



Republic of Zimbabwe

**Details on the COVID-19 Economic Recovery
and Stimulus Package**

**A zWL \$18 billion Package
(9% of GDP)**

04 May 2020

Introduction

1. On 1 May 2020, The President of the Republic of Zimbabwe, His Excellency, E.D. Mnangagwa, unveiled an ZWL\$18 billion Economic Recovery and Stimulus Package aimed at reinvigorating the economy and providing relief to individuals, families, small businesses and industries impacted by the economic slowdown caused by the Coronavirus pandemic and the attendant response measures implemented by the government to control the health crisis. We now provide more details of the package below.

2. The main elements of the recovery proposals are in the main to; -
 - a. Provide critical liquidity support to the ALL the productive sectors of the economy; including Manufacturing, Agriculture, Mining and Tourism;
 - b. Protect employment through prevention and minimisation of Covid-19 induced and other related lay-offs;
 - c. Provide income support for ALL vulnerable groups and individuals;
 - d. Provide a recovery mechanism for the most affected micro enterprises and households;
 - e. Take advantage of the Covid-19 response tools to further strengthen and expand existing social safety nets;
 - f. Use existing infrastructure to deliver interventions ie Banks and MFIs, MNOs and identified Civic Society structures in order to reach the intended beneficiaries quickly and in a systematic way; and to
 - g. Upscale investments in social and economic infrastructure, including recovery of assets that were recently destroyed by floods in order to build resilience of affected communities.

Summary of the Covid-19 Economic Recovery and Stimulus Package

Agriculture Sector Support	ZWL\$6.08 billion
Working Capital Fund	ZWL\$3.02 billion
Mining Sector Fund	ZWL \$1.00 billion
SME Support Fund	ZWL \$0.50 billion
Tourism Support Fund	ZWL \$0.50billion
Arts Sector Fund	ZWL \$0.020billion
Liquidity Release from Statutory Reserves	ZWL \$2.00 billion
Health Sector Support Fund	ZWL \$1.00 billion
Broad Relief Measures	ZWL \$1.50 billion
Food Grant	ZWL \$2.40 billion
Total	ZWL \$18.02 billion
% of GDP	9%

Agriculture Sector Support- ZWL\$6.1billion

Support for the Winter Wheat Cropping Programme ZWL\$3.2 billion

3. Agriculture is a key sector in the economy and Government is committed to ensuring food and nutrition security. The Covid-19 pandemic requires that grain imports be minimised where possible.
4. To this end ZWL\$3.2 billion will be set aside to fund a comprehensive Winter Wheat Programme.

Support for the 2020/21 Cropping Programme- ZWL\$2.880billion

5. Financing for the 2020/21 Summer Cropping Programme will continue to be reviewed as the full impact of the Covid-19 becomes known. However, it is anticipated that a significant upward revision of the resources for the Vulnerable Farmers Input Support Programme is now necessary and an amount of \$2.880 billion will be made available to small scale and communal farmers.

Working Capital Fund for Industry Sectors-ZWL\$3.02 billion

6. Provision of Government Guarantees of up-to ZWL\$2.5 billion for bank loans accessed by industry for working capital purposes.
7. Equity injection of ZWL\$500 million to capacitate Silo Food Industries to enable the entity to scale up its operations.
8. Targeted investment of ZWL\$20 million into the leather and textiles value chain.

Support for the Mining Sector-ZWL\$1 billion

9. Introduction of credit facility for the Gold sector to the tune of ZWL\$1 billion targeting both small scale and large scale miners. Part of this funding will be available in foreign currency
10. Ring fence, guaranteed fuel and power for the mining sector to ensure that production is not disrupted.
11. Resuscitate closed gold mines by designating them Special Economic Zones.
12. Reduce application fees and annual rentals to encourage investments in exploration activities
13. Speed up the implementation of computerised Cadastre System to create confidence in the management of mining title and strengthen security of tenure so as to promote investment in the mining sector.

SME Support Fund -ZWL\$500 million

14. An amount of ZWL\$500 million has been earmarked for the MSMEs sector to assist SMEs to quickly resuscitate their businesses and recover from the effects of COVID-19. Government will provide these resources through additional capitalisation to SMEDCO, the Women's Bank and Empower Bank to enable them support small businesses to access working capital.

Arts Sector Support –ZWL \$20million

15. The Performing Arts Sector has been allocated an amount of ZWL20 million to assist them in Covid recovery efforts. The musical artists are playing a critical role in spreading Covid 19 messages but they have equally been affected by the adverse impact of the pandemic.

Tourism Sector Support-ZWL\$500 million

16. A total of ZWL\$500million in Government Guarantees has been put in place for tourism sector players to access working capital loans from banks.

17. In order to promote domestic tourism, a waiver on VAT payable by domestic tourists for accommodation and visitor services has been granted. Domestic tourism will be the first to recover in the wake of global travel restrictions.

18. Deferment of liquidation of foreign currency paid by international clients whose travel plans were interrupted by the global lock-down. These funds should be rolled over so that these visitors can come back to Zimbabwe when travel restrictions are lifted.

19. An amount of ZWL\$20 million of seed capital, will be set aside to kick start a Tourism Revolving Fund which will give working capital to players in the sector. Government will request contributions from international partners (e.g World Bank, which have already indicated a keenness to contribute)

20. Budgetary support will be given to ZTA, which has lost its main revenue source (tourism levy).

21. Government will settle **ALL** long overdue bills with Tourism sector players for services already rendered and that should unlock working capital resources.

Health Sector Support Fund-ZWL\$1 billion

22. In addition to the \$6.5 billion which was allowed for the health sector in the 2020 budget, Government has ring-fenced the health levy collections for the next six months for Covid-19 response expenditures.

23. An additional 4000 health personnel will be recruited.

24. Front-line health personnel will earn a Tax Free Risk allowance.

25. Health Professionals will be paid a once off Professional Support Allowance of ZW\$10000 should they fall sick in the line of duty and need to recuperate at home.
26. All health professionals and other public service personnel who may fall ill due to Covid-19 related exposures will have their medical shortfalls from the PSMAS Scheme settled in full by the Government.
27. All Covid-19 Response personnel are to be covered by a 24-hour personal accident cover whilst on Covid-19 duty.
28. Health Workers and all frontline Covid-19 response staff also will benefit from a death benefit insurance equivalent to one year's salary.
29. Central, Provincial and District hospitals and other facilities are being upgraded and equipped to accommodate and care for Covid-19 patients.

Food Grant

30. Government has introduced Food Grant in order to support at least 1 000,000 vulnerable individuals for a period of eight months to cater for food needs. Within this, are the 200 000 micro-enterprise owners whose businesses have been disrupted by the lock down. Over a period of 8 months, the expenditure will be ZWL\$2.4 billion.

Other Relief Measures

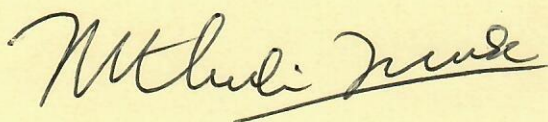
31. **Import duty on raw materials-** Import duties on selected raw material imports for the three quarters up to the end of 2020 are being significantly relaxed in order to cushion producers and to manage imported inflation considering that trade has been affected by the Covid-19 pandemic.
32. **Corporate Tax Credits for Covid-19 Donations-** A Tax Credit on up to 50% of expenditure. This will enable businesses/companies to have funds which can be invested back to the businesses to boost the working capital in order to sustain businesses.
33. **Interest Rates-** Productive Sector lending interest have been lowered to not more than 20% and loans must be restructured to allow businesses to recover. Loan restructuring will also entail review and relaxation of regulatory guidelines and benchmarks.

34. A comprehensive reduction of statutory reserve requirements on banks will be implemented in order to release at least ZWL\$2 billion of liquidity in order to increase the capacity of banks to lend.
35. Local Authorities – Some of these resources will be allocated to Local Authorities to Provide as their income has been severely affected by the lockdown and hence are no longer able to sustain service delivery. The resources will be targeted at supporting the city health departments as well as the provision of clean water.
36. **Launch of the Victoria Falls Securities Exchange-(VFEX)-** Government has already announced the launch of the Victoria Falls Securities Exchange-(VFEX), in Victoria Falls in order to attract critical offshore capital to the economy in order buttress local resources. This move affirms the status of Victoria Falls as an Offshore Financial Centre and reinforces the Government's mantra that Zimbabwe is Open for Business.

Implementation Modalities

The economic rescue package totals ZWL\$18 billion (9% of GDP and 29% of the 2020 Budget) and it is government's desire to continue to source resources in order to meet fully the challenges imposed on our people and the economy by this global catastrophe. The private sector remains a key engine for the execution of the stimulus scheme as it is the individual MSMEs, corporates as well as banking institutions who are the main players with Government playing a critical facilitative role.

To this end, a technical team is being setup to design the finer operational details of the stimulus package. This operational detail, which will specify the qualifying criteria, institutional coordination and access points for the facilities, will be announced in due course after the full conclusion of consultative processes.



Hon. Prof. Mthuli Ncube

Minister of Finance and Economic Development

04 May 2020

