300 MW plant and related transmission infrastructure.	892.00	Loan	Project development phase

Source: Ministry of Finance and Economic Development

Table12.4: Social Services Infrastructure Projects

Project Name	Project Scope	Estimated Project Cost (Million US$)	Funding Sources	Comment
Upgrading and rehabilitation of schools and tertiary education infrastructure	Upgrading and rehabilitation of infrastructure at schools and tertiary institutions	72.10	Budget/Education Infrastucture Bond	Project Development Phase

Source: Ministry of Finance and Economic Development

Table12.5: Housing Infrastructure Projects

Project Name	Project Scope	Estimated Project Cost (Million US$)	Funding Sources	Comment
Central Registry	Construction of Central Registry and Immigration Headquarters	10.90	Budget	Completed
CID-Head Quarters	Construction of a 9 story office block and Forensic Laboratories	3.2	Budget	Under implementation
New Parliament Building	Construction of parliament building		Grant	Under implementation

Source: Ministry of Finance and Economic Development

Table12.6: ICT Infrastructure Projects

Project Name	Project Scope	Estimated Project Cost (Million US$)	Funding Sources	Comment
Zimbabwe Broadcasting Digitalisation Migration Project	Digitalisation of the ZBC Broadcasting System & 24 existing transmission sites, construction of 24 additional sites, and procurement of equipment.	132.00	Budget / Statutory Funds	Under implementation
Tel-One - Upgrading Programme	Establishment of Optic Fibre infrastructure for major cities as well as end user value added services	98.60	Loan	Under implementation
Net-One National Mobile Broadband	Establishing 2G, 3G, and 4G base stations.	218.90	Loan	Under implementation
National Data Centre	Construction of national data center building and installation of equipment	6.90	Budget	Under implementation

Source: Ministry of Finance and Economic Development

Table 12.7: Agriculture Infrastructure Projects

Project Name	Project Scope	Estimated Project Cost (Million US$)	Funding Sources	Comment
Upgrading and rehabilitation of irrigation infrastructure	Upgrading and rehabilitation of irrigation infrastructure	80.70	Budget / Loan / Grant	Under implementation

Source: Ministry of Finance and Economic Development

Table 13: Infrastructure Projects: 2016 Financing Plan

SECTOR	SUB-SECTOR	2016 FUNDING					
		APPROPRIATION	STATUTORY FUNDS	OWN RESOURCES	DEVELOPMENT PARTNERS	LOAN FINANCING	TOTAL
		US$	US$	US$	US$	US$	US$
Energy	Power Generation	4 300 000	-	79 399 000	-	321 277 318	404 976 318
	Transmission & Distribution		-	9,600,000	9,105,170	30 000 000	48 705 170
	Rural Electrification Programme	1 200 000	27 100 000	-	-	-	28 300 000
		5 500 000	**27 100 000**	**88 999 000**	**9 105 170**	**351 277 318**	**481 981 488**
Transport and Communication	Rail	3 000 000	-	10 000 000	-	-	13 000 000
	Roads	12 748 000	75 066 249	-	-	-	87 814 249
	Aviation	5 000 000	-	-	-	28 000 000	33 000 000
		20 748 000	**75 066 249**	**10 000 000**	**-**	**28 000 000**	**133 814 249**
Water and Sanitation	Dam Construction	25 900 000	-	-	-	-	25 900 000
	Water Supply for Small Towns	2 100 000	-	-	7 600,200	-	9,700 200
	Urban WASH	2 000 000	-	-	24 ,646 630	-	26 646 630
	Rural WASH	1 550 000	-	-	13 474 370	-	15 024 370
		31 550 000	**-**	**-**	**45 721 200**	**-**	**77 271 200**
ICT	Backbone Infrastructure		3 500 000	149 397 196	-	129,164,305	282 061 501
	E-Learning Programmes	700 000	3,991 650	-	-	-	4 691 650
	E-Government	12 505 000	-	-	-	-	12 505 000
		13 205 000	**7 491 650**	**149 397 196**	**-**	**129 164 305**	**299 258 151**
Social Services	Health	23 560 000	-		-	-	23 560 000
	Education	29 780 000	-	-	1 500 000	4 800 000	36 080 000
	Social Welfare	292 000	-	-	-	-	292 000
		53 632 000	**-**	**-**	**1 500 000**	**4 800 000**	**59 932 000**
Housing Development	Residential Housing Development	-	5 046 520	-	-	-	5 046 520
	Institutional Accommodation	33 093 000	5 315 000	-	-	-	38 408 000
		33 093 000	**10 361 520**	**-**	**-**	**-**	**43 454 520**
Agriculture	Irrigation Development	7 022 000	-	-	8 560 000	32 200 000	47 782 000
		7 022 000	**-**	**-**	**8 560 000**	**32 200 000**	**47 782 000**
TOTAL		**164 750 000**	**120 019 419**	**248 096 196**	**64 886 370**	**545 441 623**	**1 143 493 608**

Source: Ministry of Finance and Economic Development

Table 14: Infrastructure Projects: 2016 Financing Outturn (US$)

Sector	2016 Budget Contribution To Infrastructure	Statutory Funds/Own Resources	Development Partners	Loan Financing	Total
ENERGY					
Kariba South Extension		11,341,090		81,915,795	93,256,885
Transmission & Distribution			3,560,000		3,560,000
Rural Electrification Agency		18,217,830			18,217,830
SUB TOTAL	**-**	**29,558,920**	**3,560,000**	**81,915,795**	**115,034,715**
TRANSPORT & COMMUNICATION					
Trunk roads and bridges	1,149,729	94,379,796		-	95,529,525
Local Authorities Roads		16,481,080		-	16,481,080
Rural Feeder Roads	396,000	6,925,057			7,321,057
Airports	92,472			20,919,156	21,011,628
SUB TOTAL	**1,638,201**	**117,785,933**	**-**	**20,919,156**	**140,343,290**
HOUSING DEVELOPMENT					
Central Registry	870,000				870,000
CID Headquarters and Forensic Building	1,100,904				1,100,904
Border Posts	4,621,800				4,621,800
Other Government Buildings	7,917,547				7,917,547
Women & Youth Training Centers	46,157				46,157
SUB TOTAL	**14,566,408**	**-**	**-**	**-**	**14,566,408**
AGRICULTURE					
Irrigation Development	4,206,583		4,310,781		8,517,364
SUB TOTAL	**4,206,583**	**-**	**4,310,781**	**-**	**8,517,364**
SOCIAL SECTOR					
EDUCATION AND HEALTH	5,864,488				**5,864,488**
SUB TOTAL	**5,864,488**	**-**	**4,310,781**	**-**	**5,864,488**
WATER AND SANITATION					
Tokwe Mukorsi Dam	28,987,227				28,987,227
Causeway Dam	1,800,000				1,800,000
Gwayi-Shangani Dam	3,975,321				3,975,321
Other Dams	1,110,560				1,110,560
Beitbridge Water Supply	2,780,000				2,780,000
Lupane Water Supply	320,000				320,000
Marondera Municipality			240,000		240,000
Bulawayo Water			400,000		400,000
Mtshabezi Water Supply	300,000				300,000
Victoria Falls Water Supply	400,000				400,000
Rural Wash Programme	1,250,000		11,188,722		12,438,722
Urban Wash Programme	1,025,000		8,901,207		9,926,207
SUB TOTAL	**41,948,108**	**-**	**20,729,929**	**-**	**62,678,037**
ICT					
Net*One Network expansion				61,204,702	61,204,702
Digital Migration Project		16,200,000			16,200,000
E-Government	8,215,488				8,215,488
SUB TOTAL	**8,215,488**	**16,200,000**	**-**	**61,204,702**	**85,620,190**
GRAND TOTAL	**76,429,276**	**163,544,853**	**28,600,710**	**164,039,653**	**432,614,492**

Source: Ministry of Finance and Economic Development

Table 15: Road Disbursements

Road Authority	Budget	Disbursement
	US$	US$
Department of Roads		
Head Office	12,000,000	17,527,646
Sub total	**12,000,000**	**17,527,646**
District Development Fund	6,000,000	6,925,057
Sub total	**6,000,000**	**6,925,057**
Rural District Council		
Beitbridge	339,836	102,830
Bikita	309,619	92,886
Bindura	318,427	203,093
Binga	431,836	129,406
Bubi	323,576	180,869
Buhera	338,161	181,867
Bulilima	341,578	102,474
Chaminuka	306,366	151,254
Chegutu	358,841	207,707
Chikomba	326,444	95,528
Chimanimani	346,044	199,560
Chipinge	309,470	170,557
Chiredzi	330,000	49,500
Chirumhanzi	349,338	177,138
Chivi	388,442	59,436
Gokwe North	330,586	99,176
Gokwe South	315,693	94,708
Goromonzi	309,202	92,761
Guruve	263,249	78,750
Gutu	323,905	48,586
Gwanda	368,481	191,545
Hurungwe	367,058	110,117
Hwange	401,048	141,794
Hwedza	303,935	45,590

Road Authority	Budget	Disbursement
	US$	US$
Insiza	378,133	56,720
Kusile	321,094	105,664
Makonde	322,117	96,635
Makoni	306,957	294,395
Mangwe	361,302	294,993
Manyame	336,609	-
Marondera	316,880	274,274
Masvingo	356,770	201,954
Matobo	277,510	172,142
Mazowe	287,911	141,454
Mberengwa	336,167	262,972
Mbire	292,834	181,775
Mhondoro Ngezi	320,832	208,541
Mudzi	333,197	216,578
Murehwa	295,311	44,297
Mutare	363,851	292,524
Mutasa	362,818	31,981
Mutoko	299,258	163,074
Muzarabani	331,388	167,315
Mvurwi	-	-
Mwenezi	332,657	49,899
Nkayi	370,511	115,577
Nyaminyami	333,788	100,136
Nyanga	383,729	185,146
Pfura	295,502	133,035
Runde	308,483	121,197
Rushinga	317,487	162,682
Sanyati	309,655	46,448
Tsholotsho	367,690	88,248
Tongogara	309,459	205,162
Umzingwane	303,256	-
Umguza	377,963	298,028
Uzumba Maramba	302,362	181,686

Road Authority	Budget	Disbursement
	US$	US$
Vungu	332,292	99,688
Zaka	341,039	-
Zibagwe	318,314	1,461,440
Zvimba	393,740	137,295
Sub total	**20,000,000**	**9,600,087**
Urban Local Councils		
Beitbridge	232,413	19,725
Banket	191,857	185,246
Bindura	252,903	75,871
Bulawayo	899,236	889,217
Chegutu	293,754	88,126
Chinhoyi	315,052	94,516
Chiredzi	240,633	103,820
Chipinge	220,319	91,917
Chirundu	176,268	52,881
Chitungwiza	363,332	236,159
Epworth Local Board	170,509	136,407
Gokwe	232,929	81,138
Gwanda	253,962	85,049
Gweru	470,741	201,487
Harare	1,303,591	2,888,066
Hwange	207,615	96,376
Kadoma	283,612	85,084
Kariba	282,493	67,214
Karoi	271,322	40,698
Kwekwe	276,087	41,412
Lupane Local Board	174,355	74,317
Marondera	224,722	67,416
Masvingo	344,908	201,736
Mutare	339,477	147,619
Mvurwi	177,433	110,138
Norton	278,781	216,166

Road Authority	Budget	Disbursement
	US$	US$
Plumtree	193,601	58,080
Redcliff	250,434	75,130
Rusape	223,671	94,301
Ruwa Local Board	167,500	-
Shurugwi	216,094	32,414
Victoria Falls	232,742	57,020
Zvishavane	237,652	186,247
Sub total	**10,000,000**	**6,880,993**
Total	**48,000,000**	**40,933,782**

Source: Ministry of Finance and Economic Development

Table 16: Irrigation Schemes Rehabilitated

Province	District	Project	Area	Beneficiaries		Type Of Crop
				Male	Female	
Manicaland	Mutasa	Brooksvile	25	16	4	Maize
		Premier	50	31	9	Maize
	Chipinge	Stage 3A	100	19	5	Maize
Mat South	Umzingwane	Portbury	36	20	18	Maize
Mash East	Goromonzi	Chabwino	110	35	4	Maize
		Chibvuti	100	35	10	Maize
		Rochester	80	82	12	Maize
	Murehwa	Howgate	130	21	5	Tobacco (90ha,Maize 40ha)
	Seke	Nhuku	60	15	9	Potatoes
	Marondera	Machiki	100	40	15	Maize
Mash Central	Mazowe	Belrock	50	20	9	Maize
		Hermiston	60	16	8	Maize, Tobacco
	Shamva	Sunray	140	50	23	Maize, Tobacco
	Rushinga	Chimhanda	62	34	17	Maize
	Mt Darwin	Rivieria	50	20	17	Maize
	Mt Darwin	Chipa	80	54	21	Maize
Mash West	Makonde	Greenvalley	80	21	3	Maize
		Chifundi	80	33	4	Maize
		Armidale	64	11	3	Maize
		Muni	40	36	6	Maize
		Emily Park	20	10	7	Maize
		Binge	40	18	3	Maize
		Hilandale	40	10	3	Maize
	Zvimba	Paradise	40	17	6	Maize
Mat North	Umguza	Redwood	25	9	16	Maize
		Phaphamani	25	10	3	Maize
		Alicedale	30	18	5	Maize
	Bubi	Diglis Park	31	7	2	Maize
Masvingo	Masvingo	Dromore 3	40	7	1	Maize
		Dromore 4	44	9	2	Maize
		Dromore 1	25	11	3	Beans
	Gutu	Smileyvale	100	22	3	Maize
Midlands	Kwekwe	Marivale	20	26	4	Maize
Grand total			**1,977**	**783**	**260**	

Source: Ministry of Agriculture

Table 17.1: Manicaland 2016 Completed Rural Electrification Projects

District	Primary Schools	Secondary Schools	Clinics/Rural Health Centre	Gvt Offices & Business Centre	Village Schemes	Other
Buhera District	Gunura Primary School	Gunura Secondary School	Gunura Clinic	Chimbudzi Business Centre		Chief Nerutanga
	Matsveru Primary School					
	Chiturike Primary School					
Chimanimani District	Nechitima Primary School	Nyabamba Secondary School	Changazi Clinic			Chipuzhe Group Scheme
	Changazi Primary School		Nyabamba Clinic			
	Vimbai primary School					
Chipinge District	Mabee Primary School	Mabee Secondary School	Mabee Clinic		Mlambo Homestead	Chief Musikavanhu
	Marega Primary School	Tuzuka Secondary School	Tuzuka Clinic			
	Musikavanhu Primary School					
	Tuzuka Primary School					
Makoni District	Manuwa Primary School				Chirisa Village	Devos Farm
	Muondozi Primary School				Kazhanje & Nyakonda Homesteads	
	Chakuma Primary School					
	Mt Carmel Primary School					
	Chitora Primary School					
	Chikuruwo Primary School					
	Batanai Primary School					
Mutare District	Gutaurare Primary School	Chitora Secondary School	Gutaurare Clinic	Gutaurare AREX	Mawoyo homestead	Kubatanadzere Group Scheme
	Chitora Primary School	Gwese Secondary School	Chitora Clinic	Gutaurare DDF	Chinhema homestead	Kushinga B Group Scheme
	Gwese Primary School	Masvaure Secondary School	Chitaka Clinic	Gutaurare ZRP		Gono Store
	Mhandambiri Primary School	Buwerimwe Secondary School	Masasi Clinic	Gutaurare Veterinary		
	Nharira Primary School	Masasi Secondary School		Chitora AREX		
	Chipfatsura Primary School					
	Masvaure Primary School					
	Marewo Primary School					
	Maanhu Primary School					
	Masasi Primary School					
	Daure Primary School					
	Murare Primary School					
Mutasa District	St Peters Jombe Primary School	Muchena Secondary School	Samanga Clinic	Business Centre	Mvurume Homestead	Mukuwaza Group Scheme
	Honde River Primary School				Pimai Village	Unity Group Scheme
	Samanga Primary School				Chidawanyika Homestead	NJM Electrical
Nyanga District	Nyatondo Primary School	Chipatarongo Secondary School	Munemo Clinic	Chipatarongo Business Centre		Chief Katerere
	Chifambe Primary School		Sabvure Clinic	Munemo Business Centre		
	Chipatarongo Primary School		Chiwarire Clinic	Kadzere Business Centre		
	Sachiwo Primary School			Sabvure Business Centre		
	Chiwarire Primary School					
	Kaitano Primary School					
	Sabvure Primary School					
Total	**39**	**11**	**13**	**11**	**8**	**11**

Source: REA

Table 17.2: Mashonaland Central 2016 Completed Rural Electrification Projects

District	Primary Schools	Secondary Schools	Clinics/Rural Health Centre	Gvt Offices & Business Centre	Village Schemes	Other
Bindura District	Kambira Primary School	Kambira Secondary School				
	Foothills Primary School	Chireka Secondary School				
	Zvakwana Primary School	Simoona Secondary School				
	Simoona Primary School					
	Thrums Primary School					
Guruve District	Mavare Primary School	Nyamangore Secondary School				
	Matare Primary School					
	Nyagumbo Primary School					
	Nyamangore Primary School					
Mazowe District	Rusununguko (Muslim) Primary School			Amandas 2 Extension		
Mbire District	Musengezi Primary School	Musengezi Secondary School	Musengezi Clinic	Chidodo ZRP		Musengezi Project
	Chidodo Primary School	Chidodo Secondary School	Chidodo RHC			
	Nyagonye Primary School	Hambe Secondary School				
		Kasuo Secondary School				
Mt Darwin District	Nyamazizi Primary School	Pachanza Secondary School				
	Chisecha Primary School	Chiburi Secondary School				
	Chitumbuko Primary School					
	Chizeza Primary School					
	Chiburi Primary School					
	Kazai Primary School					
Muzarabani District	Chibombo Primary School	Dambakurima Secondary School	Nyamaridza Clinic			
	Nyadukutu Primary School	Nyamaridza Secondary School				
		Mukwengure Secondary School				
Shamva District	Chiraramo Primary School	Chevakadzi Secondary School				
	Mandimu Primary School					
	Magamba Primary School					
Total	**24**	**14**	**3**	**2**	**-**	**1**

Source: REA

Table 17.3: Mashonaland East 2016 Completed Rural Electrification Projects

District	Primary Schools	Secondary Schools	Clinics/Rural Health Centre	Gvt Offices & Business Centre	Village Schemes	Other
Chikomba District	Mutoro Primary School	Mutoro Secondary School	Mutoro RHC		Tamuka Syndicate Chibamu Village	Divine Dhukula Farm
						Mutangadura Group Scheme
	Nyamande Primary School	Wiltshire High School				Mutoro Borehole point
						Zhanda Group Scheme
						Tagarika Extension Group
Marondera District						Wenimbi Irrigation
Murewa District	Manjonjo Primary School				Tigere Homestead	
	St Peters Matunhike Primary School					
Seke District	Madamombe Primary School		Acton Reynolds Clinic	Mupfure AREX		Mara Plots
	Mupfure Primary School			Mupfure VET		
UMP District	Nyashonjiwa Primary School					Chief Nyajina Homestead
Wedza District	Mutupwizana Primary School	Sango Secondary School	Sango RHC			
	Sango Primary School					
	St John's Maninga Primary School					
	Chematendere Primary School					
	Zviyambe Primary School					
Total	**12**	**3**	**3**	**2**	**2**	**8**

Source: REA

Table 17.4: Mashonaland West 2016 Completed Rural Electrification Projects

District	Primary Schools	Secondary Schools	Clinics/Rural Health Centre	Gvt Offices & Business Centre	Village Schemes	Other
Chegutu District	Kwari Primary School	Rukuma Secondary School	Muzvezve Clinic			Maradadi Farm Plot 3
	Elstone Primary school	Mazorodze Secondary School				Vhurumuku Mopani Lot 1
	Rukuma Primary School					Masukusa Gadzema Heights Plot 51
	Jondale Primary School					
	Mufuka Primary School					
	Muzvezve Primary School					
	Chomuchena Primary School					
Hurungwe District	Marere Primary School	Nyangoma Secondary School				
	Nyangoma Primary School	Mukwe Secondary School				
	Madzimoyo Primary School	Hwino Secondary School				
	Hwino Primary School	Kasimure Secondary School				
	Chiroti Primary School	Chiroti Secondary School				
Makonde District	Rwenhombo Primary School	Musena Secondary School	Obva Clinic	Obva AREX	Gangarahwe Village	Glen shields Plot 7
	Musena Primary School	Zintafuli Secondary School				
	Musoromuchena Primary School	Obva Secondary School				
	Obva Primary School					
Sanyati District	Chengwe Primary School		Chirikiti Clinic			Chenjiri Farm 274
Zvimba District		Trelawney Secondary School				Sable Valley Plot 6
						Rwodzi Farm Plot 34
						End Base Farm
						Kingstone Farm
						Chirozva 5 supplymentary
						Chigumbu family group
						Crysdale Farm
Total	**17**	**11**	**3**	**1**	**1**	**12**

Source: REA

Table 17.5: Masvingo 2016 Completed Rural Electrification Projects

District	Primary Schools	Secondary Schools	Clinics/Rural Health Centre	Gvt Offices & Business Centre	Village Schemes	Other
Bikita District	Magocha Primary School	Tamuka Secondary School	Gava Clinic	Maranganyika Business Centre		Chief Mabika Homestead
	Gava Primary School	Simbarevanhu Secondary School	Negovano Clinic			Magocha Project
	Magurwe Primary School	Marirangwe Secondary School	Gangare Clinic			
	Beardmore Primary School	Chesungo Secondary School				
	Charamba Primary school					
	Marecha Primary School					
	Negovano Primary School					
	Gangare Primary School					
Chiredzi District	Nyangambe Primary School	Malipati Boarding Secondary School	Chingele Clinic	Makonde Registry Office		Makonde camp
	Machoka Primary School		Malipati Clinic	Makonde DDF		
	Malipati Primary School			Malipati Business Centre		
Chivi District	Nyahombe Primary School	Batanai Secondary School	Nyahombe Clinic	Nyahombe AREX	Dasva Homestead	
	Badza Primary School		Utete Clinic			
	Mapuvire Primary School					
Gutu District	Chipangani Primary School				Chitiki village	Chief Chiwara
Masvingo District	Chibaya Primary School	Chibaya Secondary School	Mashenjere Clinic	Mashenjere AREX		GZU (Mashava Campus) Water Pump Connection
	Mazanhi Primary School	Rambakutemwa Secondary School		Mashenjere VET		Kubatana Eleftrification Fund
	Uzeze Primary School			Mashenjere Business Centre & RCZ Church		GZU Mandava Student's Residence
	Nemanwa Primary School					
Mwenezi District	Shazhaume Primary School	Budirirai Secondary School	Nehanda Clinic	Negari VET		Chief Negari
	Negari Primary School	Guiding Star Secondary School		Negari AGRITEX		
	Rata Primary School					
	Pambe Primary School					
Zaka District	Mukwirimba Primary School	Redza Secondary School	Mandloro Clinic		Mukombe Homestead	
	Manjoro Primary School					
	Chivata Primary School					
	Muparuri Primary School					
Total	**27**	**11**	**10**	**10**	**3**	**8**

Source: REA

Table 17.6: Matabeleland North 2016 Completed Rural Electrification Projects

District	Primary Schools	Secondary Schools	Clinics/Rural Health Centre	Gvt Offices & Business Centre	Village Schemes	Other
Binga District	Lusulu Primary School	Kabuba Secondary School				Chief Saba Homestead
	Musazi Primary School					Chief Sinakoma
	Damba Primary School					
	Kabuba Primary School					
Bubi District	Queen Elizabeth Adventist Primary School				Ncube Homestead Helenvale	
Hwange District	Breakfast Primary School	Vulindlela Secondary School	Vulindlela Clinic			
	Dambwankulu Primary School					
	Jabula Primary School					
	Kasibo Primary School					
Lupane District	Gandangula Primary School	Msewele Secondary School				Gwelutshena Boreholes
	Silwane Primary School					Gwelutshena Training Centre
	Msewele Primary School					
Nkayi District	Mjena Primary School					
	Boda Boda Primary School					
	Mkalandoda Primary School					
	Kwesengulube Primary School					
Tsholotsho District	Nkwizhu Primary School	Ngamo Secondary School	Dlamini Clinic	Dlamini Vet		Chief Mahlathini
	Mbuhulu Primary School	Dlamini Secondary School		Dlamini DDF		Ekhuthuleni Mission
	Nata Primary School			Dlamini Registry		
Umguza District	Makhokhomba Primary School			Mnodu ZRP		Plot 46 Douglasdale
	Mnodu Primary School					Chiefs Lodge Netone Base Station
	Chesa Primary School					
	Mdutshane Primary School					
Total	**23**	**5**	**2**	**4**	**1**	**8**

Source: REA

Table 17.7: Matebeleland South 2016 Completed Rural Electrification Projects

District	Primary Schools	Secondary Schools	Clinics/Rural Health Centre	Gvt Offices & Business Centre	Village Schemes	Other
Beitbridge District	Ndambe Primary School	Masera Secondary School	Masera Clinic	Masera AGRITEX		River Ranch Irrigation
	Toporo Primary School	Kohomela Secondary School	Swereki Clinic	Toporo VET		
	Swereki Primary School		Mazunga Clinic	Masera ZRP		
	Mtshilashokwe Primary School			Toporo Registry Office		
	Limpopo Primary School			ZRP Tuli Camp		
	Chapongwe Primary School			Swereki Business Centre		
				Masera Business Centre		
				Toporo Buisness Centre		
				Ndambe Business Centre		
Bulilima District	Ntenjane Primary School					
Gwanda District	Maphane Primary School	Mabheka Secondary School				Min. Of Women's Affairs (Mthandazo Mine)
		Maphane Secondary School				Collen Bawn Tollgate
Insiza District	Nkankezi Primary School	Hlatshwayo Secondary School				
	Hlatshwayo Primary School					
	Gcabayi Primary School					
Mangwe District					T. Ncube Homestead	
Matobo District	Gohole Primary School	Gohole Secondary School				
	Dry Paddock Primary School	Manyane Ssecondary School				
Umzingwane District	Bayethe Primary School	Bayethe Secondary School			Sipaba Village	Spring Farm
	Mpisini Primary School				Sipaba Village Phase 2	Umzingwane Mine
Total	**15**	**8**	**3**	**9**	**3**	**5**

Source: REA

Table 17.8: Midlands 2016 Completed Rural Electrification Projects

District	Primary Schools	Secondary Schools	Clinics/Rural Health Centre	Gvt Offices & Business Centre	Village Schemes	Other
Chirumanzi District	Gangarambwe Primary School	Ramakombwa Secondary School	Nyikavanhu Clinic	Ramakombwa ZRP	Taruvinga Homestead	
				Ramakombwa DDF		
				Penny Business Centre		
Gokwe North District	Hwadze Primary School	Hwadze Secondary School				
		Mashame Secondary School				
Gokwe South District	Kambe Primary School	Gwehava Secondary School		Kambe Business Centre		
	Chehamba Primary School			Siyakanyeke Business Centre		
	Msala Primary Business Centre			Msala Primary Business Centre		
Gweru District	Ntabamhlope Primary School	Ntabamhlope Secondary School	Nyama Clinic		Sikombingo Chaka Village	Grainthorpe Plot 1 Farm
	Chiwundura Primary School Borehole Site	Sikombingo Secondary School	Kabanga Clinic			Anderson Telone Booster
	Chikutubwe Primary School					
Kwekwe District	Champeni Primary School	Simana Secondary School				Gande Grinding Mill
Mberengwa District	Ruuraugwi Primary School	Chebvute Secondary School				
	Vuhwa Primary School					
	Zverenje Primary School					
Mvuma District						Plot 13 Larenvale
Shurugwi District	Zvemaunje Primary School	Jujuta Secondary School	Gundura Clinic		Marira Village Phase 2	
	Banga Primary School		Tarner Clinic			
	Zvamatenga Primary School					
Zvishavane District	Shiku Primary School	Bera Secondary School	Marira Clinic		Budirirai - Nganunu Village	
	Venge Primary School					
Total	**17**	**10**	**6**	**6**	**4**	**4**

Source: REA

Table 18: Publicly Guaranteed External Debt

Debtor	Debt Disbursed & Outstanding	Stock of Arrears of Principal 31-Dec-16	Stock of Arrears of Interest 31-Dec-16	Penalties 31-Dec-16	Grand Total
DEVELOPMENT TRUST	-	2.58	0.46	3.65	6.70
FARMERS WORLD	7.85	9.40	0.30	0.06	17.45
HWANGE	12.88	3.89	0.88	10.91	28.57
IDC	4.82	2.79	0.14	0.02	7.77
NETONE	-	14.83	8.57	20.66	44.05
NOCZIM	-	21.02	0.30	87.66	108.80
NRZ	-	8.34	1.43	5.64	11.55
PETROZIM	-	1.35	0.04	1.88	3.27
RBZ	100.00	16.67	1.55	-	118.22
TELONE	42.17	136.55	77.65	84.46	340.83
ZAGRINDA	-	7.30	0.43	8.00	15.73
ZDB (IDBZ)	-	21.16	2.93	33.55	55.26
ZESA	1.33	239.42	167.70	86.37	500.44
ZISCO	-	60.50	60.23	77.63	198.36
TOTALS	**169.05**	**545.81**	**322.60**	**420.50**	**1,456.99**

Source: Public Debt Management Office

Table 19: Summary of Balance of Payments

	2014	2015	2016
	Actual		Estimate
A. Current Account	**-2254.3**	**-1520.6**	**-552.8**
Balance on goods	**-2516.6**	**-2365.9**	**-1461.5**
Goods: exports f.o.b.	3717.2	3614.2	3701.4
Goods: imports f.o.b.	6233.8	5980.1	5162.9
Balance on services	**-1590.0**	**-1137.1**	**-867.1**
Services: credit	363.3	386.7	396.7
Services: debit	1953.2	1523.8	1263.8
Balance on goods and services	**-4106.6**	**-3503.0**	**-2328.6**
Primary income: credit	201.3	210.8	220.2
Primary income: debit	344.3	369.5	398.6
Balance on goods, services, & primary income	**-4249.6**	**-3661.8**	**-2506.9**
Secondary income: credit	2016.8	2164.7	1979.7
o/w Workers Remittances	*1166.0*	*1253.2*	*1102.8*
NPISHs	*735.0*	*790.4*	*750.3*
Secondary income: debit	21.5	23.6	25.6
Services Account (net)	**-1590.0**	**-1137.1**	**-867.1**
Transport	-904.7	-364.7	-281.1
Travel	-169.8	-301.5	-149.6
Charges for use of intellectual property n.i.e.	-16.5	-17.3	-8.0
Telecoms, computer, & information services	-8.0	-8.4	-8.8
Other business services	-458.8	-385.3	-421.6
Personal, cultural, and recreational services	-9.6	-49.3	-10.0
Government goods and services n.i.e.	-22.4	-10.7	12.0
B. Capital Account	**369.4**	**398.4**	**242.3**
Capital account: credit	369.4	398.4	242.3
Capital account: debit	0.0	0.0	0.0

Source: Reserve Bank