



**ZIMBABWE**

**THE 2021 MID-TERM BUDGET AND ECONOMIC REVIEW**

**PRESENTED TO PARLIAMENT OF ZIMBABWE**

**BY**

**HON. PROF. MTHULI NCUBE**

**MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT**

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## INTRODUCTION




1. The 2021 Mid-Term Budget and Economic Review provides performance of the economy and the 2021 Budget during the first half of the year, together with macro and fiscal outlook to year end. This is in compliance with Section 7 (2) (a) of the Public Finance Management Act and Section 9 of the Public Finance Management (General) Regulations of 2019.
2. Guided by first half developments, the Review also gives Government an opportunity to make necessary policy re-alignments to ensure that set economic and fiscal objectives and targets for the year are met.
3. In formulating the Review, Treasury is grateful to invaluable contributions from the Presidium, Cabinet Ministers, line Ministries, Government Agencies, Honourable Members of Parliament and their respective Portfolio Committees, as well as all stakeholders, inclusive of private sector players, labour, civic organisations and the public at large.
4. For that purpose, a revisit to the original macro-fiscal parameters aligned to key policy measures under the 2021 National Budget allows identification of any deviations for necessary adjustments.

## Overview of the 2021 National Budget

5. Guided by the National Development Strategy 1: 2021-2025 (NDS1), the 2021 National Budget sought to accelerate economic recovery and growth as part of the building blocks towards the attainment of the Nation’s Vision of an *Empowered and Prosperous Upper Middle-Income Society by 2030*.
6. Accordingly, cognisant of the dynamics and enormous challenges posed by the COVID-19 pandemic and other exogenous factors, the macro-economic framework underpinning the Budget projected economic growth of 7.4%, mainly driven by strong recovery in all sectors led by agriculture, mining, electricity, construction, transport and communication as well as finance and insurance.
7. The targeted growth was premised on the following assumptions:

ASSUMPTIONS FOR THE MACRO-FISCAL FRAMEWORK: 2021-23	
	i. Covid-19 Recovery
	ii. Firming international mineral prices
	iii. Resumption of global economic activity
	iv. Recovery in domestic aggregate demand
	v. Good agricultural season
	vi. Macro stability reflected by stable currency and prices
	vii. Enhanced revenue collection
	viii. Domestication of value chains



	ix. Tourism and trade resumption		x. Further control of wasteful expenditures and value of money on all expenditures.
	xi. Materialisation of mining investment targets		

8. Based on the above annual growth target, the Budget projected revenue collection of ZWL\$390.8 billion, (16.4% of GDP), and total expenditures of ZWL\$421.6 billion (17.6% of GDP) resulting in a budget deficit of ZWL\$30.8 billion (1.3% of GDP).
9. In summary, for the first half of the year, revenues and expenditures, together with the budget balance were benchmarked as follows:

**Selected Fiscal Targets: Jan-June 2021**

Item	Target	Target	Target	Target	Target	Target	Target
ZWL\$ Millions	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Cum Total
Total Revenue	26,520	27,107	33,723	28,058	28,624	38,092	182,124
Total Expenditure	19,975	24,995	32,342	33,679	35,700	43,133	189,824
Surplus/Deficit	<b>6,545</b>	<b>2,112</b>	<b>1,381</b>	<b>-5,621</b>	<b>-7,076</b>	<b>-5,041</b>	<b>-7,700</b>

## Priority Areas and Key Policy Measures

10. The theme of the 2021 National Budget is: *“Building Resilience and Sustainable Economic Recovery”*, has the following priorities, anchored on NDS1 pillars:

- i. Inclusive Growth and Macro-stability;
- ii. Developing and Supporting Productive Value Chains;
- iii. Optimising Value in our Natural Resources;
- iv. Infrastructure, ICT s and Digital Economy;
- v. Social Protection, Human Capital Development and Well-being;
- vi Effective Institution Building & Governance; and
- vii. Engagement and Re-engagement.

11. Envisaged key policy measures under each pillar were as follows:

Pillar	Main Policy Measures
i. Inclusive Growth and Macro-stability	<p><b>Fiscal Policy</b></p> <ul style="list-style-type: none"> <li>✓ Strict observance of the Budget and PFM Act rules</li> <li>✓ Borrowing only for budgeted expenditures and through the market</li> <li>✓ No recourse to Central Bank overdraft window</li> <li>✓ Continuous review and rationalisation of public posts</li> <li>✓ Rolling of PFMS controls to all departments and local levels</li> <li>✓ Managing employment costs</li> <li>✓ Ensuring value for money for all expenditures</li> <li>✓ Winding up retentions by line ministries</li> <li>✓ Adherence to new procurement Act rules</li> <li>✓ Minimising subsidies that are targeted and accommodated in the Budget</li> <li>✓ Complete migration to Public Service Pension Scheme from Pay-As-You-Go to Defined Benefit Pension Scheme</li> <li>✓ Directing more resources to development programmes and social services delivery</li> </ul> <p><b>Monetary Policy</b></p> <ul style="list-style-type: none"> <li>✓ Manage money supply growth</li> <li>✓ Ensure foreign exchange stability</li> <li>✓ Maintaining safety, soundness and integrity of the financial sector</li> </ul>

Pillar		Main Policy Measures
ii.	Developing and Supporting Productive Value Chains	<p><b>Agriculture</b></p> <ul style="list-style-type: none"> <li>✓ Access and timely financing arrangements, involving both Government and the private sector</li> <li>✓ Mitigating against climate change</li> <li>✓ Stepping up irrigation and mechanisation programmes</li> <li>✓ Disease control in livestock</li> <li>✓ Limiting of Government support to vulnerable households, extension services and other capital development, while private sector supports commercial farming</li> </ul> <p><b>Industrialisation</b></p> <ul style="list-style-type: none"> <li>✓ Establishment of a Medium-term accommodation facility in support of productive sectors</li> <li>✓ Promotion of value chains</li> <li>✓ Promotion of Buy Zimbabwe Campaign</li> <li>✓ Export promotion and incentives</li> <li>✓ Establishment of National venture capital fund in support of start-ups</li> <li>✓ Support to SMEs, Youths and Women entrepreneurship</li> <li>✓ Capacitation of the Sovereign Wealth Fund</li> </ul>
iii.	Optimising Value in our Natural Resources	<p><b>Mining</b></p> <ul style="list-style-type: none"> <li>✓ Finalising the Mining Legislative agenda</li> <li>✓ Advancing the US\$12 billion mining industry</li> <li>✓ Capitalisation of the Mining Industry Fund</li> <li>✓ Finalisation of the Mining Cadastre System</li> <li>✓ Promotion of exploration</li> <li>✓ Investment mobilisation</li> <li>✓ Instituting mining fiscal regime</li> <li>✓ Sealing of mineral leakages</li> <li>✓ Promotion of accountability and transparency in the mining sector</li> </ul> <p><b>Tourism</b></p> <ul style="list-style-type: none"> <li>✓ Destination branding and country image transformation</li> <li>✓ Domestic, regional and international tourism promotion</li> <li>✓ Establishment of Tourism revolving Fund</li> <li>✓ Opening up of skies</li> <li>✓ Establishment of the Tourism Satellite account</li> <li>✓ Tax dispensations on tourism capital goods</li> <li>✓ Rehabilitation and development tourism infrastructure</li> </ul>

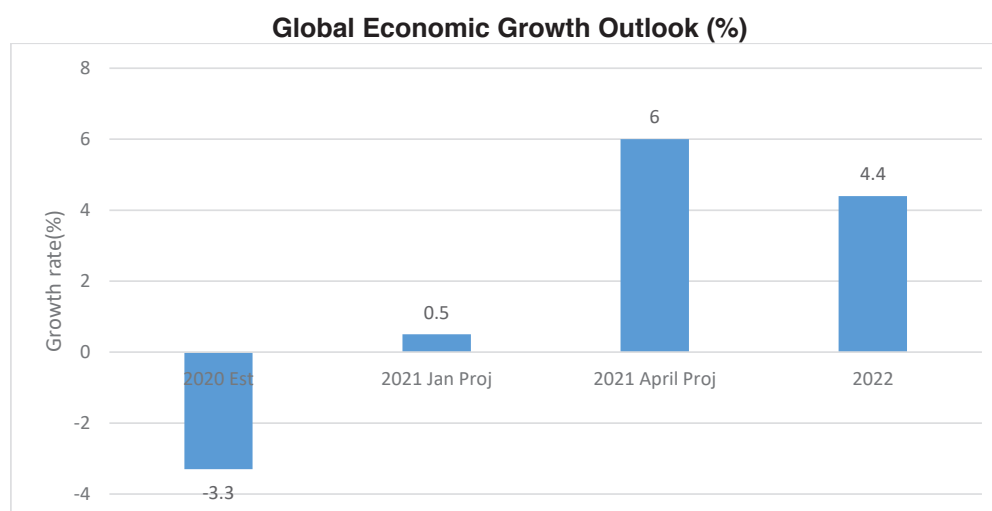
Pillar		Main Policy Measures
iv.	Infrastructure, ICT s and Digital Economy	<ul style="list-style-type: none"> <li>✓ Implement Road Rehabilitation and Development Programme</li> <li>✓ Rehabilitation and maintenance of railway infrastructure</li> <li>✓ Compliance with International aviation Standards through rehabilitation and upgrading of civil aviation facilities</li> <li>✓ Establishment of Port Authority</li> <li>✓ Implement rehabilitation, upgrading and maintenance programmes in water supply and sanitation</li> <li>✓ Devolution funds channelled towards infrastructure projects in local authorities</li> <li>✓ Strengthening capacities of local authorities for accountability in use of devolution funds</li> <li>✓ Promotion of ICTs in every sector</li> </ul>
v.	Social Protection, Human Capital Development and Well-being;	<ul style="list-style-type: none"> <li>✓ Increase allocation to health sector towards the Abuja target of 15% of the Budget</li> <li>✓ Restructuring the Ministry of Health and Child Care</li> <li>✓ Implement the Education 5.0 model</li> <li>✓ Scaling up social protection to all vulnerable groups</li> <li>✓ Allocation of more resources to social services</li> </ul>
vi.	Effective Institution Building & Governance;	<ul style="list-style-type: none"> <li>✓ Governance promotion and ease of doing business</li> <li>✓ Operationalise and strengthen the Tripartite Negotiating Forum (TNF)</li> <li>✓ Implement the State Enterprise and Parastatal Reform Agenda</li> <li>✓ Implement the Results Based Monitoring and Evaluation Framework</li> <li>✓ National Census</li> </ul>
vii.	Engagement and Re-engagement	<ul style="list-style-type: none"> <li>✓ Continuous engagement and re-engagement with international community and the diaspora</li> </ul>

## ECONOMIC DEVELOPMENTS DURING THE FIRST HALF OF THE YEAR

12. The Review begins by providing a brief on global economic developments, given the linkages that exist between the domestic economy and the rest of the world.

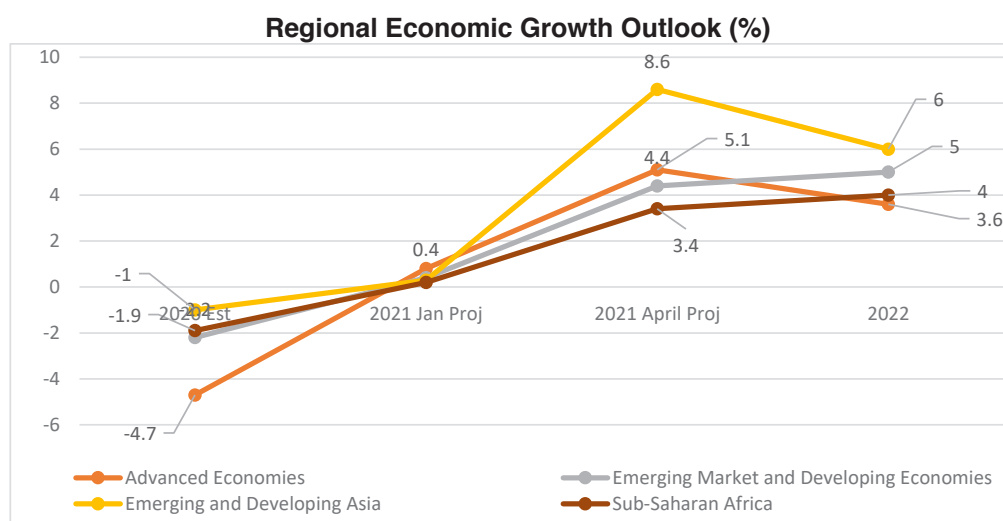
## Global Growth Prospects

13. The global economy is now projected to grow by 6% in 2021, an upward review from the initial forecast of 0.5%. The projected higher growth is on account of additional fiscal support and monetary accommodation by major economies as well as the global vaccination programme which has the potential to reduce the severity and frequency of infections of the COVID-19 pandemic. Similarly, continued general adaptation of all sectors to the challenging health situation will spur growth.
  
14. The major growth drivers are from advanced economies as well as emerging market and developing economies.



Source: IMF World Economic Outlook, April 2021

15. However, growth recovery is expected to vary across regions and countries, depending on the success of the vaccination programmes, effectiveness of policy support, exposure to cross-country spill-overs, and structural characteristics, among others.



Source: IMF World Economic Outlook, April 2021

## Sub-Saharan Africa

16. While the SSA region was not severely affected by the first and second waves of the pandemic than other regions, it is expected to recover rather-slowly compared to the rest of the world in 2021 owing to the region's limited fiscal policy space and access to vaccines as well as growing risk from debt burden. Tourism based countries such as Cabo Verde, Mauritius and Seychelles are the most affected with subdued tourist inflows.

17. The region is, therefore, projected to grow by 3.4% in 2021, a slight upward review from the initial projection of 3.1%. The recovery will mostly be supported by firm international commodity prices, spill-overs from global growth and to some extent, supportive fiscal and monetary interventions.

**Sub-Sahara African Economies GDP Growth (%)**

	2020	2021	2022
Sub-Saharan	-1.9	3.4	4.0
<b>Oil Exporters</b>	<b>-2.3</b>	<b>2.2</b>	<b>2.2</b>
Nigeria	-1.8	2.5	2.3
<b>Middle Income Countries</b>	<b>-4.4</b>	<b>3.8</b>	<b>3.5</b>
South Africa	-7.0	3.1	2.0
<b>Low Income Countries</b>	<b>1.0</b>	<b>4.3</b>	<b>6.1</b>
Ethiopia	6.1	2.0	8.7
<b>SADC</b>	<b>-4.9</b>	<b>2.7</b>	<b>2.9</b>

*IMF WEO: April 2021*

### *Downside Risks*

18. The outlook, however, faces risks in the face of slow roll out of vaccinations and resurgence of new waves of the COVID-19 variants, which spread more easily and quickly than previous variants, which are all potential downsides for both lives and economic activity.
19. Other risks are related to the following factors:
- Climate-related shocks, such as floods or droughts;
  - High and rising debt levels particularly for some emerging markets and low-income countries;

- Potential supply damage arising from diminishing labour force participation; and
- Continuation of geopolitical tensions, trade restrictions and technology protectionist tendencies, especially on medical supplies.

### **Commodity Prices**

20. International commodity prices continued on a rally since end of last year, spilling into the first quarter of 2021, with some surpassing their pre-pandemic levels. They are expected to remain close to current levels throughout the year on account of global recovery from last year's recession, improved growth prospects, and commodity-specific supply constraints.
21. Energy prices are on an increase, with the price of crude oil having recovered substantially to reach a high of nearly \$70/bbl in mid-March from a near zero in 2020. Non-energy commodity prices rose 12 percent in the first quarter of 2021, following a 10 percent increase during the previous two quarters. Non-energy commodity price index by the World Bank rose 11 consecutive months since its trough in April 2020.



### International Commodity Price Indices

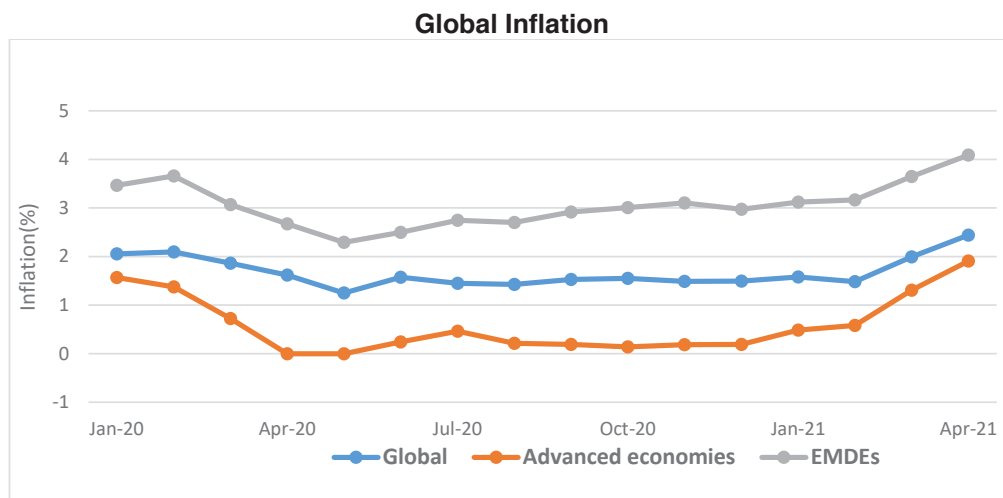
	2018	2019	2020	2021*	2022*
<b>Energy</b>	87	76	52	71	75
<b>Non-energy commodities</b>	85	82	84	99	97
<b>Agriculture</b>	87	83	87	99	100
<b>Beverages</b>	79	76	80	82	83
<b>Food</b>	90	87	93	108	109
Oils and Meals	85	76	90	116	117
Grains	89	89	93	106	107
Other food	99	98	96	101	101
<b>Raw materials</b>	81	78	76	85	86
Fertilizers	82	81	73	93	92.5
<b>Metals and minerals</b>	83	78	79	101	91
Base Metals	91	82	80	103	97
Precious Metals	97	105	134	134	125

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

22. Prices of metals are projected to rise by almost 30% in 2021 driven by growth from stimulus measures and easing of supply constraints. Major global planned infrastructure projects could sustain higher prices for metals, such as aluminium, copper, and iron ore. In addition, the drive towards decarbonisation through intensification of the global energy transition could further strengthen demand for metals.
  
23. Similarly, agricultural prices are projected to rise by 14% during 2021, and stabilize in 2022. Production shortfalls in some food commodities, such as soybeans, palm oil, and maize, have resulted in steep price increases.

### Global Inflation

24. Global inflation has been surging since 2020, having risen since the emergence of COVID-19 pandemic in both advanced economies and emerging and developing economies (EMDEs). Inflation in the United States of America accelerated to higher levels of 5.4% in June 2021, a peak since 2008 during the global financial crisis.
25. The rise in global inflation is mainly driven by supply disruptions, food shortages, stimulus interventions and currencies depreciation induced by COVID-19 pandemic.



Sources: Consensus Economics; Haver Analytics; IMF World Economic Outlook; World Bank.

26. Going forward, global inflation is projected to continue on the rise over the remainder of this year, but within targeted ranges in most countries.

## DOMESTIC ECONOMIC PERFORMANCE

### Gross Domestic Product (GDP)

27. GDP growth for the year 2021 is projected to remain strong at 7.8%, slightly above the 2021 National Budget growth target of 7.4%. The strong rebound of the economy is anchored on better 2020/21 rainfall season, higher international mineral commodity prices, stable macroeconomic environment and managed COVID-19 pandemic.
28. Higher growth rates are projected in agriculture, electricity generation, manufacturing as well as financial services.

**2021 Revised GDP Growth Rates**

	2018	2019	2020	2021 Initial Proj	2021Rev Proj
Agriculture, Hunting and Fishing and forestry	18.3	-17.8	4.2	11.3	34.0
Mining and quarrying	8.7	-12.4	-9.0	11.0	2.0
Manufacturing	1.3	-8.7	-3.2	6.5	7.0
Electricity	-1.1	-19.2	-16.5	18.8	13.9
Construction	2	-12.4	2.5	7.2	7.7
Wholesale and retail trade	5.3	-4.1	-4.8	5.7	5.1
Transportation and storage	2.3	-4	-2.2	7.1	4.9
Accommodation and food service activities	1.1	-8.6	-56.3	5.7	6.4
Information and communication	2.8	11.3	18.7	7.1	5.1
Financial and insurance activities	6.5	-5.2	2.0	6.2	4.5
Real estate activities	3.2	-1.2	-5.9	4.5	1.1
Public administration	-5	1.5	-1.3	2.5	2.6
Education	-4.7	0.9	-9.3	12.7	5.2
Human health and social work activities	0.3	2.7	3.7	2	5.7

	2018	2019	2020	2021 Initial Proj	2021Rev Proj
Other Services	-3	5.7	2.7	4.7	-2.8
GDP at Market Prices	<b>4.8</b>	<b>-6.0</b>	<b>-4.1</b>	<b>7.4</b>	<b>7.8</b>

## Sector Performance

### Agriculture

29. Growth of the agriculture sector in 2021 has been revised upwards on account of higher-than-expected performance of almost all crops particularly maize, groundnuts, and sorghum. The sector is, therefore, estimated to grow by 34%, up from the original Budget projection of 11%.

#### Agriculture Sector Output: 2019-2021 (000 tonnes)

	2018	2019	2020 Budget	2020 Rev	2021 Budget	May 2021 Rev
<b>Overall Growth (%)</b>	<b>8</b>	<b>-17.8</b>	<b>-0.2</b>	<b>4.2</b>	<b>11</b>	<b>34</b>
Tobacco (flue cured)	252	260	192	184	205	195
Maize	1831	777	907	927	1400	2717
Beef	75	63	57	62	55	64.7
Cotton	144	77	101	101	102	140
Sugar cane	3903	4000	4100	4272	4200	4350
Horticulture	71	77	94	97	96	98
Poultry	161	152	149	148.6	149	156.1
Groundnuts	127	71	87	87	134	208.9
Wheat	161	95	178	212	193	280
Dairy (m lt)	92	96	92	92	97	97
Coffee	0.59	1	0.531	0.6	0.65	0.6
Soybeans	54	60	47.1	47.1	80	80
Tea	20	19	21	40.2	21	38.1
Paprika	0.8	1	0.1	0.07	0.1	0.1
Pork	11	12	12	11.8	14	11.3

	2018	2019	2020 Budget	2020 Rev	2021 Budget	May 2021 Rev
Sorghum	70	41	103	103	45	244
Barley	33	29	25	25	25	25
Sheep & goats	10	7	8	7.7	8	7.4

Source: MOFED, RBZ & ZIMSTAT

30. The positive performance is on account of a good 2020/21 rainfall season, supported by adequate planning and preparation. The Meteorology Department records indicate that the country largely received normal to above normal rainfall during the past season, with even distribution in space and time.
31. Furthermore, during the 2020/21 season, Government launched a number of supportive programmes such as Pfumvudza/Intwasa Conservation Scheme, Presidential Input Scheme, National Enhanced Crop Productivity Scheme (Command Agriculture), Irrigation, the Livestock Growth Plan and Farm Mechanisation Programme, which all contributed to the anticipated higher growth.
32. As a result of the above supportive measures, the Crop and Livestock Assessment Report indicates an overall 23% increase in area planted for crops to 3.5 million ha in the 2020/2021 season.

### Area Planted to Field Crops (Ha)

Crop	2018/2019			2019/2020			2020/2021		
	Ha	Output	Yield	Ha	Output	Yield	Ha	Output	Yield
Maize	1617989	776635	0.48	1582766	927629	0.59	1951848	2717171	1.39
Sorghum	201876	40215	0.20	333355	103684	0.31	364889	244063	0.67
Pearl millet	151708	28047	0.18	168436	39032	0.23	216389	90683	0.42
Finger millet	25146	6947	0.28	34082	9799	0.29	24962	13223	0.53
Tobacco	132040	259530	1.97	117976	184042	1.56	125176	200245	1.60
Soyabean	55660	60068	1.08	34700	47088	1.36	46159	71290	1.54
Cotton	197242	66564	0.34	174212	101000	0.58	239619	195991	0.82
Groundnut	210468	70902	0.34	209507	87479	0.42	250088	208864	0.84
Sunflower	21258	6356	0.30	24717	9447	0.38	26965	14198	0.53
Sugarcane	69970	5562674	79.50	74189	5860931	79.00	74513	5886527	79.00
Africa peas	53917	14764	0.27	69376	18430	0.27	83149	38452	0.46
Sugar bean	30574	9528	0.31	28617	12650	0.44	35322	30613	0.87
Sweet potatoes	17502	88248	5.04	19795	114558	5.79	45513	422613	9.29
Coffee	542	531	0.98	573	579	1.01	676	608	0.90
Tea	7567	37835	5.00	7582	40185	5.30	7462	38056	5.10

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

33. During the first six months of the year, the Budget disbursed ZWL\$11.9 billion to the Ministry for targeted interventions which were complemented by US\$10.9 million from Development Partners.
  
34. The UNDP administered Zimbabwe Resilience Building Fund disbursed US\$2.5 million towards provision of technical and financial support for the first and second crop and livestock assessment, training of 1045 agricultural extension workers and 10 785 farmers on resilient and sustainable agriculture technologies in the 18 operational districts, among others.

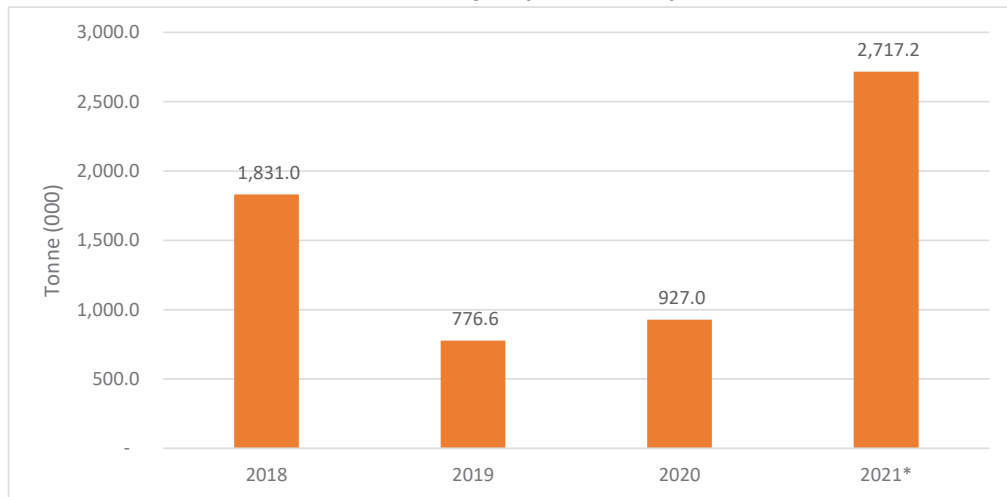
35. As part of the development partner support, IFAD also disbursed a grant of US\$2 million under the Smallholder Irrigation Revitalisation Programme (SIRP) for rehabilitation of schemes in Masvingo, Midlands, Manicaland and Matebeleland South provinces. The supported targeted the following interventions:

- Training of extension workers and youths in operations & maintenance at the rehabilitated schemes;
- Conducting of economic and technical feasibility studies at Romsely, Cashel Valley, Mushandike and Silalabhuhla irrigation schemes; and
- Programme operational costs.

### ***Maize***

36. Maize output for the 2020/21 cropping season is estimated at a record 2.7 million tonnes, about 193.1% up from 0.9 million tonnes produced in the 2019/20 season. The maize output will be complemented by increases in the output of other grains, which include sorghum, pear millet and finger millet.

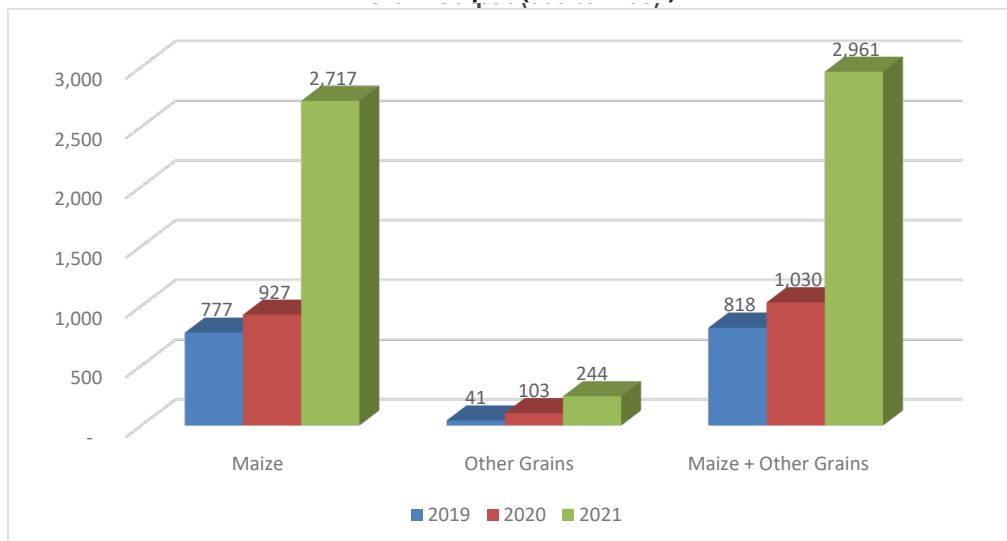
**Maize Output (000 tonnes)**



*\*Projections*

37. This level of output surpasses the national cereal requirement of an estimated 1.8 million tonnes and 450 000 tonnes for human and livestock consumption, respectively.

**Grain Output (000 tonnes)**



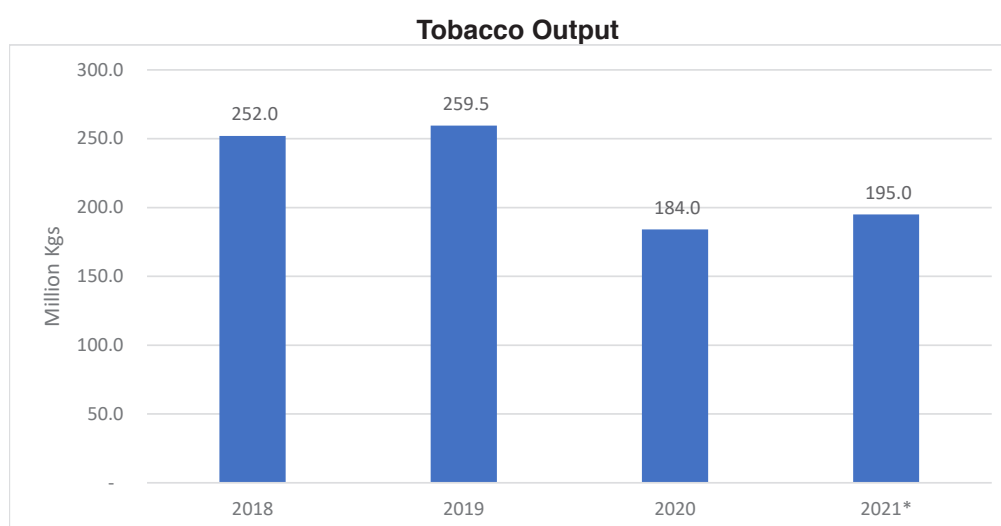


38. Meanwhile, Government has designated the GMB as the sole buyer of grain. Out of the grain stock produced, it is anticipated that 1.9 million tons of grain, valued at ZWL\$67.7 billion, will be delivered to GMB by farmers country wide. Government has put in place mechanisms for paying for the deliveries, mainly from proceeds from sale of grain, AMA Bills Facility and fiscal revenues.
39. As at 26 July 2021, grain deliveries by farmers to GMB depots stood at 637 000 tons valued at ZWL\$20.9 billion, of which 567 000 tons was for maize, 58 000 tons traditional grains, 11 000 tons soya beans and 661 tons wheat. Payments against these grain receipts stood at ZWL\$13.3 billion, leaving a balance of ZWL\$7.6 billion which is currently being processed.

### **Tobacco**

40. The area under tobacco increased by 6.1% from 117 976 hectares cultivated in the 2019/20 season to 125 176 hectares in the 2020/21 season with 84 000 hectares under irrigation, while the rest was under dry land. The bulk of the crop was in the traditional tobacco growing areas of Mashonaland and Manicaland Provinces.

41. From the increased hectarage, tobacco output is projected to increase by 8% to 195 million kilograms in 2021 compared to 184 million kilograms recorded in the 2019/20 season. The anticipated improvement is partly attributed to the good rains received during the season and increased financing by contractors who provided sufficient inputs during the season.



Source: TIMB, \*Projections

42. Meanwhile, the tobacco selling season commenced on 7th April 2021, after putting in place appropriate measures to curb the COVID-19 pandemic including decentralisation of the auction points. As at 23 July 2021, about 196.3 million kilograms of tobacco, worth US\$544.6 million had been sold at the auction floors. The delivery is 13% higher than the 172.3 million kilograms delivered during the same time in 2020.

### Tobacco Deliveries to the Auction Floors As at 23 July 2021

	TOTAL AUCTION	TOTAL CONTRACT	TOTAL 2021	TOTAL 2020	% CHANGE
Mass sold(kg)	12,367,504	183,917,791	<b>196,285,295</b>	172,345,271	13.89
Value (US\$)	34,831,769	509,810,904	<b>544,642,674</b>	428,794,015	27.02
Avg.price US\$/kg	2.82	2.77	<b>2.77</b>	2.44	11.53

Source: TIMB, 2021

43. Of significance is that average price of tobacco is higher by 11% at US\$2.77/kg compared to US\$2.44/kg paid during the previous season. Higher prices are being attributed to better quality of the crop.

### **Cotton**

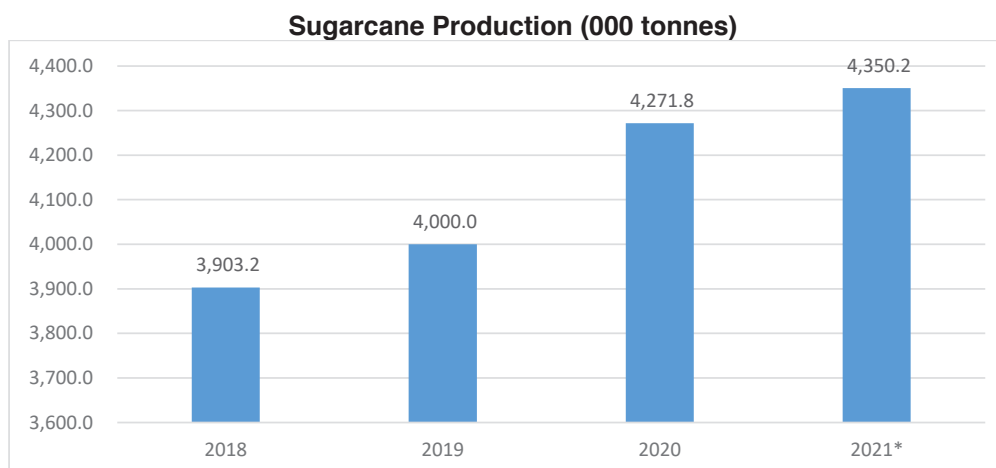
44. Benefitting from timeous distribution of inputs and better rainfall, area planted for cotton increased by 37.5% to 239 619 hectares in the 2020/21 season, from 174 212 hectares, as farmers responded well to the Government incentive aimed at resuscitating the cotton to clothing value chain.



45. Resultantly, initial estimates put cotton output to at least 140 000 tonnes during the 2020/21 season, a 39% increase from 101 000 tonnes produced in the 2019/20 season. The crop output benefited from continued support from the Cotton Company of Zimbabwe (COTTCO) administered Presidential Cotton Free Inputs Scheme, complemented by private players who also supported cotton farmers through contract farming.

### ***Sugarcane***

46. The above-normal rainfall season has significantly enhanced water security for the sugar cane industry. Tugwi-Mukosi Dam spilled for the first time since its commissioning in May 2017, while Lake Mutirikwi reached over 60% of its capacity. This water resource is adequate to cater for 75% of the sugar industry's irrigated cane area for at least three seasons.
47. Sugarcane production is, therefore, projected at 4.35 million tonnes, which is 1.8% increase from 4.27 million obtained in the 2019/2020 season. Sugar production for the year is projected to increase on the back of expected improvements in yields, cane quality and milling efficiencies.



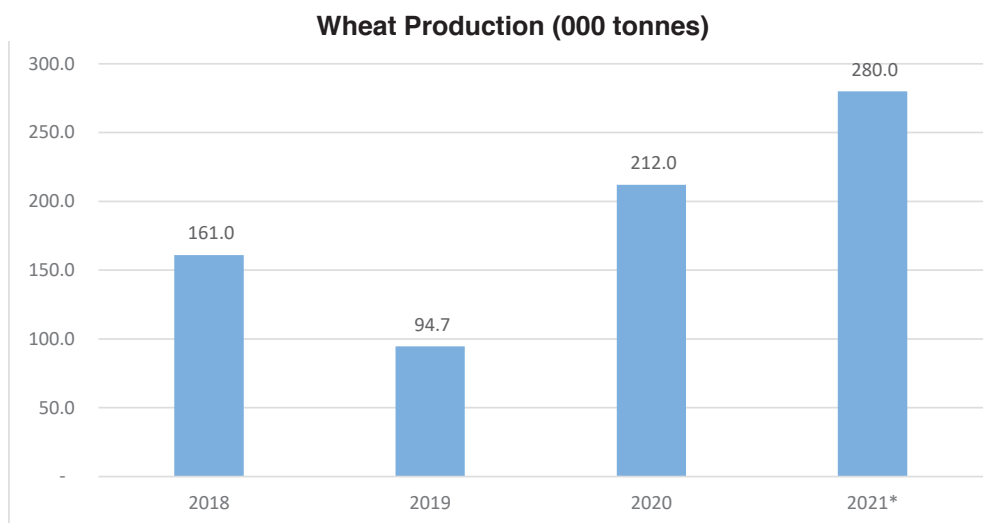
48. Efforts to maximize sugar production through yield improvement initiatives on both institutional and small-scale farmers are on-going, with special focus on strategic partnerships aimed at rehabilitating all derelict and low yielding land to above the breakeven yield of 70 tons/ha.
49. Work on the 4 000 hectares cane development project (Project Kilimanjaro) being undertaken through a joint venture arrangement between a private company, Government and local banks, has seen a total of 2 700 hectares of virgin land being cleared and ripped, with 562 hectares already having been planted.

### ***Wheat***

50. In 2021, winter wheat output is projected at 280 000 tonnes,

32% up from the 212 000 tonnes produced in 2020 on account of the 66 000 hectares of winter wheat planted during the winter season. Wheat yield is also expected to be enhanced from timeous provision of inputs. Projected higher output is on account of:

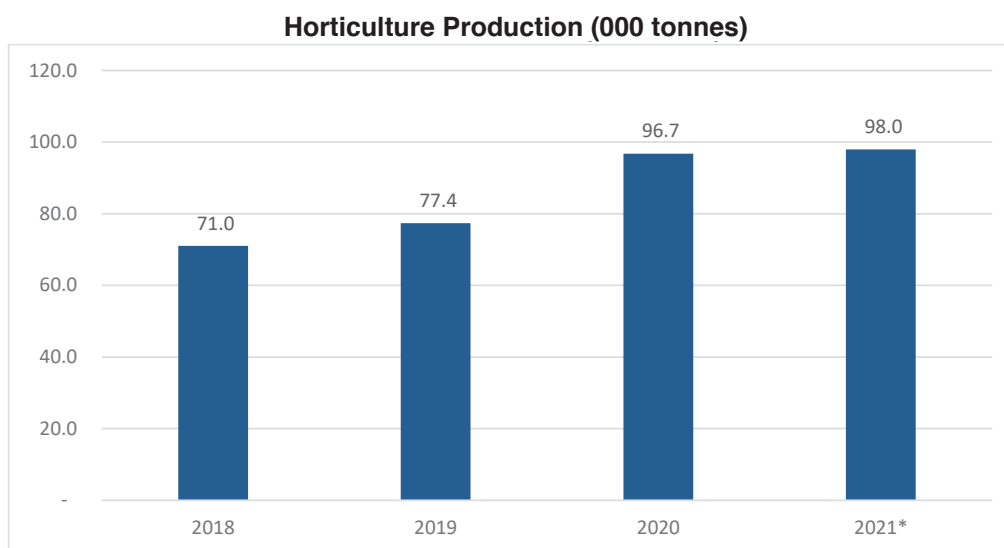
- Adequate water availability, with average dam levels reported at 95.9% of capacity by May 2021;
- Availability of chemicals and fertiliser on the market; and
- Expected stability of electricity supply.



51. The Accelerated Irrigation Rehabilitation and Development Plan is expected to play a major role in increasing the area under wheat as we gradually move towards the national target of developing irrigation capacity to 350 000 hectares by 2025.

## ***Horticulture***

52. The Crop and Livestock Report noted a substantial increase in area under production of horticultural crops in the 2020/21 season. Farmers are diversifying their horticulture basket by including crops such as blueberries and macadamia nuts, which are competing with some traditional crops.
53. This year, the sector was boosted by an increased production of sweet potatoes, fruits and coffee. Overall, the horticulture sub-sector is projected to grow by 1.3% in 2021.



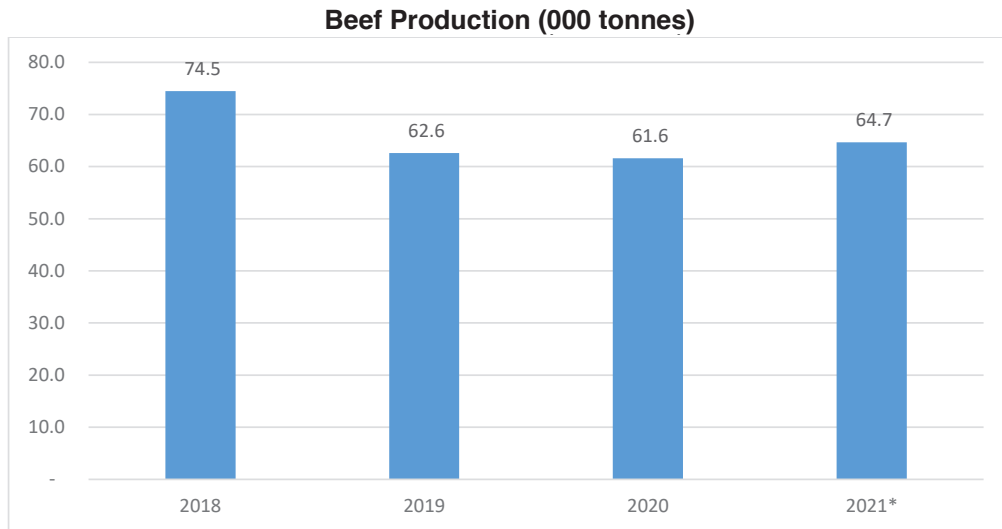
## ***Livestock***

54. The condition of livestock across the country is generally fair to good except in some parts of Gokwe, Nkayi, Gwanda and Zambezi. There is also enough water for livestock in most districts due to the good rains that were received this year. The grazing condition is also fair to good across all provinces and are expected to last up to the next season in most districts.
55. There has also been improved disease control efforts across the country, with dipping having improved compared to last year.

## ***Beef***

56. According to the Second Round Crop and Livestock Assessment Report, the national cattle herd increased by 1% from 5.4 million in 2019/20 season to 5.5 million during the 2020/21 season. The increase in numbers was attributed to reduction in disease related deaths such as theileriosis and other tick-borne diseases and improved breeding methods.
57. In line with the increased herd size, formal sector beef cattle slaughters in the first quarter of 2021 peaked up by 11% to 62 929 from 56 485 head in the same period in 2020.

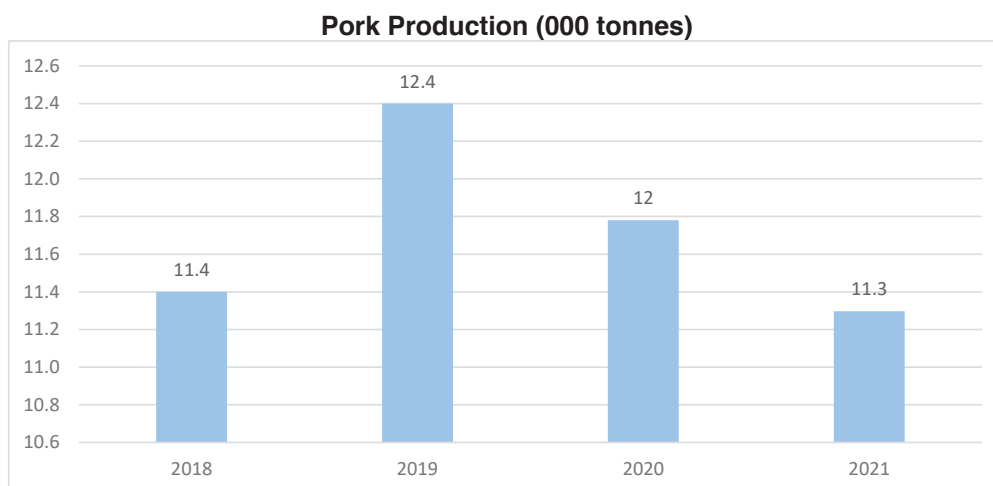




58. Therefore, beef output is projected to increase to 68 387 tonnes in 2021, up from 61 600 tonnes produced in 2020.

### ***Pork***

59. Dislocations in the supply of raw materials, along with the rising cost of stockfeed and lack of accessibility, compounded by reduced spending of consumers have resulted in some producers facing viability challenges, with some either downscaling or closing operations. Currently the sow herd stands at 20 000.

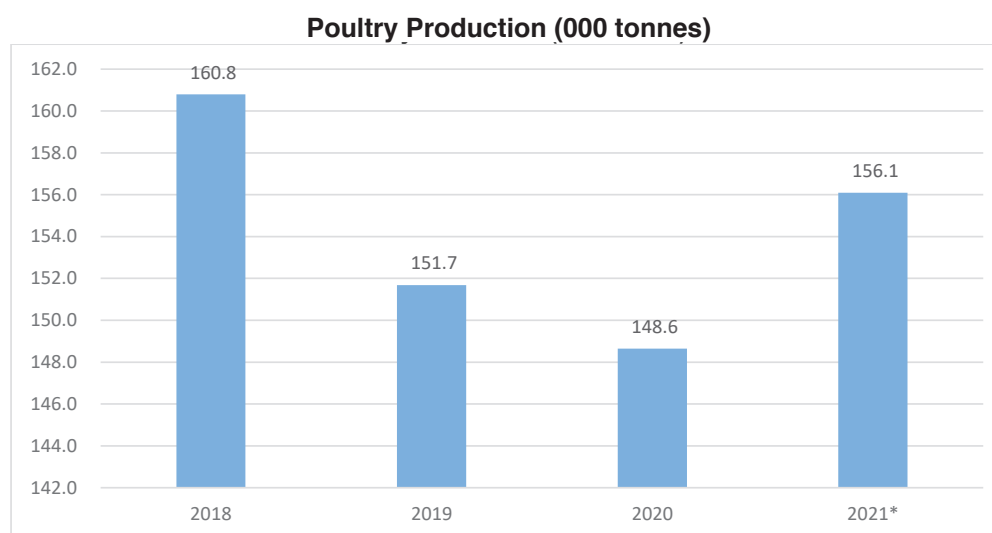


60. Disease outbreaks, mainly African Swine Fever (ASF), Foot and Mouth Disease and Anthrax were reported at the beginning of the year.
61. Going forward, the sector is expected to benefit from availability of stock feed arising from the good 2021 agriculture season.

### ***Poultry***

62. Poultry production is estimated to have declined in 2020 due to viability challenges emanating from high cost and low availability of stock-feeds, low demand, as well as the disruptions in supply chains for breeding stock. Day-old chick production decreased by 2.5% from 73.4 million in 2019 to 71.4 million in 2020, and consequently, meat output also fell by 2.45%. Table egg production in 2020 however, grew marginally resulting from increased number of layers in production and assured income inflows.

63. The poultry sector is expected to grow by 5% to 156 078 tonnes in 2021, supported by improved availability of stock feeds following an increase in production of maize and soyabeans. The progressive increase in female parent stock since the second quarter of 2020 also gives impetus for improved poultry production in 2021.



**Female Parent Stock in 2020**

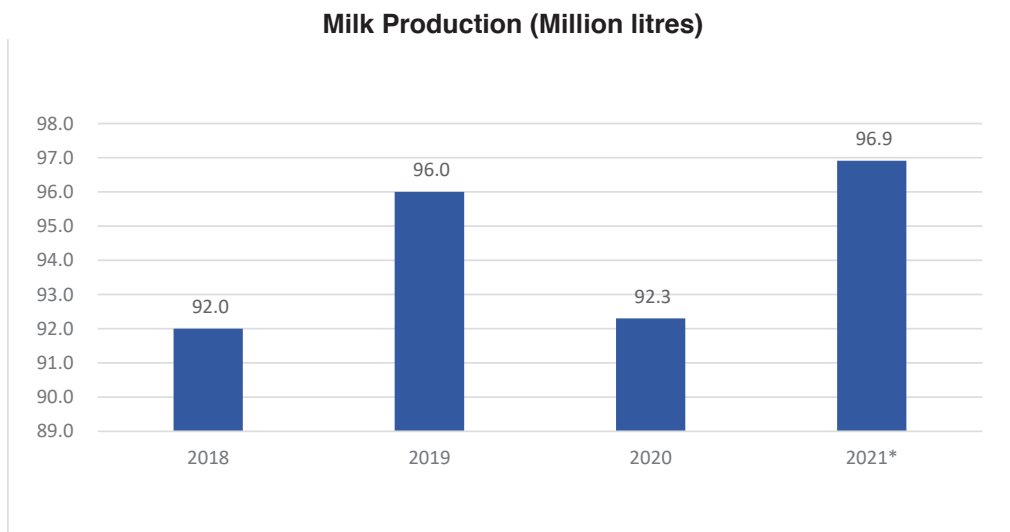
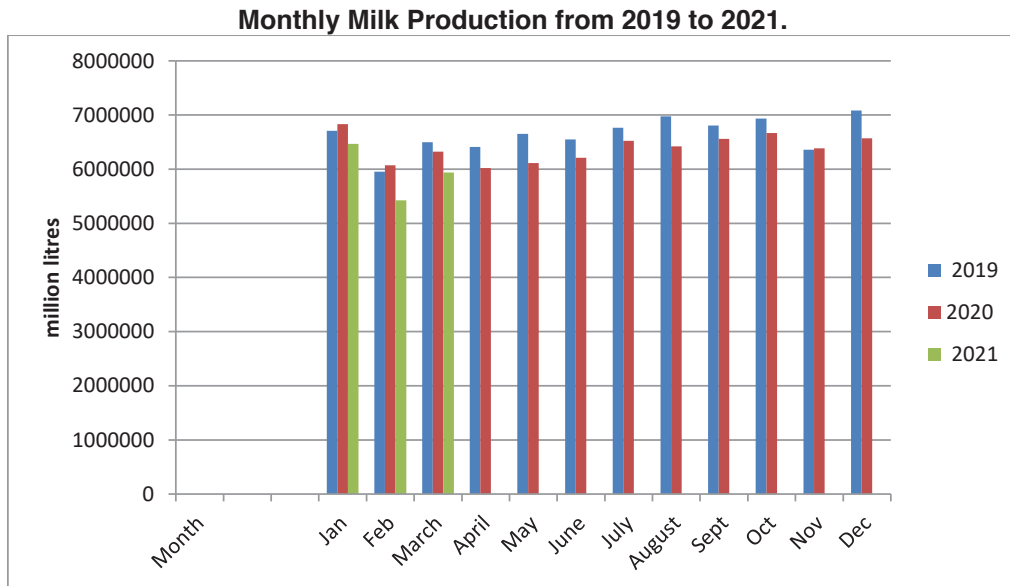
	Q2	Q3	Q4
Chick Sales and Retentions	50,576	52,060	50,201
Growing	248,546	292,013	278,425
In-Production	375,095	414,785	450,634

*Source: LMAC 2021*

64. Given the prominence of small-scale producers in poultry output (75%), interventions by the Inclusive Poultry Value Chain (IPVC) project to improve the productivity of the of the small-scale producers in Bulawayo, Gweru, Harare, Mutare, and Masvingo will have a positive impact on poultry production during 2021.

## Milk

65. Milk output stood at 17.8 million litres during the first quarter of 2021, 7% lower than production levels for the same time last year and 9% lower than output produced in the fourth quarter of 2020.



66. Consequently, national milk output is expected to further decline to 85.6 million litres from 92.3 million litres in 2020.
67. The dairy sector continues to grapple with challenges which include:
- High cost of stock feed, which comprise 85% of total production costs;
  - Impact of climate variability on on-farm production of stock-feeds;
  - High cost of breeding stock;
  - High disease incidence against expensive veterinary drugs; and
  - Lack of sustainable financing for long term investment in farm mechanisation, among others.
68. The commercial dairy herd stands at 39 000 cows, of which about 19 000 cows are producing milk, far below the 35 000 milking cows needed to meet the national fresh milk requirement of 120 million litres. Further, the current productivity per cow of 13 litres per day is below the targeted average of 18 litres per cow per day.
69. However, heifer imports through the Zimbabwe Association of Dairy Farmers (ZADF) and partners for small scale dairy

producers is expected to increase national milk output going forward.

### ***Irrigation***

70. In line with the Irrigation Rehabilitation and Development Master Plan of having 350 000 ha under irrigation by 2025, resources amounting to ZWL\$1.5 billion have been expended in support of the following irrigation programs:
- 30 ongoing irrigation projects covering 1 450ha which are being implemented through the National Accelerated Irrigation Development Programme;
  - Development of 21 irrigation projects through the Turnkey Phase 1 program wherein to date 10 projects covering 581ha have been completed and awaiting commissioning;
  - Pedstock Center Pivot Facility where a total of 34 pivots have been installed with 27 of them now irrigating a combined area of 1 260ha; and
  - Smallholder Irrigation Revatilsation Program (SIRP) being co-funded by the Government of Zimbabwe and IFAD where 596ha are being irrigated out of the target 6 100ha.

## ***Mechanisation***

71. A sum of ZWL\$195 million was availed towards the Belarus and John Deere farm mechanisation with the following key equipment having been delivered under the programmes.

Equipment	John Deere Facility		Belarus Facility	
	Target	Deliveries	Target	Deliveries
Tractors	1300	60	474	474
Combine harvester	80	18	60	49
Planters	600	0	210	210
Boom sprayers	100	0	0	0

## ***Commodity Exchange***

72. Government has promulgated Statutory Instrument (SI) 184 of 2021 that will operationalise the much-awaited agriculture commodities exchange - the Zimbabwe Mercantile Exchange (ZMX). The exchange, is an initiative of both Government and private players, with support of development partners and is expected to go live during the second half of the year. Already, rules and regulations, meant to govern and guide efficient, orderly, fair, and transparent trading of commodities and protect the integrity of the market have been developed.
73. The guidelines also support functioning of the central warehouse receipt registry, issuance of dematerialised warehouse receipts and their trading and settlement.

74. To this end, fully automated mechanisms for trading have since been established.

## ***Mining***

75. Government recognises the importance of capacitating the Ministry of Mines and Mining Development in order for the country to derive value from its minerals. Therefore, the 2021 National Budget allocated ZWL\$1.4 billion towards the operations of the Ministry.

76. A total of ZWL\$561 million (40%) has so far been disbursed, with the following selected milestones having been achieved.

Programme /Activity	Progress
Policies and Strategies	<ul style="list-style-type: none"> <li>Minerals Development Policy and Artisanal Small Scale Gold Mining (ASGM) Strategy are being developed</li> </ul>
Amendment of Mines and Minerals Act (MMA), Gold Trade Act (GTA) and Precious Stones Trade Act (PSTA)	<ul style="list-style-type: none"> <li>MMA Amendment Bill awaits tabling before the Cabinet Committee on Legislation.</li> <li>Principles on the amendment of the Gold Trade Act are now in place and have been submitted for examination to Legal Drafting Department of the Attorney General waiting for submission to Cabinet.</li> <li>Principles on the amendment of the Precious Stones Trade Act are being developed.</li> </ul>
Beneficiation and Value Addition Strategy	<ul style="list-style-type: none"> <li>Beneficiation and Value Addition Strategy is being developed and still going through internal consultations.</li> </ul>
Chrome to Ferrochrome Processing Facilities (Cumulative)	<ul style="list-style-type: none"> <li>The Ministry has availed land prioritising companies intending to establish integrated chrome mining and ferrochrome smelters and these are:               <ul style="list-style-type: none"> <li>Amazon (Pvt) Ltd were granted 21 Chrome Claims (1 <b>545ha</b>)</li> <li>Best Trade (Pvt) Ltd were granted 13 Chrome Claims (<b>1,052.8ha</b>)</li> <li>Jin An (Pvt) Ltd– 3 831 Ha of applications for Chrome Claims still being processed.</li> <li>ZIMALLOYS A3 Furnace is 70% complete.</li> <li>Afrochine (Pvt) Ltd were granted 38 Chrome Claims (1,054.9ha)</li> </ul> </li> </ul>



Programme /Activity	Progress
	<ul style="list-style-type: none"> <li>➤ Monochrome – 1000 Ha were granted for chrome mining for ferrochrome production.</li> <li>➤ Tsing Shang was allocated iron ore claims for setting up a Carbon Steel manufacturing plant.</li> <li>➤ An Inter-Ministerial Task Team, Chaired by the Ministry of Mines and Mining Development was set to coordinate implementation of the project.</li> </ul>
Coal to coke processing plants (Cumulative)	<ul style="list-style-type: none"> <li>• Issuance of coal licences to mining companies intending to establish coke oven batteries being complimented by the promotion of the establishment of coke oven batteries as a prerequisite to the issuance of coal mining title to the following: <ul style="list-style-type: none"> <li>➤ <b>Dinson Colliery</b> Recovery Type Coke Oven Battery recovering by products (Coal and Methane Gas) was established in Hwange and is <b>ready for commissioning. Phase 1: has 35 Ovens – 300 000 tons per annum, Phase 2: 300 000tons per annum, Phase 3: 1 000 000 tons per annum of Coke.</b></li> <li>➤ South Mining has finished exploration on their Mutagech Special Grant. Currently has Plant A: Non-Recovery Type Coke Oven with 120 000tons per annum production capacity. Plant B: Recovery Type Coke Oven with 140 000tons per annum production. Phase 2 of South Mining plans is the construction of a Recovery Type Coke Battery of 140 000tons per year and construction of a Gas pipeline to Zimbabwe Power Company. The Ministry is issuing the company with mining title to start mining.</li> <li>➤ Jin An - Jin An construction of a Coke Battery to process semi-Coke. Jin An was issued a Special Grant (SG) for mining The company also holds an exploration SG on Beifa. The company is also constructing Tutu coke batteries with one battery at 80% and the other at 20% completion.</li> <li>➤ Zimbabwe ZhongXin Coking Company (ZZCC)/ <b>Zimbabwe ZhongXin Electrical Energy (ZZEE)</b> - The company has coking batteries which produces approximately 120 000 tonnes coke per annum. The company is also completing a power plant and the first phase which will be producing 50 MW <b>due for commissioning.</b></li> <li>➤ Lokalize (Western Areas) was issued with a mining Special Grant for coal. The company also holds an IPP licence for thermal power plant to produce 600MW,</li> <li>➤ Zambezi Gas is expanding its operations and has opened a second pit with capacity of 100 000 tonnes of coal.</li> </ul> </li> </ul>
Gold Service Centres Establishment	<ul style="list-style-type: none"> <li>• 5 sites for service centres established</li> </ul>
Mining Cadastre Information Management System	<ul style="list-style-type: none"> <li>• Outstanding payments for the purchase of hardware for the operationalisation of the automated Mining Cadastre Information Management System was made to the contractor in Q1.</li> <li>• User verification exercise was conducted in Mutare pilot office. MoMMD to meet with contractor to share and iron out observations made in Mutare.</li> </ul>
Exploration	<ul style="list-style-type: none"> <li>• A total of 28 EPOs were issued from Jan – June 2021 covering 1 506 073 Hectares adding to the already existing 9 EPOs (255 530 Hectares).</li> <li>• Total area now under exploration from the 37 EPOs is 1 761 603 Hectares.</li> </ul>

Programme /Activity	Progress
Capacitation of Small Scale miners through the Mining Industry Loan Fund (MILF)	<ul style="list-style-type: none"> <li>• MILF (ZWL 7,5 million) for operations to support small scale miners</li> <li>• In addition, the Artisanal and Small Scale Miners Strategy is being developed.</li> <li>• The development and implementation of a national mercury management program for ASM is ongoing.</li> </ul>
Opening of new mines	<ul style="list-style-type: none"> <li>• <b>Chrome:</b> Zimbabwe Zhong Xing Electrical Energy ZZEE, a power generation project.</li> <li>• GDI Platinum Mine is doing mine development, Sese Diamond Mine is currently doing diamond exploration, Sunrise Chilota, , Yang Sheng, Mutoko Resources, Bravura Gold and Platinum Exploration projects.</li> </ul>
Expansion of existing mines (e.g. Murowa, Blanket, Chaba Mine, Zambezi, Makomo, BNC, Acquarius)	<ul style="list-style-type: none"> <li>• The following are on course:</li> <li>• <b>Nickel:</b> Trojan Nickel Mine - Shaft expansion program completed in Q1 2021. Concentrator Expansion program currently underway</li> <li>• Coal Value Chain: ZZEE -Construction of a 50 MW Thermal Power Station completed in Q1 2021.</li> <li>• <b>Black Granite:</b> Dingmao Mining Mutoko value addition by cutting and polishing granite; The company currently has two granite polishing plants and are planning to erect five more granite polishing plants by October 2022. The increase in their granite polishing capacity would enable them to polish 100m<sup>2</sup> /day of polished products. Currently they have granite polishing capacity to polish 25m<sup>2</sup> /day.</li> <li>• <b>Yang Sheng Value addition plant</b> ; Construction of a granite cutting and polishing facility is currently underway with the plant completion expected to be 1 September 2021.</li> <li>• <b>Diamond: Murowa</b> plant expansion project from 190 000 to 500 000 tons. Migration from open pit mining to underground mining. Current work on the expansion project involves the construction of the processing plant with a 500tons/hour capacity and commissioning is expected to be done in Q4 of 2021.</li> <li>• <b>Coal:</b> Zambezi Gas; Northern pit to produce 100 000tons per month. Lokalize; Current Coal production is 80 000tons per month and plans to ramp up production to 200 000tons per month by Q4 2021. Sunrise Chilota; plans for underground mine to produce 15 000 to 20 000tons per month of coking Coal by Q4 2021. Makomo; Working on recapitalization of machinery.</li> <li>• <b>Blanket Mine</b> completed a Central Shaft Expansion program which will result in the increase in capacity from 55 000oz to 80 000oz of gold output.</li> <li>• <b>PGMs:</b> Unki: Debottlenecking project to increase concentrator capacity from 179 000 tonnes per month to 210 000 tonnes per month of Platinum Group of Metals. 87.5MW Smelter was set up with planned upgrade of up to 12.5MW by 2023. Mine expansion project to between 310 000 and 360 000tons of ore per month. Mimoso: Investing in opening of new portal at North Hill to increase life of mine. Zimplats: Investing in new mines to replace old ones.</li> </ul>

Programme /Activity	Progress
Resuscitation of closed mines (e.g. Shabani Mashava, Eureka, Lynx Mine)	<ul style="list-style-type: none"> <li>• <b>Eureka Gold Mine</b> – The processing plant is now 98% complete and the mine is set to resume operations by end of July 2021. At its peak, Eureka Gold Mine will produce 1.5 tonnes of Gold per annum.</li> <li>• <b>Shamva Gold Mine</b> - reopened in December 2020 since closure in January 2019. Shamva Gold Mine has invested over USD 8 Million for resuscitation of the mine and USD 1 Million for exploration. The mine is targeting to produce 400 kg of gold per annum by 2023. The resuscitation of Shamva Gold Mine has seen over 800 workers who had been laid off resume work at the mine, with more expected to be hired once the mine completes its expansion process.</li> <li>• <b>Bindura Nickel Corporation (BNC)</b> - the concentrator refurbishment is in the final stages of its resuscitation. Project is expected to be completed by end of year 2021. The company has also completed its underground main shaft re-deepening project.</li> <li>• Total platinum mine is currently undertaking Mine Development.</li> </ul>
Clearance of the Backlog on Registrations	<ul style="list-style-type: none"> <li>• An accelerated backlog clearance programme is underway to facilitate new entrants into the mining sector. This is complemented by the “Use-it or Lose-it” programme</li> </ul>
Retreatment of the Roasting Plant Dump	<ul style="list-style-type: none"> <li>• Building of the roasting plant dump processing plant is currently underway, expected to be completed by Q2, 2022</li> </ul>
Establishment of Gemology Centre	<ul style="list-style-type: none"> <li>• 5% completion. ZWL41 million funding has been released for project implementation to Zimbabwe School of Mines. Implementation of first phase of infrastructural development now under consideration.</li> </ul>

Source: Ministry of Mines and Mining Development

77. In view of the above supportive reforms, mineral output performance remains more or less on course, supported by the following factors:

- Favourable international mineral prices, boosted by strong demand in China and the ongoing global economic recovery;
- Stable power availability;
- Continuation of the foreign auction system;
- Macroeconomic stability characterised by stable exchange rate and declining inflation; and

- Easing of supply disruptions due to the COVID-19 pandemic, among other factors.

78. This is notwithstanding some challenges relating to flooding and in some cases, collapsing of some mines during the past rain season. The table below shows developments of mineral production during the first quarter of 2021 and projections for 2021.

**Mineral Production Statistics and Projections for Q1 of 2021**

	2018	2019 Est.	2020 Est.	Jan-March 2021 Outturn	Q1 Outturn as % of Jan-Dec Target 2021	2021 Original Budget Projection
<b>Overall Growth (%)</b>	<b>15.3</b>	<b>-12.4</b>	<b>-9</b>			<b>11</b>
Black Granite (tonne)	212.7	155	164	35	20.24	172.9
Chrome (tonnes)	1 756	1 550	1 272.1	300.9	20.6	1500
Coal (tonne)	3347.8	2730	2750.9	669.4	20.28	3300
Cobalt (tonne)	402	402	955.9	53.4	12.35	432.3
Copper (tonne)	9076	8678	7932.8	1899.8	20.36	9331.2
Gold (kg)	35054	29429	20873.2	4310.9	13.47	32000
Iridium (tonne)	586	845	836.7	162	17.50	925.9
Nickel (tone)	17809.8	16278	16479.9	3283.8	21.75	15100
Palladium (kg)	12094	11640	12889.9	2848.6	23.29	12230.9
Phosphate (tonne)	51393	27148	45083.5	8392	31.67	26500
Platinum (kg)	14703	13857	15003.9	3369.3	23.08	14600
Rhodium (kg)	1334	1224	1367.5	305.3	23.12	1320.3
Ruthenium (kg)	1155	792	1026.3	285.8	32.53	878.7
Diamonds (carats)	3252.4	2119	2670.5	702.6	27.02	2600

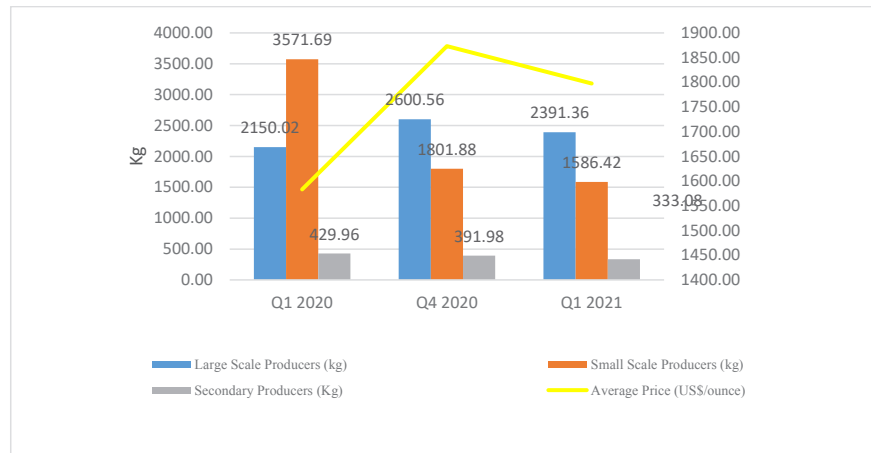
Source: Ministry of Mines, 2021

79. By end of the first quarter, most minerals had recorded 20-27% of the annual output target, save for gold with 13%. Measures are being instituted to compensate first quarter loss of production as well as sealing of leakages in order to attain the original growth projection of 11%.

### ***Gold***

80. Cumulative gold output for the first quarter of 2021 stood at 4 311kg, about 13% of the annual target and lower than the comparable period in 2020, largely weighed down by low deliveries from artisanal and small-scale gold sector (ASGM).
81. Large scale producers delivered about 2 291kg during the first quarter of 2021, about 11.2% above the same period in 2020, while ASGM delivered 1 586kg, about 55.6% below the same period in 2020. This points to possible incidences of side marketing and smuggling (leakages) of our minerals.
82. The chart below shows quarterly developments in gold output by sector and average international mineral prices.

### Gold Output and International Prices (US\$/ounce): Q1

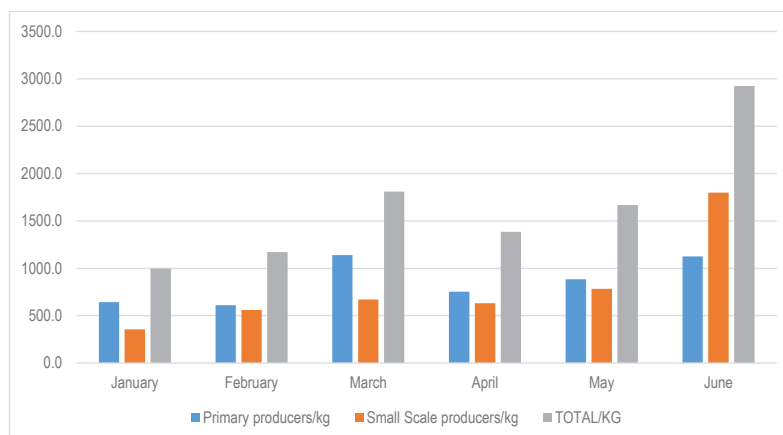


Source: Ministry of Mines, FPR, 2021

83. However, in June 2021, gold deliveries increased by 129.5% to 1 798.71 kg per month from 783.8 kg in May due to various measures and incentives instituted by Government that include reduction in royalty fees.

84. Similarly, large scale deliveries also increased by 24% to 1 097.65 kg in June 2021 from 884 kg recorded in May.

### Gold Deliveries to Fidelity Printers and Refiners: Jan to June 2021)



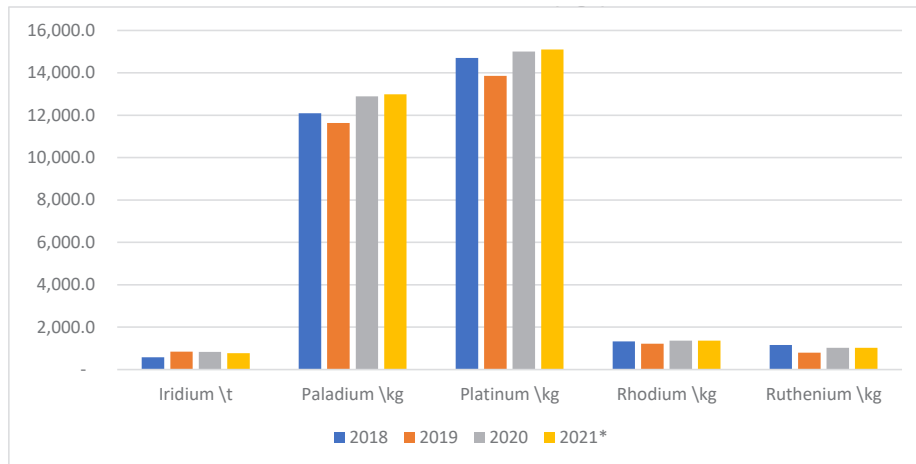
Source: FPR, 2021

85. The improved performance during the month of June was against slight retreat of international gold prices. As at the end of June, spot gold prices fell by 7.6% for the month to US\$1 761.80 per ounce. Gold prices are now under pressure as yields for government debt instruments begin to improve.

### ***PGMs***

86. During the first quarter of 2021, platinum output stood at 3 369.3 kg, about 23% of the annual target but slightly surpassing the previous quarter of 2020, by 1.3%. Palladium output at 2 848.6 kg for the first quarter of 2021, was 3.7% and 5.5% below output recorded during the comparable period in 2020 and the previous quarter, respectively.
87. PGMs production benefitted from the favourable international mineral prices that prevailed during the period under review, as well as ongoing investments in mine development meant to extend the life of mines by mining houses. Output was, however, weighed down by temporary closure of one of the key mines since mid-February 2021 following a fatal accident.
88. In 2021, platinum output is projected to grow marginally on account of the expected resumption of the closed mine towards end of June. This will also be buttressed by increased utilisation of the enhanced concentrator capacity in the PGMs sector.

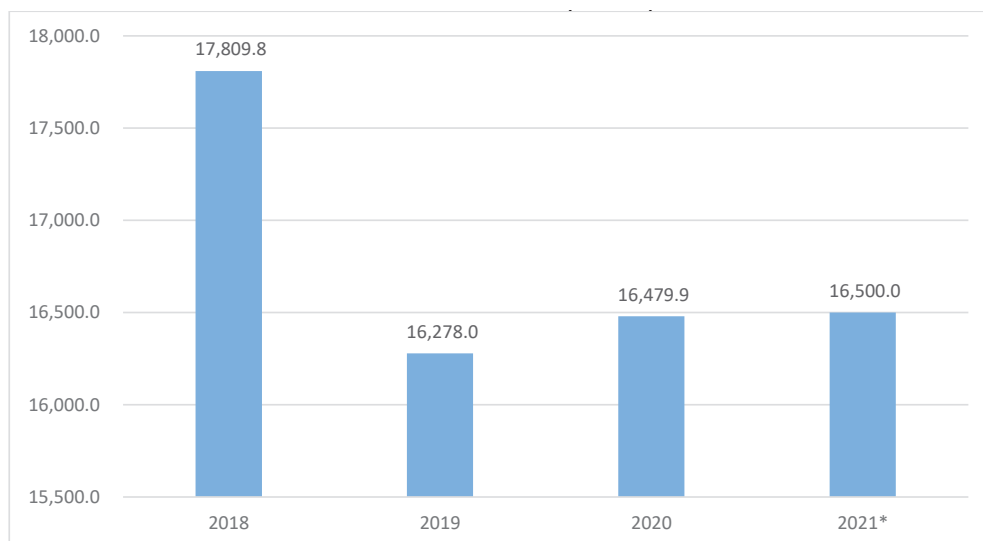
**PGMs Production (Kgs)**



*Nickel*

89. Nickel output stood at 3 283.75 tonnes during the first quarter of 2021, constituting 22% of the annual target, benefitting from nickel price surge.

**Nickel Production (tonnes)**



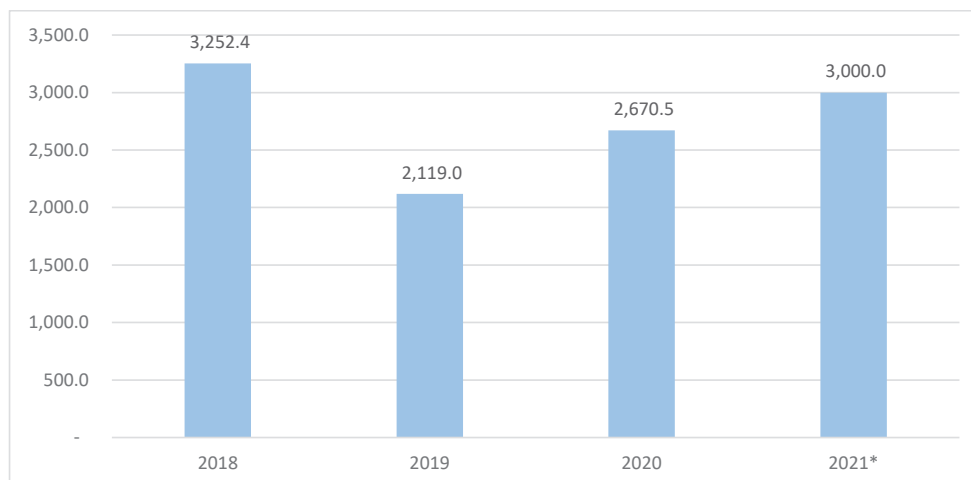


90. Primary producers focused on investments in mines development, mainly re-deepening to extend the life of the mine and acquisition of modern mining equipment in order to enhance productivity.
91. On the other hand, the closure of one of the key mines at one of the major secondary producers saw the first quarter output from this subsector 13% lower than in the comparable period.
92. However, overall nickel output target of 16 500 tonnes in 2021, is within reach, given the expected ramping up of production by both primary and secondary producers.

### *Diamond*

93. During the first quarter of 2021, about 702 639 carats were produced surpassing the previous quarter and same period in 2020 by 20.3% and 15%, respectively. In the outlook to year end, diamond production is projected at 3 million carats, driven by anticipated ramping up of production by current producers taking advantage of the ongoing investments in exploration and mine development, as well as the anticipated resumption of operations at Anjin in June 2021.

**Diamond Production (000 carats)**



94. Favourable prices, driven by recovering global demand as the world economy opens should facilitate trade in diamond and hence boost diamond production.

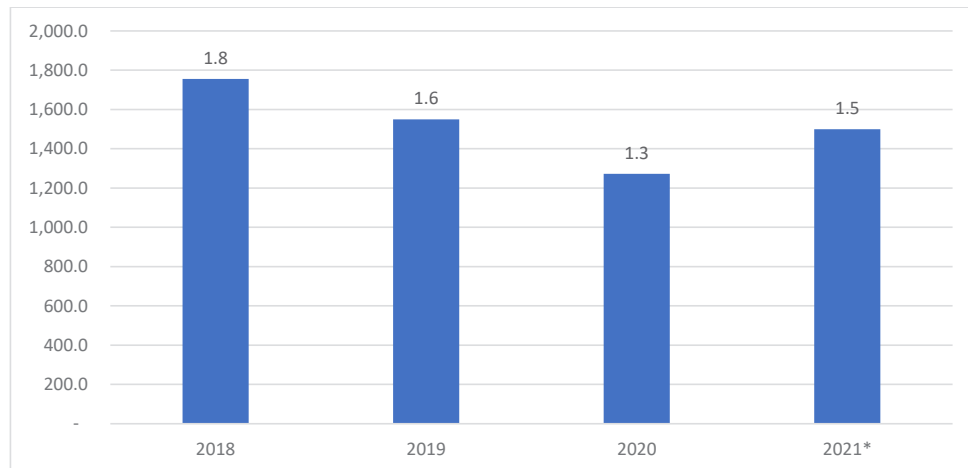
### *Coal*

95. Coal output stood at 669 382 tonnes in the first quarter of 2021, (21% of the annual target), surpassing that of the comparable period in 2020 and the previous fourth quarter of 2020, by 44.8% and 37.3%, respectively.
96. By year end, coal production is projected at 3.3 million tonnes, on account of improved access to foreign currency by coal miners, increased demand from ZPC due to resuscitation of power generation units later in the year and new coke oven batteries established in the Hwange area in 2021, among others.

## *Chrome*

97. Chrome ore output for the first quarter of 2021 stood at 300 926 tonnes, comparable to the previous quarter output of 311 495 tonnes. Output was weighed down by reduced intake for both raw chrome and High Carbon Ferrochrome (HCF) from China, in the aftermath of the second wave of COVID-19, which constrained shipments of goods.
98. In response, most local smelters closed operations but took advantage of this period to refurbish and modernise their furnaces in anticipation of the resumption of trade.

**Chrome Production (million tonnes)**



99. Therefore, chrome ore output is projected at 1.5 million tonnes in 2021, as miners are expected to ramp up production taking advantage of the general stability in power, investments in smelters undertaken by most players during the lockdown,

and the favourable prices for chrome related by-products. Generally, prices are expected to remain firm, and better than the previous year, riding on shortages created by the second and third waves of COVID-19.

## Manufacturing

100. The momentum gained in the second half of 2020 was slowed down by the unanticipated lockdown during the first quarter of 2021. However, the sector is projected to rebound by 7% in 2021 largely on account of continued macroeconomic stability, favourable 2020/2021 agriculture season and localisation of value chains. In addition, companies are projected to benefit from improved electricity supply.
101. Volume recoveries across most subsectors that include foodstuffs, chemical and petroleum products, drinks and tobacco, non-metallic mineral products are anticipated by year end.

**Volume of Manufactured inputs (VMI)**

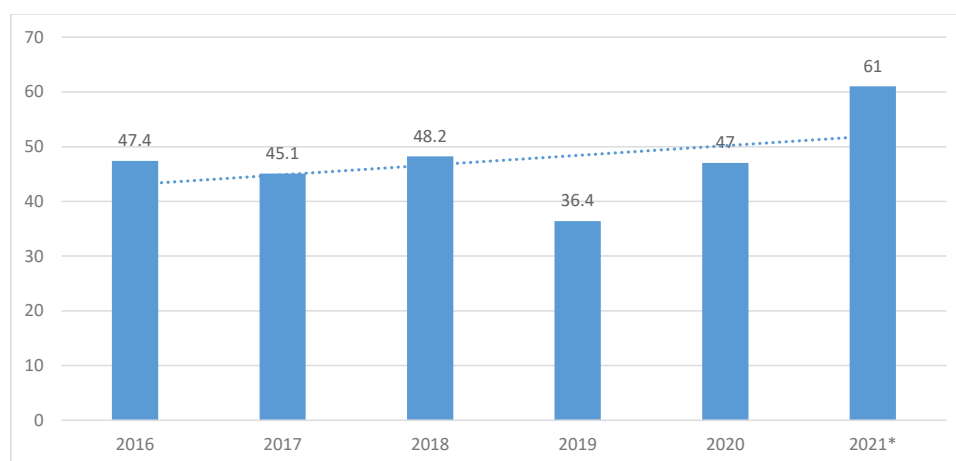
Manufacturing	2019	2020	2021 Initial	2021 Revised
<b>Growth Rate</b>	<b>-8.7</b>	<b>-3.2</b>	<b>6.5</b>	<b>7.0</b>
Foodstuffs	109.4	100.6	100.0	110.8
Drinks, Tobacco and Beverages	76.6	71.2	76.0	75.8
Textiles and Ginning	90.6	91.5	93.0	93.9
Clothing and Footwear	26.8	27.0	28.0	28.4
Wood and Furniture	214.4	208.0	210.0	211.1
Paper, printing and Publishing	90.1	72.1	81.0	75.0

Manufacturing	2019	2020	2021 Initial	2021 Revised
Chemical and Petroleum Products	76.3	83.9	88.0	92.5
Non-metallic mineral products	130.2	134.1	110.0	143.4
Metals and Metal products	59.7	58.5	55.0	62.5
Transport, Equipment	56.6	57.3	52.0	58.0
Other manufactured goods	95.2	95.5	87.0	95.8
Manufacturing Index	87.4	84.7	84.2	90.6

Source: MoF, ZIMSTAT, RBZ

102. Meanwhile, the CZI projects average capacity utilisation to increase to 61% in 2021, from the 47% recorded in 2020.

**Capacity Utilisation**



Source: CZI \*Projection

103. There are, however, downside risks associated with global shortages of raw materials and overall threat from the resurgence of COVID-19 pandemic.

## Retailing

104. Retail trade was severely affected by the national lockdown measures imposed during the first quarter, COVID-19

mitigation costs and disruption of global supply chains. Even though retail outlets were open during the lockdown period, demand was weak due to closure of other sectors of the economy, as well as low disposable incomes.

105. In the outlook, the retail sector stands to benefit from ongoing reforms which are strengthening the economy, overall invigoration of domestic production through strengthening of domestic value chains, tax reforms which cushion employees, as well as rolling out of various social protection schemes under the COVID-19 Stimulus package.
106. The retail and wholesale trade sector is, therefore, projected to grow by 5.1% in 2021.








### **Tourism**

107. International travel into the country during the first half was severely impaired by the COVID-19 pandemic. Although land borders were closed, cargo transport, returning residents and other authorised persons were exempted.
108. This, coupled with the general fear in the global tourism market, and general travel restrictions in some source markets such as the United Kingdom, among others, contributed to undermine international tourism performance in the country.

### ***Tourist Arrivals***

109. During the first quarter of the year, the country recorded 65,882 tourist arrivals, a 90% decline from 639,356 arrivals recorded during the first quarter of 2020.

**Tourist Arrivals**

	2021	2020	% Change	
AFRICA	57,811	567,819	-90%	
AMERICAS	974	17,070	-94%	
ASIA	453	12,306	-96%	
EUROPE	6,324	35,570	-82%	
MIDDLE EAST	55	2,114	-97%	
OCEANIA	265	4,477	-94%	
TOTAL	65,882	639,356	-90%	

Source: ZTA

110. Overseas arrivals fell by 89% while those from Africa declined by 90%. Declines in tourist arrivals ranged from 94% to 82% for all the regions. Nearly half of the entries into the country were transiting though the country with the remainder being business visitors.

### ***Average Hotel Occupancies***

111. National average room occupancy during the first quarter of the year declined by 17% from 31% in 2020 to 14% in

2021. All the regions in the country suffered declines ranging from -5% (Nyanga) to -28% (Victoria Falls), with no region recording average room occupancies exceeding 25%. The Victoria Falls region, which is the prime tourist destination in the country, recorded the worst decline of -28% followed by Bulawayo region which had -19%.

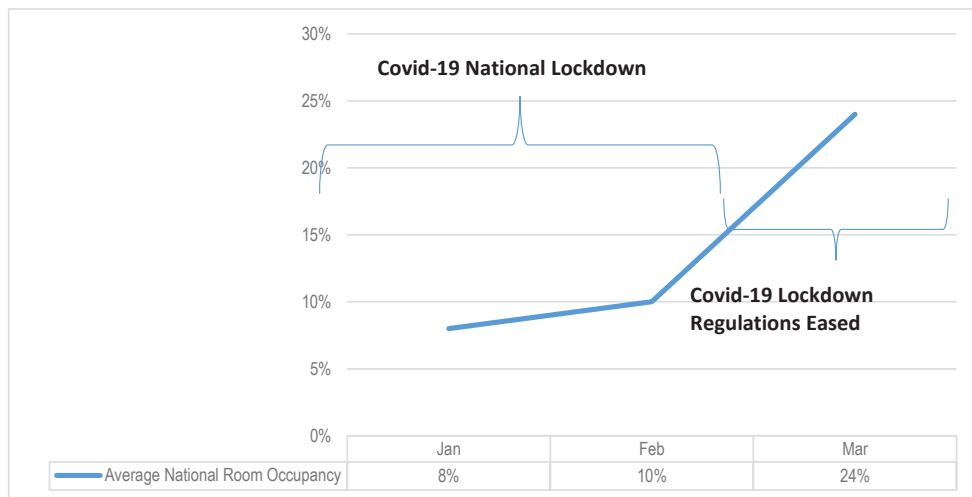
**Average Hotel Room Occupancy Rates First Quarter 2021/20**

	Room Capacity	Room Occupancy 2021			Clientele Mix			
		2021	2020	Change	2020		Local	Foreign
					Local	Foreign		
Harare	2 491	20%	33%	-13%	93%	7%	79%	21%
Bulawayo	785	15%	34%	-19%	99%	1%	95%	5%
Mutare/Vumba	537	21%	37%	-16%	99%	1%	99%	1%
Nyanga	244	21%	26%	-5%	90%	10%	92%	8%
Midlands	314	17%	27%	-10%	100%	0%	100%	0%
Masvingo	190	12%	25%	-13%	97%	3%	86%	14%
Kariba	447	12%	18%	-6%	100%	0%	96%	4%
Hwange	293	5%	13%	-8%	99%	1%	86%	14%
Victoria Falls	1199	3%	31%	-28%	89%	11%	23%	77%
Beitbridge	176	11%	22%	-11%	99%	1%	99%	1%
National	6 676	14%	31%	-17%	97%	3%	86%	14%

112. In view of the unabated impact of the COVID-19 pandemic on overseas arrivals, the hospitality industry is prioritising and relying more on domestic tourism in order to remain afloat. Most tourism business was generated from the domestic market which stood at 97% (as reflected by clientele composition). For this purpose, some of the products being promoted include ZimBho/iZimYami, vakatsha, among others.

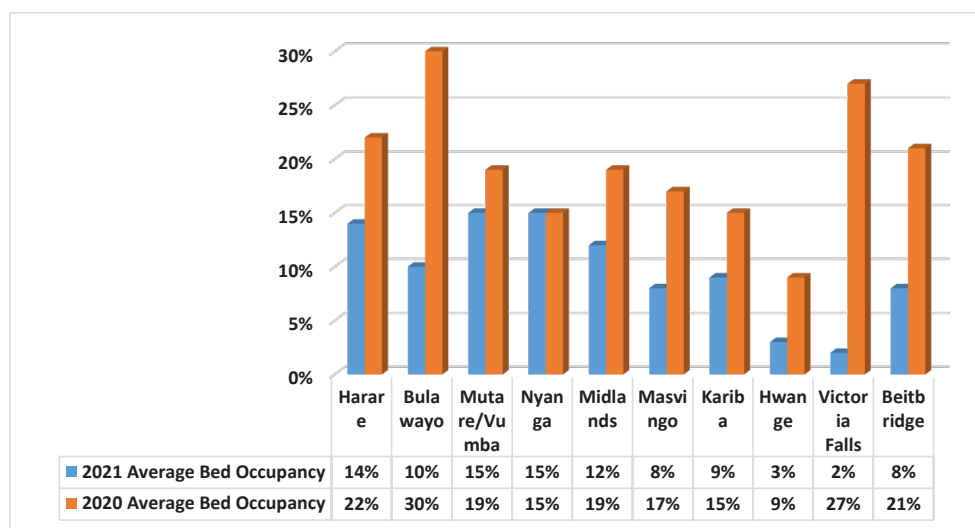


### Monthly Trend in National Average Hotel Room Occupancy January to March 2021



113. The above trend shows the direct impact of COVID-19 containment measures on the average room occupancies for the first two months of the year. Occupancies recorded in the first two months of the year were mainly related to quarantine centers, COVID-19 response and essential services staff.

### Average Hotel Bed Occupancy Rates First Quarter 2021/2020



114. The national average hotel bed occupancy fell by 8 percentage points from 22% in 2020 to 14% in 2021. All regions experienced declines except for Nyanga.
115. The global vaccination programme currently underway is expected to mitigate against loss of lives and any further economic disruptions. The sector remains resilient in the face of the ongoing challenges and a focus on domestic tourism remains the major hope in the interim.
116. Consequently, the sector is projected to grow by 6.4% in 2021, riding on domestic tourism. Government will continue to support tourism players through financial assistance under the COVID-19 Stimulus Package in order to achieve sustainable recovery of the sector.

### **Electricity**

117. During the first half of 2021, a total of 5,055.37 GWh (inclusive of imports) was supplied against a target of 4,519.7 GWh, giving a positive variance of 12%. Local production surpassed the target by 4% and supplied 4,007.12 GWh against a target of 3,854.69 GWh.
118. Local electricity production was mainly driven by Kariba Power Station, which surpassed target by about 69% to 2,781.85

GWh, whilst Hwange Power Station, remained constrained and missed the target as Units 3 & 6 continued to be unavailable.

119. Age related failures at the Small Thermals, (Harare, Bulawayo and Munyati) resulted in the frequent shut down of the plants and missed targets by 40% to 101.109 GWh.

#### Energy Generation (GW/h)

Supply Balance -Energy-2021								
Jun-21					Year to Date			
	Actual	Budget	Variance		Actual	Budget	Variance	
Local Generation	Gwh	Gwh	Gwh	%	Gwh	Gwh	Gwh	%
Kariba South Power Station	523.230	305.556	217.674	71.24%	2781.847	1648.148	1133.699	68.79%
Hwange Power Station	195.009	362.650	-167.641	-46.23%	1027.978	1938.672	-910.694	-46.98%
Munyati Power Station	9.126	9.072	0.054	0.60%	46.533	54.734	-8.202	-14.98%
Harare Power Station	8.864	13.759	-4.895	-35.58%	42.888	69.484	-26.596	-38.28%
Bulawayo Power Station	2.185	7.338	-5.153	-70.22%	11.686	44.274	-32.588	-73.61%
IPPs (NRE & GF)	7.655	10.359	-2.704	-26.10%	96.189	99.381	-3.192	-3.21%
<b>Sub total</b>	<b>746.069</b>	<b>708.734</b>	<b>37.335</b>	<b>5.27%</b>	<b>4007.121</b>	<b>3854.693</b>	<b>152.427</b>	<b>3.95%</b>
Imports								
ESKOM	111.735	36.000	75.735	210.38%	696.025	234.318	461.706	197.04%
HCB	47.227	35.280	11.947	33.86%	250.373	212.856	37.517	17.63%
EDM	17.900	36.000	-18.100	-50.28%	79.550	217.200	-137.650	-63.37%
SNEL	0.000	0.000	0.000	0.00%	0.000	0.000	0.000	0.00%
ZESCO	0.000	0.000	0.000	0.00%	0.000	0.000	0.000	0.00%
OTHER -DAM	2.034	0.000	2.034	100.00%	9.649	0.000	9.649	100.00%
Subtotal	178.896	107.280	71.616	66.76%	1035.596	664.374	371.222	55.88%
Inadvertant	2.634	0.000	2.634	100.00%	12.649	0.000	12.649	100.00%
Emergency	0.000	0.000	0.000	0.00%	0.000	0.000	0.000	0.00%
<b>Grand Total</b>	<b>927.599</b>	<b>816.014</b>	<b>111.585</b>	<b>13.67%</b>	<b>5055.366</b>	<b>4519.067</b>	<b>536.299</b>	<b>11.87%</b>
<b>Exports</b>	<b>40.003</b>	<b>67.707</b>	<b>-27.704</b>	<b>-40.92%</b>	<b>210.659</b>	<b>350.253</b>	<b>-139.594</b>	<b>-39.86%</b>
Net Supply	887.596	748.307	139.289	18.61%	4844.707	4168.815	675.892	16.21%
Wheeling	126.867	77.178	49.689	64.38%	606.903	465.642	141.261	30.34%
Maximum Supply	1680	1906	-225.712	-11.84%	1680	1906	-225.712	-11.84%

Source: ZPC

120. Projections to year-end points to a relatively stable domestic supply of power of around 7,859 GWh, giving a growth rate of 13.9%. Assumptions underlying this projection includes:

- Improved inflows into the Kariba dam;
- Continuous maintenance of the working thermal power stations; and
- Recent review of electricity tariffs to cost recovery levels which should enable ZESA to rehabilitate power stations.

### **Information Communication and Technologies (ICTs)**

121. COVID-19 containment measures have heightened digitalisation of the economy, as E-learning and teleworking have become key instruments under the new normal. Hence, mobile data and internet usage have witnessed phenomenal growth as the public, Government and the private sector adapt to the new normal.

122. Working from home during the lockdowns, online meetings and conference and E-learning have increased data demand with internet data usage increasing by 37% to 48,780 terabytes.

**Communication Developments**

	2017	2018	2019	2020	
Fixed Telephone Subscriptions (active)	264,150	268,849	265,734	252,067	-5%
Fixed Network Traffic (minutes)	550,800,000	450,875,758	471,999,543	381,814,422	-19%

	2017	2018	2019	2020	
Mobile Telephone Subscriptions (active)	14,092,104	12,908,992	13,195,902	13,191,708	(0)
Mobile Voice Traffic (minutes)	3,850,000,000	4,894,130,779	5,682,811,905	5,713,869,288	1%
Total Traffic (Voice-minutes)	4,400,994,563	5,497,155,742	6,154,811,448	6,095,683,710	-1%
Mobile Data and Internet (TB)	15,361.00	27,279.00	35,733.00	48,780.00	37%
Active Internet subscriptions	6,972,617	8,723,242	8,836,299	8,875,649	0%
Used International Incoming Internet bandwidth (Mbps)	47,779	84,683	87,720	188,093	114%

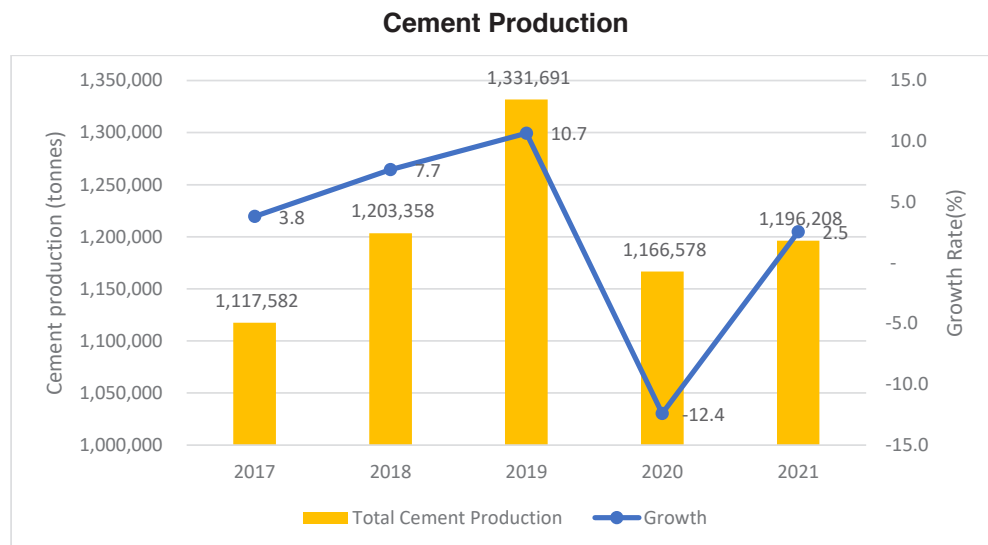
Source: POTRAZ

123. The rise in voice and video calling, together with voice over internet protocol (VoIP), have substituted traditional landline voice calling by businesses and individuals leading to high data demand.
124. In 2021, the trend on mobile data preference remains strong and the sector is expected to grow by 2%, driven by internet data, as digitalisation is scaled up with operators repositioning themselves by upgrading and automating their networks to enhance agility to deliver new services and applications to meet the fast-changing and versatile consumer demand.
125. Going forward, emphasis will be on investing more towards broadening coverage and faster broadband technologies such as 4G and 5G.

126. This includes further investment under the National Digital Terrestrial Television (DTT) project (ZimDigital), which entails the migration of broadcasting services from analogue to digital platforms as well as modernising the nation’s broadcasting transmission infrastructure.

### Construction Industry

127. The sector has benefitted from the relaxation of the COVID-19 measures during the second half of 2020 resulting in an estimated growth of 2.5% in 2020, an upward revision from -12.4% realised in 2019. This modest growth was mainly sustained by road rehabilitation, expansion and rehabilitation of energy and water infrastructure projects, as well as individual housing projects throughout the country.



128. In 2021, the sector is forecasted to grow modestly by 2.6%, mainly on account of the following:

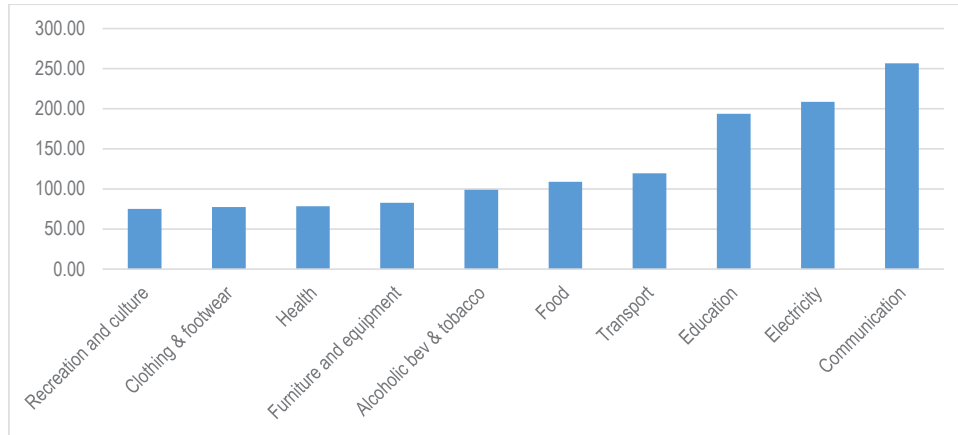
- Implementation of the ongoing Government projects in the areas of Energy, Transport, Water & Sanitation (dam construction), Education (Schools and Universities), Housing and Agriculture (irrigation development), among other projects;
- Institutional housing projects;
- Envisaged stable supply of electricity; and
- Alternative investment strategies by banks to hedge against incidences of macroeconomic volatilities.

129. The infrastructure deficit in the country is expected to propel growth of the sector going forward.

## **INFLATION DEVELOPMENTS**

130. The policies being implemented by Government have managed to firmly anchor inflation expectations as attested by a significant decline in inflation from 837.5% in July 2020 to 106.6% in June 2021.

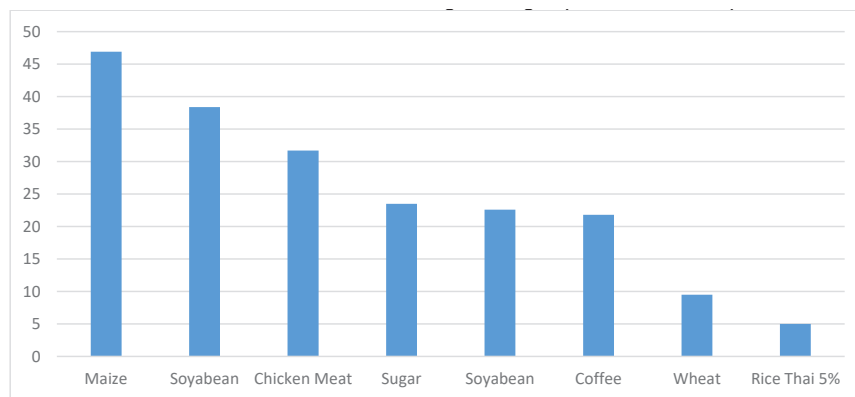
**Annual Inflation by CPI Category (%)**



Source: ZIMSTAT

131. Despite increases in international prices for most agriculture products of more than 20% since January 2021, domestic food prices have remained stable owing to the bumper harvest recorded in 2021.

**International Food Price Percentage Changes (Jan to June 2021)**



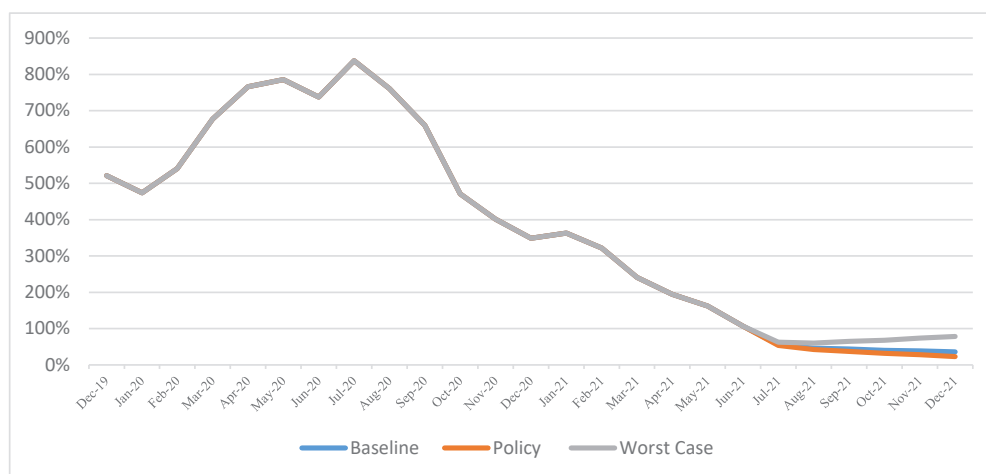
Source: World Bank, 2021

132. The current month-on-month inflation trends of less than 3% is expected to prevail during the second half of 2021. As a



result of the current disinflationary trajectory, annual inflation for the month of July has declined to 56% and is expected to further decline to between 22% and 35% by December 2021.

### Annual Inflation Outlook



Source: RBZ & ZIMSTAT, 2021

133. The ongoing price and exchange rate stability will go a long way in supporting industry make long term investment decisions and allow the efficient allocation of resources. In this regard, Government will continue to pursue strong monetary and fiscal policies to sustain the current dis-inflationary path.

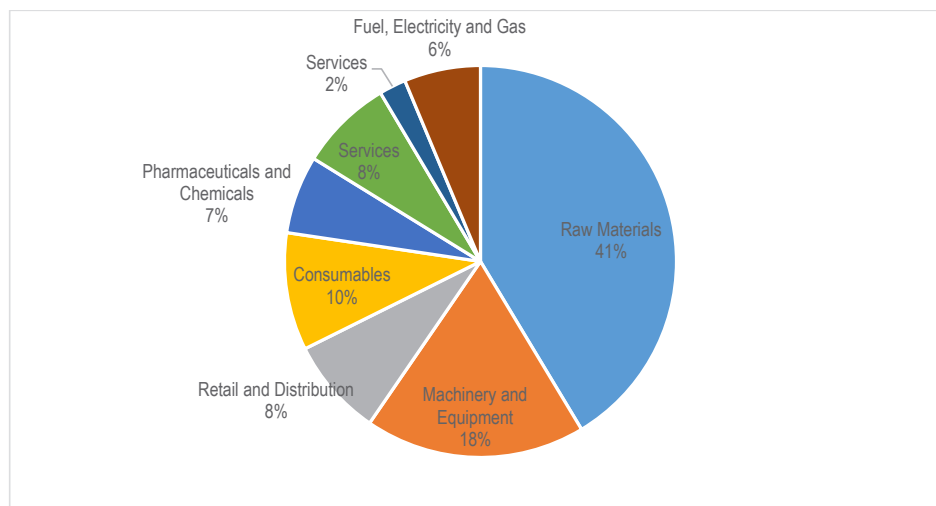
### Exchange Rate

134. The introduction of the foreign exchange auction system on 23 June 2020 has resulted in a competitive exchange rate that is supportive of local production and enhanced exports growth, whilst also promoting import substitution and domestic firms.

135. Reflecting ongoing strengthening of confidence in our policies and in the economy, foreign currency flows into the formal system has been on an increase since the beginning of 2020. Amounts allocated through successive auctions increased significantly for both the main and small medium enterprises auctions, bringing the total allotments to US\$1,544.98 million as at 30th June 2021.
136. The weekly allotments for the main auction increased to US\$32.57 million, between January and June 2021, from a weekly average of US\$21.95 million in 2020. Similarly, the average weekly allotments for the small and medium enterprises auction also increased from US\$1.53 million in 2020 to US\$4.23 million, between January and June 2021 and currently stands at over US\$7 million.
137. The auction system continues to support the productive sectors of the economy with more than 70% of allotments going towards these critical sectors. Of the total allotments, 41% financed raw materials, 18% capital goods such as machinery and equipment and 8% went into fuel, electricity and gas. In terms of companies, those in the manufacturing sector account for 17 out of the top 20 auction beneficiaries.

138. Ramping up of production has also been boosted by the increase in capital formation given that the foreign exchange auction has so far outlaid around US\$284 million, utilised by business to capitalise their business operations.
139. Similarly, the positive response by the country’s manufacturing sector to the auction system has seen 65 – 70% of products in the retail sector now being produced locally with some entities now venturing into the export market.

**Distribution of Foreign Currency in the Auction (29 June 2021)**



Source: Reserve Bank of Zimbabwe, 2021

140. Improved efficiency of the auction is expected to continue to anchor industrialization in the short, medium and long term.
141. However, for a longtime, the country’s international reserve position has been averaging 0.7 months of import cover, far

much below the international benchmark of 3 months and the desired target of 6 months under the SADC macroeconomic convergence criteria and NDS1.

142. Government through the Central Bank will continue to set aside part of the exports proceeds to build reserves in order to guarantee exchange rate stability going forward.

#### *Role of Statutory Instrument 127*

143. Statutory Instrument 127 was introduced to foster discipline in the market and safeguard the stability obtaining in the economy as those benefiting from the foreign exchange auction system are required to charge prices that reflect the official exchange rate.
144. Through investigations by the Financial Intelligence Unit (FIU) and the Bank, 27 entities have been fined for failure to adhere to the rules of the auction system and flouting the exchange control rules and regulations. Punitive measures of suspending and blacklisting some entities from participating in the forex auction system are also being imposed.

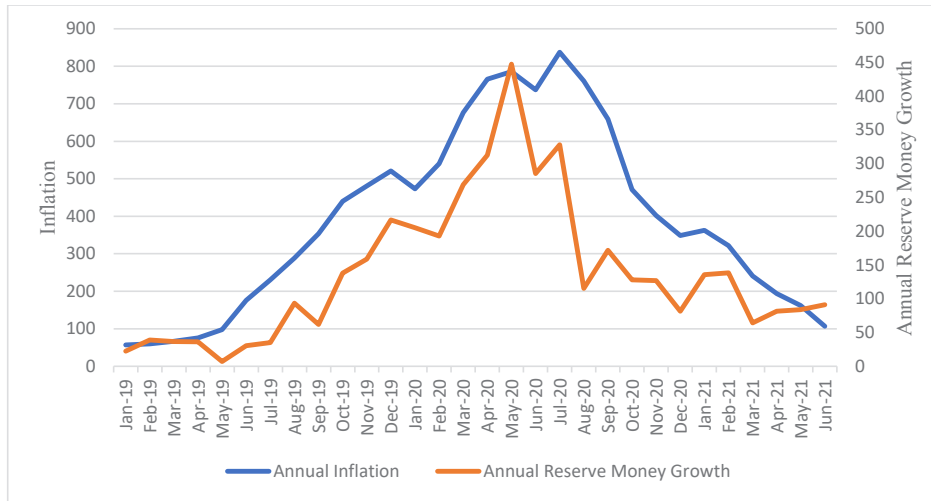
#### **Monetary Developments**

145. The Central Bank has continued with monetary targeting framework which seeks to balance between inflation

expectations and provision of appropriate levels of liquidity to support economic activity.

146. The success of the conservative monetary targeting framework since 2020 has helped to contain money supply growth, which in turn stabilised the exchange rate and eased inflationary pressures in the economy. As at end of December 2020, reserve money was ZWL\$18.76 billion, compared to a year-end target of ZWL\$25 billion.
147. During 2021, reserve money growth target per quarter of 22.5% has been further tightened to 20% for the second half of the year in order to reduce speculative pressures that have the potential of destabilising the targeted disinflation pressure.
148. As shown below, there is a co-movement between reserve money growth and inflation, which justifies the use by the Central Bank of the monetary targeting framework, among other measures and instruments.

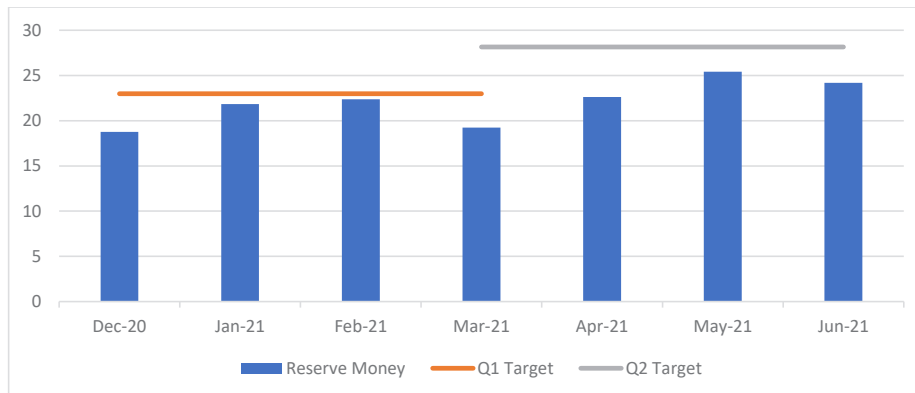
### Inflation and Annual Reserve Money Growth



Source: RBZ & ZIMSTAT

149. As at end-June 2021, reserve money stock stood at ZW\$24.17 billion which was well within the target of ZWL\$28 billion.

### Reserve Money Developments in 2021



Source: RBZ

150. Following reduction in the quarterly reserve money target to 20% for the second half of this year, reserve money will now be contained within a target of ZWL\$29 billion by end-

September 2021, and to no more than ZWL\$35 billion by the quarter ending December 2021.

### *Bank Policy Rate*

151. The Central Bank has maintained the policy rate at 40% and the interest rate on the Medium-Term Bank Accommodation Facility (MBA) at 30% per annum since February 2021 with a view to balancing the need to support economic growth while stemming speculative activities.
152. In the short term, the Central Bank has kept policy interest rates high in order to curb speculative activities which will be reviewed in line with the downward inflation trajectory.

### **Financial Sector**

153. The banking sector is safe and sound, against the background of the disruptive impact of the COVID-19 pandemic. Government support and regulatory relief measures implemented thus far, have cushioned the economy and muted the potential adverse impact to the banking sector's performance.
154. The measures have ensured continued orderly functioning of the financial market, continuous flow of credit and fostered financial sector stability.

### *Banking Sector Capitalisation*

155. The banking sector remained adequately capitalised, with aggregate core capital of ZWL\$64.21 billion as at 31 March 2021, an increase of 20.74%, from ZWL\$53.18 billion as at 31 December 2020. The banking sector average capital adequacy and tier one ratios of 30.04% and 19.43%, respectively, were above the regulatory minimum of 12% and 8%, respectively.
156. Banking institutions are making significant progress towards meeting the new minimum capital requirements which become effective from 31 December 2021. As at 31 March 2021, seven banking institutions had already met the new minimum capital requirements of their chosen capital segment, with four at least 50% whilst five reported core capital levels below 50%.

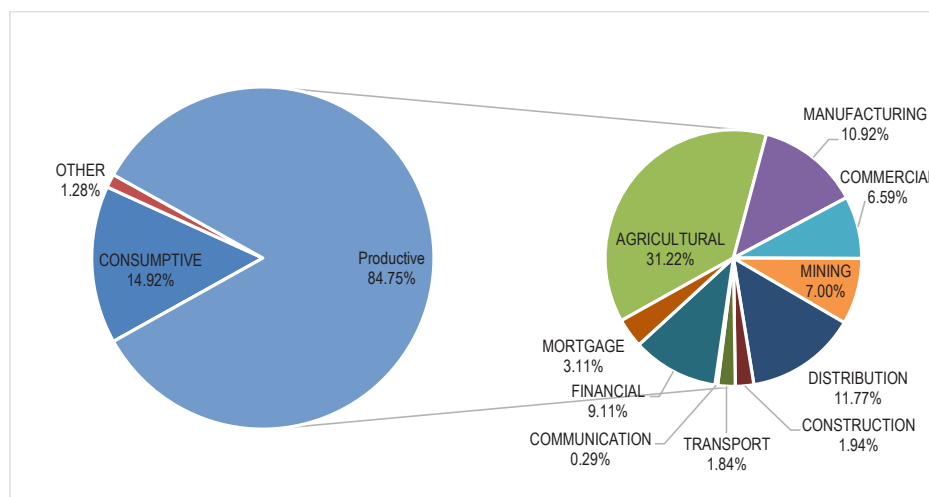
### *Banking Sector Loans and Advances*

157. Total banking sector loans and advances increased by 27.69% from ZWL\$82.41 billion as at 31 December 2020 to ZWL\$105.23 billion as at 31 March 2021. During the period under review, financial intermediation remained stable as reflected by loans to deposits ratio of 43.53%. This position represents a conservative lending approach adopted by most banking institutions.



158. The sector's support to the productive sectors of the economy stood at 84.75% of total loans as at 31 March 2021.

**Sectoral Distribution of Loans as at 31 March 2021**



Source: Reserve Bank of Zimbabwe

### *Cost of Funds and Availability of Credit*

159. The Medium-Term Accommodation (MBA) facility support towards productive sectors, including SMEs, amounted to ZWL\$4.13 billion since the inception of the facility with an additional ZWL\$2.5 billion having been approved for financing the 2021 Winter Wheat programme. An additional ZWL\$500 million has been set aside for SMEs that have been adversely affected by the COVID-19 pandemic.
160. To ensure affordability of these facilities, the interest rate at which the productive sector access them from banking

institutions have been capped at 10% above the borrowing rate in order to avail affordable long-term financing for production and the country's industrialisation agenda.

### *Asset Quality*

161. The performance of loan portfolios of banking institutions was satisfactory as reflected by the average non-performing loans (NPLs) to total loans ratio which remained low at 0.36% as at 31 March 2021, against the international benchmark of 5%, reflecting sound credit risk management systems and internal controls. In the outlook period, credit risk is expected to remain low.

### *Earnings Performance*

162. All banking institutions were profitable during the period under review with profits for the first quarter ended 31 March 2021 amounting to ZWL\$6.58 billion, an increase from ZWL\$1.99 billion reported for the period ending 31 March 2020.
163. Most banking institutions are reviewing their business models with a thrust on digitisation, hence the increased contribution of non-interest income to total income from service charges on digital platforms.

### *Banking Sector Deposits and Liquidity*

164. Aggregate deposits amounted to ZWL\$321.8 billion as at 30 June 2021, which represented a 57.64% increase from ZWL\$204.13 billion, reported as at 31 December 2020. The FCA deposits alone amounted to US\$1.5 billion as at 30 June 2021, one of the highest FCA deposits ever recorded since Independence.
165. Meanwhile, the average prudential liquidity ratio for the banking sector remained largely stable at 68.36%, which was above the minimum regulatory requirement of 30%. The high average prudential liquidity ratio largely reflects the conservative approach to lending by the sector.
166. In recognition of the role played by savings and deposits in the economy and the need to support financial inclusion and development, Government has engaged the Bankers Association of Zimbabwe on the need to comply with Statutory Instrument 65A of 2020 regarding payment of interest on savings accounts.
167. Effective 1 July 2021, banking institutions scrapped bank charges on savings accounts and fixed term deposits and also agreed to offer minimum interest rates of 5% and 10% for savings and fixed term deposits, respectively.

### Interest on Savings and Fixed Term Deposits

	ZW\$	USD
Savings Accounts	Minimum of 5% per annum	Minimum of 1% per annum
Fixed Term Deposits	Minimum of 10% per annum	Minimum of 2.5% per annum

Source: RBZ, 2021

168. Engagements with the Deposit Protection Board and stakeholders are in progress to protect foreign currency deposits as well as leverage such deposits to enhance financial intermediation for the benefit of the economy. These measures will allow the circulation of the US\$1.5 billion currently sitting in FCA accounts to promote growth and development.

### *Financial Inclusion*

169. The development of the National Financial Inclusion Strategy Phase II (2021-2025) is now underway with the Consumer and the Micro, Small and Medium Enterprises FinScope (MSMEs) surveys expected to commence in the second half of 2021.
170. The NFIS II will seek to address the challenges and gaps noted in the NFIS 1, with more focus on usage, quality of financial services, fintech & product innovation, financial inclusion data disaggregation and sustainability.

### *Financial Inclusion Indicators*

171. Access and usage of financial services and products continued on an upward trajectory with the increased adoption of digital platforms, on the back of high mobile penetration rate in the country. The number of active mobile money subscribers increased from 5.2 million to 6.4 million active subscribers during the period under review, underpinned by the Central Bank efforts to promote electronic payments and a cash lite society.
  
172. The value of loans availed to MSMEs, women and the youth by banks and deposit-taking microfinance institutions increased from ZWL\$3.01 billion, ZWL\$3.28 billion and ZWL\$1.94 billion as at 31 December 2020, to ZWL\$3.96 billion, ZWL\$5.03 billion and ZWL\$2.71 billion as at 31 March 2021, respectively.

### *Legal & Regulatory Developments*

173. The Reserve Bank continues to strengthen the regulatory framework in line with its mandate of promoting financial stability. On 6 November 2020, the Banking (Amendment) Regulations No. 5 of 2020 were gazetted. The amendment aligns the Banking Regulations S.I. 205 of 2000 to the Banking Act [*Chapter 24:20*] following amendments effected in 2015 and provide for the minimum capital requirements, and enhance corporate governance standards.

174. The amendments reduce significant interest threshold from 10% to 5% in line with the new section 15B (1) of the Banking Act, increase the maximum shareholding that an ordinary company can have in a banking institution from 10% to 25% in line with the new threshold limits in section 15A (1) of the Banking Act, provide for the disclosure of interests form as required under the new section 20B of the Banking Act and provide additional prudential limits for lending to insiders and their related interests. In addition, the amendment provides for the previously announced minimum capital requirements for banking institutions which are effective 31 December 2021.
175. Banking (Amendment) Regulations Statutory Instrument 63 of 2021 was gazetted on 5 March 2021 to increase the maximum amount that may be lent to a related party without the conditions specified under section 35 of the Banking Act. The new maximum amount is an amount, in local currency, equivalent to USD15,000.00.

#### *Disposal of Bank Assets*

176. The Central Bank has disposed of two of its assets, Tuli Coal and Transload (jatropa plant), to Government through the Ministry of Finance and Economic Development and the Ministry of High and Tertiary Education, respectively.

177. The process of partial privatisation of Fidelity Printers and Refineries (FPR) through offering 60% of its shareholding in the gold refinery business to producers of gold. The Central Bank will remain with 40% in the gold refinery company and 100% in the printing, minting and gold financing business. Ten shareholders have so far accepted to take shareholding in Fidelity Gold Refinery at a total consideration of US\$49 million.

#### *Blocked Funds Resolution*

178. The Central Bank and the Public Debt Management Office in the Ministry are finalising putting in place a Blocked Funds Bill for the settlement by Government of around US\$2.8 billion foreign exchange liabilities contracted by Zimbabwean entities prior to the change of currency in February 2019.

179. Resolution of blocked funds is being done along the lines of the 2015 RBZ Debt Assumption Act and in pursuant of Statutory Instrument 33 of 2019 that separated historical foreign currency obligations (blocked funds) from historical local currency obligations. In terms of this Statutory Instrument, the blocked funds are treated as foreign exchange obligations to be paid by Government to external creditors on behalf of the local contracting entities.

## **Insurance and Pensions**

### *Compensation for Losses under the 2019 Currency Reform*

180. Following the 2019 currency reforms, IPEC issued guidelines on adjustment of insurance and pension values which became effective on 1 January, 2021. Out of the US\$75 million set aside by Government under the 2021 National Budget to compensate pensioners and depositors for loss incurred due to the 2019 reforms, the IPEC and the Deposit Protection Corporation have to date each received US\$400,000 as Government's commitment, and are working on modalities to facilitate compensation of the beneficiaries.

### *Compensation of 2009 Loss of Pensions and Insurance Values*

181. Following the transition of the insurance and pensions industry from the use of the USD to the ZW\$, in line with the above IPEC guidelines, the Commission is now seized with bringing closure to the pre-2009 compensation.
182. A roadmap for the envisaged milestones and timelines for compensation will be published for the benefit of policyholders and pensioners and compensation modalities will be concluded before the end of this year.



### *Prescribed Asset Status*

183. The Insurance and Pensions Industry's level of compliance with minimum prescribed assets (PA) thresholds continues to deteriorate due to liquidity challenges faced by the industry.
184. As at 31 March 2021, Pension Funds, Short Term, Life Assurers, Funeral Assurers and Life reinsurance were non-compliant with the minimum prescribed asset ratios as stipulated by Statutory Instrument 206 of 2019.
185. Only Short-Term Reinsurance players met the minimum required threshold of 10% as shown in the table below:

**Prescribed Asset Compliance**

Class of Business	Minimum Prescribed Asset Ratio	Compliance Level
Pension funds	20%	3.05%
Short Term	10%	3.19%
Life	15%	0.11%
Funeral	10%	0.11%
Short Term Reinsurance	10%	17%
Life Reinsurance	15%	9.06%

186. Industry is required to comply with the minimum required PAS thresholds, with Government providing investment options.

### *Minimum Capital Requirements*

187. As at 31 March 2021, compliance to the minimum capital requirements in the insurance industry had improved, with

only the Funeral insurers failing to comply. The compliance level by class of business is shown in the table below:

Class of Business	Current MCR (Z\$)	Compliance Level
Short Term	37.5 million	100%
Life	75 million	92%
Funeral	62.5 million	50%
Short Term Reinsurance	75 million	100%
Life Reinsurance	112.5 million	100%
Micro insurance	4.5 million	100%
Insurance Brokers	1.5 million	94%
Reinsurance Brokers	1.5 million	100%

## Securities Market

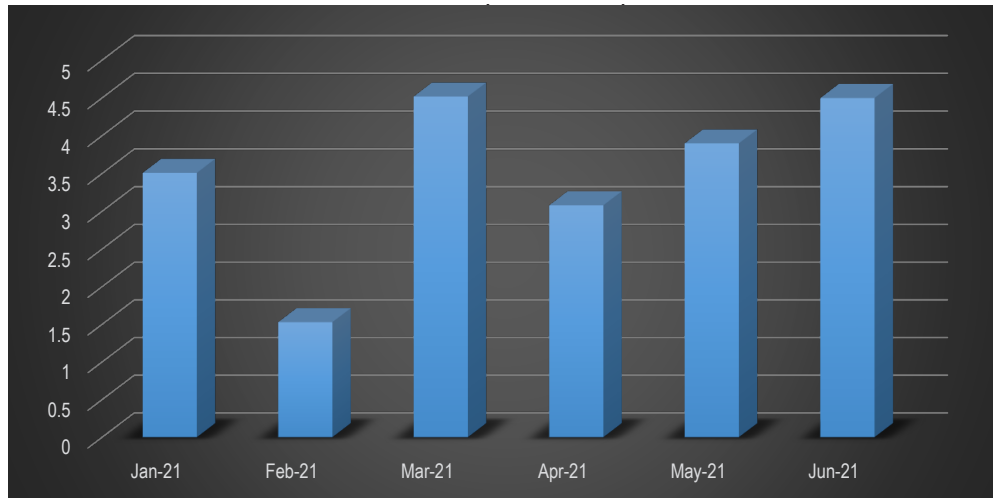
188. The number of listed companies on the ZSE declined from 57 as at 31 December 2020 to 56 as at 30 June 2021 following the delisting of Dawn Properties, in the first quarter of 2021. This follows the acquisition of the entity's controlling stake by African Sun Limited.

### ZSE Indices

INDEX	30-Jun-21	31-Dec-20	CHANGE
All Share	6,194.88	2,636.34	135%
Top 10	3,154.44	1,671.47	89%

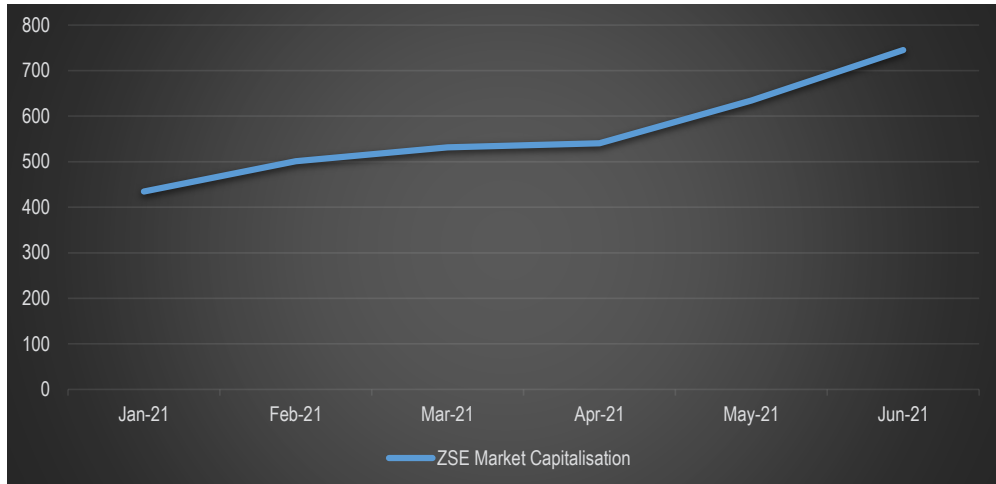
189. The benchmark index, ZSE All Share gained 135% during the first half of 2021 to 30 June 2021, spurred by gains in the heavyweight counters as reflected in the growth of the ZSE Top 10 counters which were up 89% during the period.

**Sales Turnover (ZWL\$ billion)**



190. Sales turnover to 30 June 2021 was \$21.02 billion, compared to \$3.83 billion during the same period in 2020.

**Market Capitalization (ZWL\$ billion)**



191. The ZSE total market capitalisation recorded a new high of \$745.18 billion as at 30 June 2021 compared to \$317.88 billion as at 31 December 2020.

192. There are two companies currently listed on the Victoria Falls Stock Exchange (VFEX), however, there is growing interest by companies to participate on the foreign currency traded stock exchange.

*Insurance and Pension Bills*

193. The Insurance and Pensions Commission Bill and the Insurance Bill await gazetting by Parliament, whilst the Pension and Provident Funds Bill is already under discussion in Parliament. Finalisation of the Bills will address deficiencies in the current regulatory framework.

*Anti-Money Laundering (AML/CFT/PF)*

194. The country has to date made progress in addressing deficiencies identified through the Mutual Evaluation Report (MER) that was adopted by the Eastern and Southern Africa Money Laundering Group (ESAAMLG) in 2016.
195. The Financial Intelligence Unit, in collaboration with other financial sector regulators, continues to monitor transactions across all financial platforms, including bank and non-bank platforms to identify and deal with entities suspected of involvement in illegal trade and other illicit transactions. It is

envisaged that all identified deficiencies will be addressed by September 2021.

## BALANCE OF PAYMENTS

196. The country's external sector position has remained strong to support the country's balance of payments requirements and to stabilise the exchange rate. Notwithstanding the transitory current account deficit realised during the first quarter of 2021, the current account balance for 2021 is projected to remain in a surplus position, albeit at a moderated level of US\$611.6 million compared to US\$1 096 million recorded in 2020 as shown in the table below.

**Balance of Payments Snapshot US\$M: 2019-21**

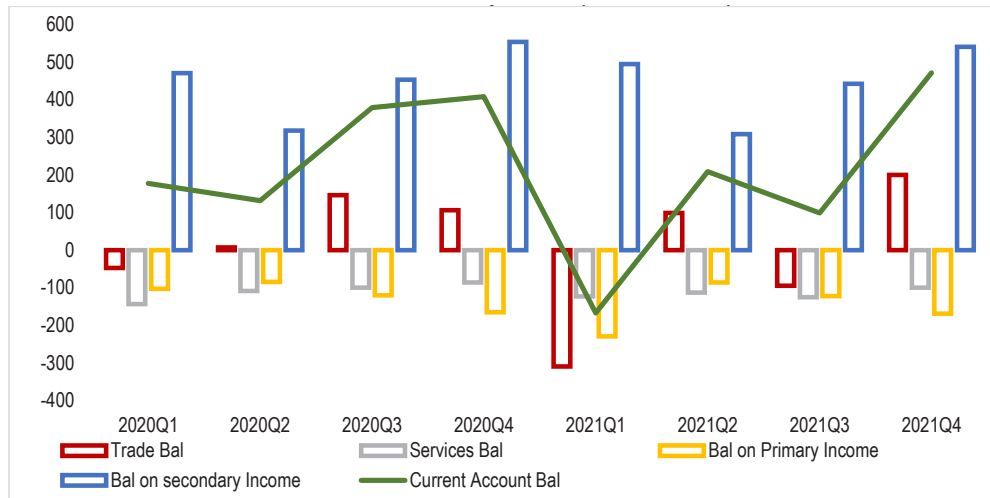
	2019	2020	2021
<b>A. Current Account Balance</b>	<b>920.5</b>	<b>1096.3</b>	<b>611.5</b>
<b>Trade Balance</b>	<b>174.4</b>	<b>212.2</b>	<b>-105.8</b>
Exports	4663.7	4931.9	5139.8
Imports	4489.3	4719.7	5245.7
<b>Balance on Services</b>	<b>-305.9</b>	<b>-438.2</b>	<b>-462.2</b>
Receipts	603.2	331.4	284.3
Payments	909.1	769.6	746.5
<b>Balance on Primary Income</b>	<b>-338.8</b>	<b>-472.9</b>	<b>-606.4</b>
Of which Interest payments	227.4	239.7	244.5
<b>Balance on Secondary Income</b>	<b>1390.7</b>	<b>1795.2</b>	<b>1786.0</b>
Of which Diaspora Remittances	921.7	1209.7	1287.9
Transfers to NGOs	491.7	618.6	534.9
<b>B. Capital Account Balance</b>	<b>314.5</b>	<b>299.7</b>	<b>301.2</b>
Of which grants	314.5	299.7	301.2
<b>C. Financial Account Balance</b>	<b>308.5</b>	<b>791.9</b>	<b>144.7</b>
Of which Foreign Direct Investment	-247.1	-153.9	-108.5
Portfolio Investment	-3.7	81.6	83.7

	2019	2020	2021
Other Investment	594.7	951.8	-12.1
Of which Loans	-27.1	654.4	114.9
Reserve assets	-35.3	-87.6	181.6
<b>D. Net Errors and Omissions</b>	<b>-926.5</b>	<b>-604.0</b>	<b>0.0</b>

Source: RBZ

197. Merchandise exports are projected to increase by 4.2%, from US\$4 931.9 million in 2020 to US\$5 139.8 million in 2021. Mineral exports are expected to maintain strong growth on account of the continued strong performances in Platinum Group of Metals (PGMs) and recovery in chrome and high carbon ferrochrome exports.
198. Gold exports are forecasted to remain high in 2021, on account of the recently introduced gold delivery incentives
199. Agricultural exports, led by tobacco, are expected to positively respond to the favorable climatic conditions during the 2020-2021 agricultural season. Manufactured exports are similarly expected to rebound, spurred by the anticipated recovery in production.
200. Merchandise imports are projected to increase by 11.1% to US\$5 245.7 million in 2021, from US\$4 719.9 million in 2020, driven by increases in fuel, machinery and raw material imports. Food imports will, however, be lower on account of reduced maize imports, following a good 2020/21 agricultural season.

**Current Account Developments (US\$ millions)**



Source: RBZ and ZIMSTAT Estimates

201. During the first half of the year, diaspora remittances are estimated at US\$746.9 million, compared to US\$288.7 million received during the same period last year. Remittances are projected to reach US\$1.3 billion by year end.
  
202. Diaspora remittances and other transfers, which constitute the secondary income account are projected to continue driving the current account balance as was the case in 2020. Personal transfers from Zimbabweans in the diaspora are expected to remain steady and resilient as the economies in key source markets recover from the COVID-19 induced slow-down, allowing them to invest in assets back home.

## **PUBLIC FINANCES DEVELOPMENTS**

203. The 2021 National Budget was premised on revenue projections of ZW\$390.8 billion (16.3% of GDP), expenditures of ZWL\$421.6 billion (17.6% of GDP) and a targeted budget deficit of ZWL\$30.8 billion (-1.3% of GDP).
204. The budget of ZWL\$421.6 billion includes the unallocated reserve (ZWL\$7.6 billion) earmarked for agriculture, infrastructure, health and employment costs. This however, excludes below-the-line repayment of loans provision of ZWL\$7.7 billion, consistent with Constitutional requirement.

### **Budget Outturn: Jan—June 2021**

205. The first half year budget execution indicates continued dividends from the fiscal consolidation measures being pursued since the TSP and these relate to the following:
- Spending within the Budget that has resulted in improved public finances;
  - Managing the budget deficit, hence the public debt within sustainable levels;
  - Supporting monetary policy on attaining macro-stability and growth objectives;



- Availing more resources towards developmental programmes and projects, including infrastructure, social service delivery and social protection; and
- Building of buffers for unforeseen circumstances.

206. To that end, for the period Jan-June 2021, revenues are estimated at ZWL\$198.2 billion whilst expenditures amounted to ZWL\$197.6 billion to give a budget surplus of ZWL\$570 million.

Indicator	Half Year Target	Jan-Jun Outturn	Variance
Revenue	182,131.6	198,208	16,076
Expenditure	189,823.0	197,639	(7,816)
Budget Balance	-7,691.4	+570	

Source: MoFED, June are targets/estimates

207. In the outlook, the budget is anticipated to remain more or less on course assuming limited impact of exigencies.

## Revenue

208. Cumulative revenue collections for the period January to June 2021 amounted to ZWL\$198.2 billion against a projection of ZWL\$182.1 billion, resulting in a positive variance of ZWL\$16 billion or 8.8%. This performance benefitted from both tax and non-tax revenues, which were above targets by 5.3% and 392%, respectively.

**Revenue Performance Jan-Jun 2021**

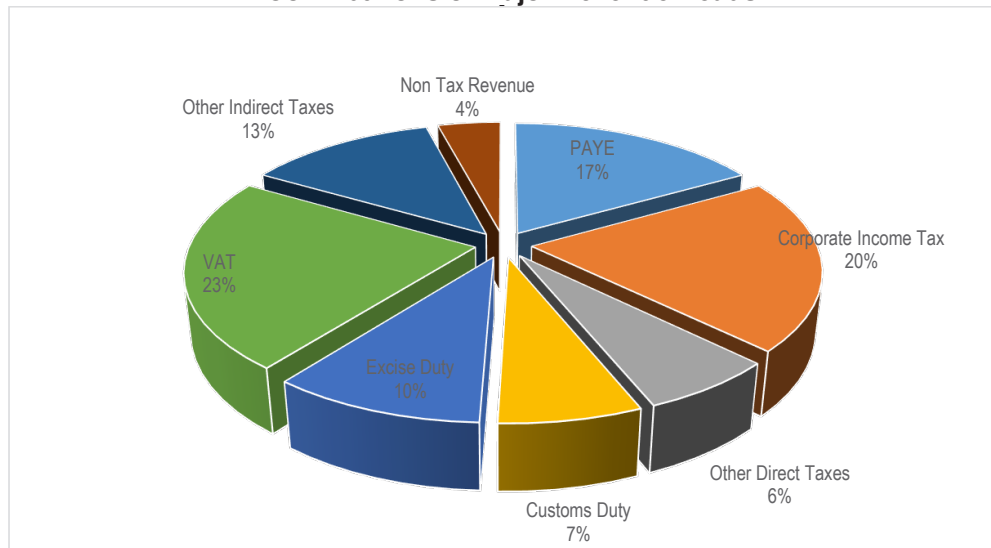
	Actual (ZWS B)	Target (ZWS B)	Var (ZWS b)	Var (%)
Tax Revenue	189.97	180.45	9.5	5.3%
Non-Tax Revenue	8.2	1.80	6.55	156.7%
Total Revenue	198.2	182.1	16	8.8%

209. Total revenue collections also include net cumulative foreign currency revenue collections of US\$698.5 million (against a target of US\$660 million).

**Contribution of Major Revenue Heads**

210. The major contributing revenue heads were VAT (23%), Corporate Income Tax (20%) and Personal Income Tax (17%).

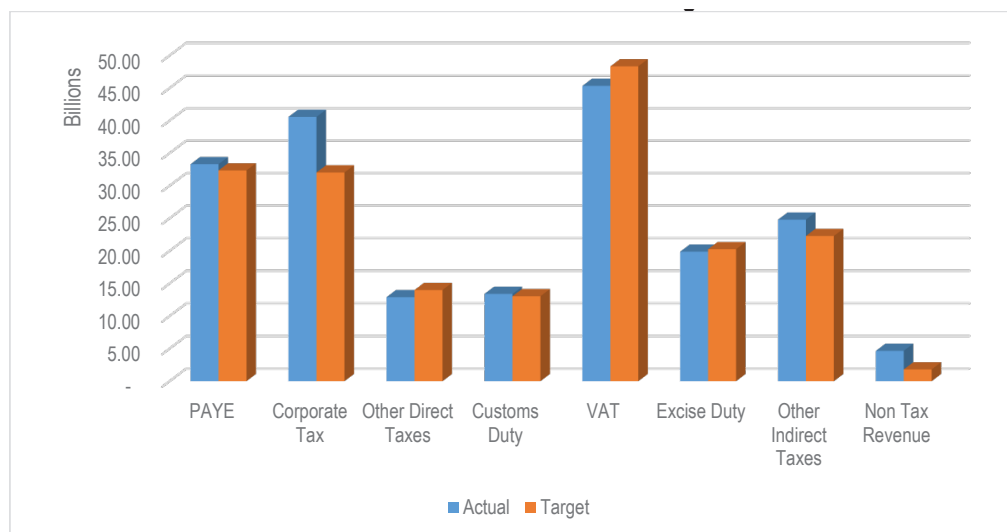
**Contributions of Major Revenue Heads**



211. Whilst Value Added Tax, Excise Duty and other direct taxes performed below target, total revenue benefited from a strong

performance in Corporate Income Tax, Personal Income Tax, Mining Royalties Intermediated Money Transfer Tax and Non-Tax Revenue.

**Revenue Performance: Actual vs Target**



Source: Ministry of Finance and Economic Development

### *Personal Income Tax*

212. Personal Income Tax collections amounted to ZWL\$33.32 billion, against a target of ZWL\$32.36 billion, resulting in a positive variance of ZWL\$0.9 billion or 3%. The performance is reflective of salary adjustments by some sectors of the economy which resulted in bracket creep.

### *Corporate Income Tax*

213. Corporate Income Tax collections were ZWL\$40 billion against a target of ZWL\$32 billion resulting in a positive

performance of 26.7%. Performance was largely driven by the second Quarterly Payment Date (QPD) which benefited from the gradual easing of lockdown measures and relaxation of operating hours between March and June 2021.

#### *Value Added Tax*

214. Value Added Tax collections amounted to ZWL\$45.1 billion against a target of ZWL\$48.3 billion resulting in a negative variance of ZWL\$3.2 billion or 6.7%. The negative performance is attributed to possible leakages arising from underreporting of revenue collected, particularly foreign currency receipts, as businesses exploit arbitrage opportunities on the foreign exchange market. This has been compounded by deliberate actions by some registered operators to circumvent the use of fiscal devices, deployed to facilitate compliance to VAT legislation.

#### *Excise Duty*

215. Excise duty is mainly driven by fuel consumption and beer. Collections for the period under review amounted to ZWL\$19.8 billion against a target of ZWL\$20.2 billion resulting in a negative variance of 1.9%.
216. Whilst fuel import volumes declined by 32% during the first two months of the year, excise duty collections benefited from

increased consumption of other excisable products following relaxation of lockdown measures.

### *Customs Duty*

217. For the period under review, customs duty collections amounted to ZWL\$13.4 billion against a cumulative target of ZWL\$13.0 billion resulting in a positive variance of 2.6%. Customs Duty collections were not significantly affected by lockdown measures since commercial consignments continue to be cleared.

### *Intermediated Money Transfer Tax (IMTT)*

218. Collections from IMTT amounted to ZWL\$16.5 billion against a target of ZWL\$13.4 billion resulting in a positive variance of ZWL\$3.1 billion or 23.2%. Performance of the revenue head benefited from the extension of IMTT to foreign currency transactions.

### *Non-Tax Revenue*

219. Non-Tax Revenue collections amounted to ZWL\$8.2 billion against a target of ZWL\$1.8 billion resulting in a positive variance of ZWL\$6.5 billion or 392%. The positive performance is on account of the continued review of fees and charges charged by Government Ministries and Departments, in some instances to cost recovery levels in order to ensure service delivery.

## Expenditure

220. Overall expenditures during the period January to June 2021 stood at ZWL\$197.6 billion. This implies that expenditures were above the half year budget target of ZWL\$189.8 billion by ZWL\$7.8 billion as shown in the table below:

**Expenditure (ZWL\$ Million): Jan – June 2021**

	2021 Annual Budget	Exp Target: Jan- June	Preli Act Exp: Jan-June	Var	Utilisation
<b>Total Expenditures and Net Lending</b>	<b>421,617</b>	<b>189,823</b>	<b>197,639<sup>1</sup></b>	<b>(7,816)</b>	<b>47%</b>
Compensation of Employees	172,635	73,889	80,005	(6,116)	46%
Use of Goods and Services	81,363	40,519	29,633	10,886	36%
Social Benefits	12,171	6,061	14,534	(8,472)	119%
Subsidies	2,850	1,419	2,903	(1,484)	102%
Interest on Debt	1,462	828	961	(132)	66%
Transfers to Provincial Councils and Local Authorities	19,540	9,106	2,209	6,897	11%
Net Acquisition of Non-Financial Assets	131,596	58,000	67,394	(9,394)	51%

Source: MoFED

221. Major expenditures were on Compensation of Employees at ZWL\$80 billion against a target of ZWL\$73.8 billion and Non-Financial Assets (capital budget) at ZWL\$67.4 billion against a target of ZWL\$58 billion.

<sup>1</sup>This figure includes expenditures on vaccines, investments and other commitments financed from the 2020 budget surplus

222. While, use of goods and services at ZWL\$29.6 billion performed below the target of ZWL\$40.5 billion, social benefits and subsidies were at ZWL\$14.5 billion and ZWL\$2.9 billion, respectively, against the half year targets of ZWL\$6.1 billion and ZWL\$1.4 billion, respectively.
223. The increase in social benefits spending, with an expenditure overrun of 119%, was due to the support given to the vulnerable groups. Included in the social benefit is agricultural input support to the vulnerable households.
224. In the outlook to December 2021, expenditure target of ZWL\$421.6 billion will be maintained assuming continued containment of expenditures, save for exigencies managed through reallocations, where necessary.

### ***Votes Performance***

225. Disbursements to MDAs were in line with planned and budgeted programmes and projects, save for unforeseen but essential developments, particularly those meant to save and cushion lives. As a result, during the period under review, an average of 41% of total budget was expended against a half year target of 45%.

### Vote Performance (ZWL\$million): Jan-June 2021

Vote Appropriations	Original Estimate	Revised Estimate	Cum Exp to 30 June	Var	Utilisation
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	%
Office of the President and Cabinet	14,260	14,260	8,081	6,179	57%
Parliament of Zimbabwe	7,306	7,306	1,538	5,768	21%
Public Service, Labour and Social Welfare	6,929	6,929	2,002	4,927	29%
Defence and War Veterans	23,754	23,754	14,523	9,231	61%
Finance and Economic Development	28,956	21,327	10,031	18,925	47%
Audit Office	1,349	1,349	106	1,243	8%
Industry and Commerce	2,345	2,345	214	2,131	9%
Lands, Agriculture, Water, Fisheries and Rural Resettlement	46,259	51,276	34,309	11,950	67%
Mines and Mining Development	1,399	1,399	447	952	32%
Environment, Climate, Tourism and Hospitality Industry	1,787	1,787	465	1,321	26%
Transport and Infrastructural Development	30,064	30,500	13,588	16,476	45%
Foreign Affairs and International Trade	8,640	8,640	1,581	7,059	18%
Local Government and Public Works	10,070	10,111	4,644	5,426	46%
Health and Child Care	54,705	55,135	9,425	45,280	17%
Primary and Secondary Education	55,221	55,221	19,907	35,314	36%
Higher & Tertiary Education, Innovation, Science and Technology Development	14,368	14,368	5,981	8,387	42%
Women Affairs, Community, Small and Medium Enterprises Development	2,157	2,157	676	1,481	31%
Home Affairs and Cultural Heritage	23,557	23,967	11,192	12,364	47%
Justice, Legal and Parliamentary Affairs	7,340	7,340	3,685	3,655	50%
Information, Publicity and Broadcasting Services	1,479	1,479	701	778	47%
Youth, Sport, Arts and Recreation	3,557	3,557	985	2,572	28%
Energy and Power Development	1,641	1,641	1,071	570	65%
Information Communication Technology and Courier Services	1,972	1,972	182	1,790	9%
National Housing and Social Amenities	2,801	2,801	240	2,561	9%



Vote Appropriations	Original Estimate	Revised Estimate	Cum Exp to 30 June	Var	Utilisation
Judicial Services Commission	2,487	2,487	1,159	1,328	47%
Public Service Commission	9,004	10,299	6,756	2,248	66%
Zimbabwe Council of Chiefs	317	317	80	237	25%
Zimbabwe Human Rights Commission	148	148	39	109	27%
National Peace and Reconciliation Commission	133	133	99	34	74%
National Prosecuting Authority	610	610	248	362	41%
Zimbabwe Anti-Corruption Commission	317	317	75	242	24%
Zimbabwe Electoral Commission	2,321	2,321	552	1,769	24%
Zimbabwe Gender Commission	153	153	69	84	45%
Zimbabwe Land Commission	934	934	91	843	10%
Zimbabwe Media Commission	175	175	33	142	19%
<b>TOTAL</b>	<b>368,514</b>	<b>368,514</b>	<b>154,777</b>	<b>213,738</b>	<b>42%</b>
Debt Service: Interest Bill	1,462	1,462	961	501	66%
Pension	30,624	30,624	13,053	17,571	43%
Transfers to Provincial Councils and Local Authorities	19,540	19,540	2,209	17,331	11%
Other Constitutional & Statutory Appropriations	1,477	1,477	690	787	47%
<b>TOTAL EXPENDITURE AND NET ACQUISITION OF FINANCIAL ASSETS</b>	<b>421,617</b>	<b>421,617</b>	<b>171,689</b>	<b>249,928</b>	<b>41%</b>
Repayment of Loans	7,724	7,724	20,085	-12,361	260%
Total Expenditure & Net Acquisition of Financial Assets Including Loan Repayments	429,341	429,341	191,775	237,567	45%
MEMORANDUM ITEMS (spending from 2020 surplus)	0	0	25,950	0	
Total Expenditure & Net Acquisition Financial Assets Including Loan Repayments	429,341	429,341	217,725	237,567	51%
Note :- Memorandum items are expenditures on vaccines, investments and other commitments financed from the 2020 budget surplus towards					

### ***Compensation of Employees***

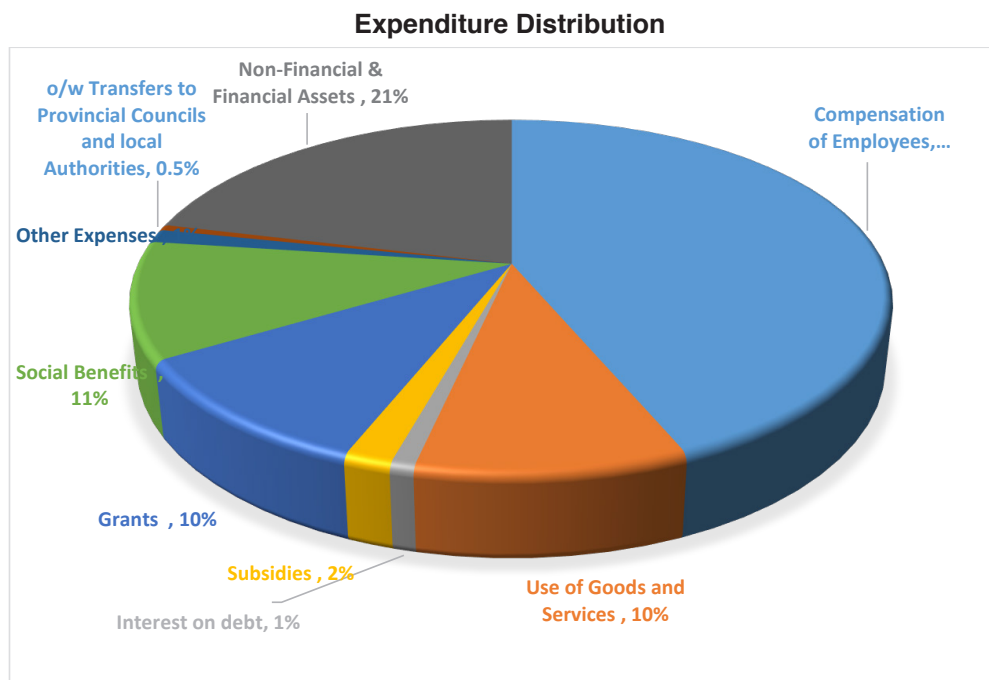
226. The 2021 National Budget provided ZWL\$172.6 billion for compensation of employees inclusive of pensions premised on an average cost of living review of 70% from the 2020 levels. Cumulative expenditure for the first half amounted to ZWL\$80 billion against a cumulative target of ZWL\$73.8 billion.
227. Compensation of employees at 40% of total expenditures constitute the largest share of total expenditure. The over expenditure of ZWL\$6.2 billion is on account of hiring of additional personnel for critical posts in the education sector following recruitment of 3000 teachers in January and filling of the already approved 4 713 health sector posts in response to the COVID-19 pandemic. These expenditures were also on account of cost of living adjustments effected in February and April 2021.
228. Meanwhile negotiations with the worker representatives are on-going within the context of the 2021 Budget framework.

### ***Other Recurrent Expenditures***

229. Use of goods and services for the first six months amounted to ZWL\$29.6 billion, constituting 15% of total expenditures,

against a half year target of ZWL\$40.5 billion. Expenditures were mainly on enforcement of lockdown restrictions, COVID-19 vaccination campaign, maintenance of government buildings and other assets as well as subversions to extra budgetary units.

230. Interest payments on debt amounted to ZWL\$961 million, 0.5 % of the total expenditures of which 83% went towards domestic interest payments and the remainder towards foreign debt interest.



Source: MoFED

### *Social Benefits and Subsidies*

231. Social benefits outlay amounted to ZWL\$14.5 billion against a target of ZWL\$6.1 billion. The resources went towards cushioning of the vulnerable as part of mitigating the effects of the COVID-19 pandemic.

### *Social Protection*

232. The 2021 Budget provided ZWL\$5.5 billion towards social protection programmes and the target for the first six months was ZWL\$2.1 billion, of which ZWL\$1.7 billion was spent towards some of the following programmes:

- Basic Education Assistance Module (BEAM), ZWL\$720 million;
- Food Deficit mitigation, ZWL\$447 million;
- Harmonised Social Cash Transfer, ZWL\$136 million;
- Children in difficult circumstances, ZWL\$327 million; and
- COVID-19 Emergency response, ZWL\$54 million.

### *Vulnerable Input Support Programme*

233. Government spent ZW\$12.1 billion during the first half of the year towards input support programme for the vulnerable households and wheat farming for the 2020/21 agriculture season.

### *Urban Mass Transportation System Subsidy*

234. The 2021 Budget provided ZWL\$2.1 billion for the Mass Public transportation with anticipation of total removal of the subsidy by April 2021. However, the delays to eliminate the subsidy resulted in half year expenditure of ZWL\$2.2 billion.

### *Health*

235. The sector was allocated an annual budget of ZWL\$8.6 billion towards the provision of public and curative health care as well as biomedical science, engineering and pharmaceutical production services. These services had a budget target for the first half of ZWL\$4.3 billion, of which actual expenditures stood at ZWL\$5.3 billion.

### *COVID-19 Vaccine*

236. The country has embarked on a mass vaccination campaign as a long-term solution to save lives and livelihoods. The objective is to target herd immunity of 60% of the country's population with US\$100 million having been set aside for the purpose.
237. To date, US\$93.2 million has been spent towards procurement of 11.8 million doses vaccines and 7.2 million syringes. This

has facilitated delivery of 5.5 million doses and 5.2 million syringes as follows:

- Sinovac 6.2 million doses: Procurement;
- Sinopharm 5 million doses: Procurement;
- Sinopharm 500 000 doses: Donation from China;
- Covaxine 35 000 doses: Donation from India;
- Sputnik V 50 000 doses: Donation from Russia;
- China Pharmaceutical Foreign Trade Corporation: 1.2 million syringes;
- Sinopharm: 3 million syringes; and
- Sinovac: 1 million syringes.

238. Progress towards the desired 60% (herd immunity) will require mobilisation of additional resources for the procurement of more vaccines, over and above the US\$100 million resource envelope.

### *Education*

239. Expenditures towards the education sector amounted to ZWL\$2.1 billion for lower education and ZWL\$3.8 billion towards higher education. Primary and secondary education expenditures targeted among other issues support towards

public examinations ZWL\$713 million and Learner welfare services ZWL\$165 million. Higher education expenditure amounted to ZWL\$3,4 billion including employment costs.

240. The sector also received US\$5.2 million from Development Partners, of which US\$0.9 million was disbursed through the Education Development Fund (EDF) administered by UNICEF towards distribution of textbooks and provision of school improvement grants to the most vulnerable schools.

### ***Budget Pressures***

241. Notwithstanding the marginal budget surplus, the 2021 National Budget still faces pressures related to the need to procure sufficient vaccines and other COVID-19 related expenditures. Pressure is also arising from the need to continuously review and improve the welfare of our civil servants in line with macroeconomic developments. Furthermore, Government requires adequate cashflows to smoothen grain procurement processes while raising resources from other sources to meet this requirement.

## **PUBLIC DEBT**

### **Domestic Debt**

242. Access to external financing remains constrained due to the continued accumulation of external debt arrears and therefore,

domestic financial markets remain the major source of budget financing for Treasury. Domestic debt as at end of April 2021 amounted to ZWL\$20.9 billion.

**Domestic Debt end April 2021 (ZWL\$ million)**

Category	Amount
Treasury Bonds	13,550
Treasury Bills	4,871
Domestic Arrears	2,490
<b>Total Domestic Debt</b>	<b>20,911</b>

*Source: Zimbabwe Public Debt Management Office*

### *Management of Contingent Liabilities*

243. Sovereign guarantees and on-lent loans have the potential to create contingent liabilities on Governments' balance sheet. To manage the risks related to these contingent liabilities, an Integrated Risk Management Framework was formulated and adopted.
244. This Framework provides the guidelines for prudent risk management, including risk analysis, measurement, credit risk scoring, risk sharing, and charging of fees which help in the identification and mitigation of contingent liabilities risks. All Public Entities should, therefore, adhere to these guidelines.
245. Treasury will scale up close monitoring of guarantees and on-lent loans by conducting site visits and reassessments throughout the life of the guarantee or on-lending.



246. In addition, in line with the Public Debt Management Act (Section 30) and the Framework, all State-Owned Enterprises (SOEs) and other public entities are required to report monthly, on loans, guarantees and other forms of debts contracted or acquired from both domestic and external sources. The reports are key in monitoring performance of guarantees and on-lent loans.
247. Public Entities are required to submit their borrowing requirements for incorporation into the Government Borrowing Plan for 2022.

#### *Compensation to Former Farm Owners*

248. Following the signing of the Global Compensation Deed in July 2020 providing for the compensation of farm improvements to Former Farm Owners, Treasury has engaged a Financial Advisor- Newstate Partners UK.
249. The Financial Advisor will lead and assist in the mobilisation of US\$3.5 billion for compensation through models that do not compromise the fiscal, debt management and overall growth objectives of the economy.

250. Meanwhile, Government will continue making interim relief payments to Former Farm Owners, while mobilising the resources for the full compensation. Government allocated ZWL\$300 million in the 2020 National Budget, of which, approximately ZWL\$200 million was disbursed in 2020. In the 2021 National Budget, ZWL\$2 billion was allocated for the interim relief payments.

### **Arrears and External Debt**

251. Treasury, in March 2021, resumed quarterly token payments to the Multilateral Development Banks (MDBs), the World Bank Group (US\$1 million), the African Development Bank Group (US\$500 000) and the European Investment Bank (US\$100 000). Token payments are part of the re-engagement process with the International Community in line with the Arrears Clearance and Debt Relief Strategy which is critical in regaining access to concessional financing from both multilateral and bilateral development partners.

## External Debt

- i. As at end December 2020, total PPG external debt including RBZ external guaranteed debt amounted to US\$10.5 billion, representing 71.2% of GDP. Accumulation of external debt arrears remains a major challenge to the country, making up over US\$6.5 billion (77%) of total external debt.

### Public and Publicly Guaranteed External Debt end December 2020 (US\$ millions)

	Non-Guaranteed			Guaranteed			Grand Total
	DOD	Arrears	Total	DOD	Arrears	Total	
External Debt (Inc. RBZ) (a+b+c)	1,845	5,168	7,013	2,128	1,382	3,510	10,523
External Debt (Excl. RBZ) (a+b)	1,845	5,168	7,013	28	1,382	1,410	8,423
a. Bilateral Creditors	1,577	3,313	4,890	28	828	856	5,746
Paris Club	128	2,820	2,948	24	810	834	3,782
Non-Paris Club	1,228	415	1,643	3	18	22	1,665
RBZ Assumed Debt	222	77	299	—	—	—	299
b. Multilateral Creditors	268	1,855	2,123	—	554	554	2,677
World Bank	182	1,052	1,234	—	291	291	1,525
African Development Bank	30	608	638	—	91	91	729
European Investment Bank	16	167	183	—	173	173	356
Others	39	29	68	—	—	—	68
c. RBZ Guaranteed External Debt*	—	—	—	2,100	—	2,100	2,100

\* The figures exclude other RBZ running facilities which are not guaranteed by Government amounting to US\$379 million and blocked funds amounting to US\$2.8 billion for which the due diligence, validation and reconciliation process is still underway for debt assumption

Source: Zimbabwe Public Debt Management Office

- ii. Public and Publicly Guaranteed external debt owed to the multilateral creditors, as at end December 2020, amounted to US\$2.67 billion, of which US\$1.53 billion is owed to the World Bank Group, US\$729 million to the African Development Bank, US\$356 million to the European Investment Bank, and US\$68 million to other multilateral creditors such as International Fund for Agricultural Development (IFAD), Arab Bank for Economic Development in Africa (BADEA) and OPEC Fund for International Development (OFID).
- iii. On the other hand, bilateral PPG external debt amounted to US\$5.75 billion, with US\$3.79 billion owed to Paris Club bilateral creditors and US\$1.67 billion to Non-Paris Club bilateral creditors

## Debt Servicing

252. Government has been making debt service payments on active portfolios so as to unlock new financing and trigger disbursements to ongoing projects. During the first quarter of 2021, debt service payments amounting to US\$17.04 million

were made towards token payments (US\$1.6 million), other multilateral creditors (US\$ 4.11 million) and bilateral Non-Paris Club (US\$11.33 million).

## **CAPITAL DEVELOPMENT BUDGET**

253. Capital spending as at 30 June 2021 amounted to ZWL\$67.4 billion, against a target of ZWL\$58 billion. Major expenditures were incurred towards:

- Infrastructure development projects, ZWL\$21.2 billion;
- Equity and investment shares, ZWL\$21.6 billion; and
- Grain procurement ZWL\$13.5 billion.

254. The balance went towards capacitation of Ministries, Departments and Agencies with office furniture, equipment, and vehicles among others.

255. Additionally, through the Inter-Governmental Fiscal Transfers allocations, a total of ZWL\$2.2 billion was spent by provincial council and local authorities in line with the Constitutional provisions.

### ***Progress***

256. Notwithstanding the slowdown in commencement of works during the first quarter due to COVID-19 containment

measures, resources were disbursed towards ongoing works with focus on projects at advanced stages of completion.

257. Government also strengthened the targeted approach by ring fencing resources towards defined set of interventions on respective projects.
258. Furthermore, Treasury in collaboration with implementing agencies have been conducting periodic site visits to selected projects in order to address project implementation challenges as well as inform resource disbursements.
259. The table below indicates the breakdown of disbursements towards infrastructure projects for the period under review.

**Summary of 2021 Infrastructure Projects Disbursements (ZWL\$)**

Sector	Budget Estimate	Expenditure to 30 June
Energy	1,037,610,000	845,605,000
Transport	24,832,000,000	10,200,412,493
Water and Sanitation	13,333,400,000	2,801,383,733
ICT	4,144,500,000	1,459,019,999
Health	9,375,700,000	438,894,776
Education	7,525,400,000	1,466,120,448
Housing	10,104,402,600	2,293,931,732
Irrigation	2,064,342,000	1,481,224,111
Other	3,640,000,000	178,271,719
<b>Total Development Budget</b>	<b>76,057,354,600</b>	<b>21,164,864,011</b>

## **Infrastructure and Utilities Sector Performance**

### **Transport**

260. In the transport sector, priority is on the Roads Development Programme, mainly targeting rehabilitation and upgrading of the country's road network.
261. Focus has been on ensuring continuation of ongoing works on the Harare-Masvingo-Beitbridge road and the Emergency Roads Rehabilitation Programme Phase II following the declaration of the state of disaster in view of the extensive damage to the road infrastructure by the heavy rains received in most parts of the country during the just ended rainfall season.
262. Consequently, resources amounting to ZWL\$10.7 billion, including ZWL\$500 million under devolution, were expended under the Roads Development Programme of which ZWL\$6.9 billion went towards the Harare-Masvingo-Beitbridge road, ZWL\$1.8 billion for Cyclone Idai restoration works and ZWL\$2 billion for ongoing works under Phase 2 of the Emergency Roads Rehabilitation Programme.

### *Harare-Masvingo-Beitbridge Road*

263. To date, a total of 180.45 km have been completed and opened to traffic. This is, however, below the targeted 200kms anticipated to have been completed by December 2020. Work stoppages arising from COVID-19 imposed lockdowns as well as disruptions caused by the heavy rains affected project implementation.
264. The target to deliver 200kms during 2021 remains on course with funding modalities having been put in place to ensure smooth implementation of the project.

### *Emergency Roads Rehabilitation Programme Phase II*

265. Following the declaration of the state of disaster on the country's road network in February 2021, Government embarked on the Emergency Roads Rehabilitation Programme Phase II to be implemented over three years at an estimated overall cost of US\$400 million with focus on the rehabilitation of major arteries and feeder roads in both urban and rural areas.
266. Already, resources amounting to ZWL\$3.2 billion have been availed, with ZWL\$2 billion being disbursed from the budget and ZWL\$1.2 billion from the Road Fund managed through ZINARA. Road Authorities have since been paid ZWL\$1.4

billion for actual implementation of the project as shown in the table below.

Road Authority	Amount (ZWL\$)
Department of Roads	364.3 million
District Development Fund	426.2 million
Rural District Councils	272.9 million
Urban Councils	339.7 million
Administration Costs	12.7 million
<b>Total</b>	<b>1.4 billion</b>

267. Notable achievements to date include the following:—

- Completed rehabilitation and upgrading of 13.6 km Chivi–Mandamabwe Road;
- Completion of Karanda Bridge including 17km spot gravelling from Nyakasikana to Karanda Hospital;
- Completion of Monte Casino Bridge,
- Completion of 10km section of Karoi–Binga Road from Chivakanenyama to Zvipani;
- Completion of 3.2km of Pangula Road (Chikurubi Prison Access);
- Completion of rehabilitation and upgrading of Boshoff Drive;
- Restoration works on the Musavezi Bridge along Shurugwi–Mandamahwe Road; and
- Pothole patching on Masiyephambili Road.



268. Restoration works on Cyclone Idai damaged road projects in Manicaland are now above 90% completion with ZWL\$1.8 billion having been availed towards the projects.
269. Whilst the initial target was to complete all the works during the first quarter, delays have pushed completion dates to the second quarter. The Table below indicates the strides already made under the Cyclone Idai Restoration Works Programme.

**Cyclone Idai Roads under implementation**

PROJECT NAME	PROJECT SCOPE	PROGRESS TO DATE
Wengezi – Skyline Road	Structures construction, erosion protection works and resealing	Bases 1 and 2, and backfilling completed, Umvumvumu, Biriwiri bridge 1 and 2 completed  River diversion at 56km completed
Skyline – Chimanimani	Structures construction, (culverts, box culvert, resealing) and Road realignments	Curves 1, 2, 3, 4 and 5 mountains cutting and blasting completed, removal of loose materials, boulders completed, Nyahonde bridge clearing of debris material completed  Box culverts 88% complete.
Charter- Machongwe – Rusitu – Kopa-Joppa	Road realignment and re-gravelling, 22km Road construction, Erosion protection works, Nyahodi bridge approaches construction	Road realigned, surfaced and opened to traffic, Nyahodi road surfaced and opened to traffic, Machongwe footing and box culvert completed, Subgrade construction 35km completed
Rusitu Junction-Nyabamba-Kopa	Road regravelling and Box culvert construction	Rusitu Junction to Nyabamba- Koppa-17km road re-gravelling completed, Contractor working on the designs of Box culvert construction.
Bvumba Road	Erosion protection works	Erosion protection works in progress on first section complete and Leopard Rock section complete
Kopa – Mutsvangwa Road	Road re-gravelling and structures construction	23km road formation and subgrade complete, Primed 16km, tack 15.8km and seal 15.8km
Kopa – Vimba Road	20km road re-gravelling	Spot re-gravelling in progress

PROJECT NAME	PROJECT SCOPE	PROGRESS TO DATE
Kurwaisimba – Muchadziya Road	20m road re-gravelling	Spot re-gravelling completed.
Rusape Nyanga Road	30m road resealing	30km completed.
Honde Valley	28km road resealing	28km of resealing is at 70% completion.
Marange – Zvipiripiri Road	17km road construction	Construction of 17km at 70% completion
Birchenough to Chipinge	Road and culverts construction and 10km resealing	-Fill compaction and bases construction of 6km Completed, and 4km outstanding.
Tanganda Halt Bridge	Bridge construction	Sub soil test to be done first with DOR Central lab for designs.
Cashel – Chimanimani Road	Road and culverts construction and 65km roads Regravelling	2km primed awaiting surfacing and Outstanding works: drain paving and culvert structure construction.

### Skyline Chimanimani curve 1



### Air

270. To date, a total of US\$37.3 million has been disbursed towards the R.G. Mugabe International Airport from the US\$153 million China Exim Bank loan facility.

271. Land side works are now at 35% completion with current works concentrated on the international and domestic terminal buildings as well as construction of the new VVIP pavilion. The runway is at 78% completion with laying of asphalt on the runway carriageway and shoulders completed whilst work on the aprons is in progress. The project is now rescheduled for completion in 2023.
272. The District Development Fund is also rehabilitating and upgrading Chapoto, Binga, Kanyemba, Tokwe Mukosi and Buffalo Range air strips.

*Air Zimbabwe*

273. The Scheme of Reconstruction for Air Zimbabwe was successfully concluded in June 2021, allowing for the resumption of operations for the airline guided by the Strategic 6 Year Turn-Around Plan and the 2021 Business Revival Plan.
274. The effective implementation and execution of the airline's Turn-Around Plans will ensure that it acquires the requisite equipment, expands its route network, invests in appropriate information communication technology (ICT) systems and strengthens its competitiveness, through the strategic deployment of a lean and highly committed and professional workforce.

275. Furthermore, the re-merging of the National Handling Services with the national airline will ensure the in-house execution of airline services for effective cost management and self-sustainability.

## **Energy**

276. Interventions in the energy sector are primarily aimed at increasing generation capacity and improving the reliability of the transmission and distribution systems.

277. With regards to electricity generation, the strategic focus is to ensure completion of the Hwange 7 and 8 expansion project which will add 600MW to the national grid. Against the loan facility of US\$998 million from China Eximbank, cumulative disbursement stands at US\$378 million.

278. To date, the project is now at 65% completion and major works done include installation of boilers, turbines and transformers among other critical works. The construction of the 400KV transmission line is also underway.

279. Due to the adverse effects of COVID-19 pandemic, the commissioning of the first and second units is now re-scheduled to the first and second half of 2022, respectively.

280. Through the Budget, a total of ZWL\$845.6 million against a budget provision of ZWL\$900 million has been availed to the project for payment of VAT during the period under review.
281. As part of efforts towards improving access to electricity in rural areas, the Rural Electrification Agency has spent a total of ZWL\$259 million towards various community projects nationwide.
282. Furthermore, the African Development Bank, through the Zimbabwe Multi-Donor Trust Fund (ZIMFUND) disbursed US\$2.3 million mainly towards manufacture, delivery and installation of transformers for targeted substations as well as construction of a 33 KV dedicated supply line for Gimboki Sewerage works in Mutare.

### **Water and Sanitation**

283. The strategic thrust in the sector is to close the water supply gap and facilitate investments that enable provision of basic sanitation services. The sector witnessed the completion and commissioning of Muchekeranwa Dam, Nyamandlovu Aquifer Water Project as well as the launching of the Gwayi-Shangani-Bulawayo pipeline.

284. Support towards the sector during the first half of the year amounted to ZWL\$2.8 billion, mainly channeled towards dam construction works, water points as well as drilling of boreholes.

**Newly Commissioned Muchekeranwa Dam**



285. Completion of the Gwayi Shangani dam, which is currently at about 40% completion remains top priority during 2021 and resources availed to date should enable the completion of concrete placing on the river bed as well as concrete placing on the dam wall to a height of 9m out of the target of 72m.

### Concrete Placing on Gwayi Shangani Dam riverbed and dam wall



286. Works on the Chivhu dam are currently at 41% completion, with the contractor now undertaking hard and soft excavations for the spillway channels, foundation excavations for water treatment plant, reconstruction of upstream fill embankment and excavations of Chivhu pipeline as well as laying of 400mm diameter pipes.
287. Development Partners support towards water and sanitation during the period under review amounted to US\$5.6 million with US\$3.6 million having been disbursed by the African Development Bank under the Bulawayo Water and Sewerage Services Improvement Project which targets upgrading of water and sewer infrastructure in Nkulumane, Nketa, Pumula South and Magwegwe.

288. A further US\$0.1 million was disbursed under the ZIMFUND Urgent Water Supply and Sanitation Rehabilitation Project, Phase II, (UWSSRP II) for procurement and replacement of water and sewer pipes, valves, rehabilitation of water and sewer treatment plants, and procurement of operations and maintenance equipment for Harare, Chitungwiza, Ruwa, Redcliff Municipalities, Mutare, Masvingo, Kwekwe and Chegutu.

#### *Boreholes*

289. Through the District Development Fund, ZWL\$100 million was spent towards construction and rehabilitation of boreholes and water points. A further ZWL\$57 million was disbursed towards drilling of boreholes at 150 targeted schools, as part of Government's response to COVID-19 pandemic.

290. To date, a total of 81 boreholes had been drilled and 2 858 rehabilitated. A further 54 boreholes were drilled countrywide through ZINWA.

291. The procurement process for 20 drilling rigs for both ZINWA and DDF has since been concluded with deliveries expected during the second half of the year.



## **Digital Economy**

292. The COVID-19 pandemic has accelerated digital transformation across the board, with businesses shifting operations to cope with lockdowns, restricted movement of staff and supply interruptions.
293. The first half of 2021 witnessed the completion and commissioning of the National Data Centre on 14 May 2021, which will act as a repository of all the national data and ensure efficient and effective information sharing and communication by various Government Departments.
294. Furthermore, resources were also availed towards operationalisation and commissioning of 57 PFMS District Kiosks with solar systems having been installed at these kiosks to mitigate against power outages.
295. Resources were also availed towards the establishment of 38 Community Information Centres (CIC) of which 2 centres have been commissioned at Nyachuru and Nyadire.
296. With regards to the Zimbabwe Digitalisation project, ZWL\$300.7 million was availed for the operationalisation of eutelsat satellite service lease, and aucom service level

agreements, installation of TV studio equipment and DTV transmitter in Gokwe-Sengwa-Chitekete, revamping of FM transmitters and digitalisation of Mbare studios.

## Health Infrastructure

297. A total of ZWL\$439 million has been spent towards health infrastructure including capacitation of medicines storage facilities at Natpharm, as indicated in the table below:

Level of care	Targeted works	Disbursement (ZWL\$)
Quaternary Care	Rehabilitation of medical wards and ancillary facilities at Mpilo and Parirenyatwa Hospitals	70,232,610
Tertiary Care	Upgrading of gas facilities and access road at Victoria Chitepo, rehabilitation of Masvingo, Bindura Hospitals and construction of Lupane and Manyame Hospital	365,071,439
Primary and Secondary Care	Rehabilitation of Nkayi, Tsholotsho, Rusape, Mutoko, Gokwe, Chegutu, Ngomahuru, Shamva, Filabusi, Chipinge and Mahusekwa staff houses as well as construction of health posts, Chiromo, Mbuyamaswa and Sai Clinics	3,590,727
<b>Total</b>		<b>438,894,776</b>

298. Notable progress has been realised at United Bulawayo Hospitals, with the COVID-19 Isolation and Treatment Centre, having been officially commissioned on 13 May 2021. The private sector also chipped in through provision of equipment for the facilities.

299. At Mpilo Central Hospital, rehabilitation and upgrading works on three burnt doctors' flat's, wards, theatres and other support facilities such as incinerators, laundry and off-site facilities is ongoing as well as rehabilitation of the Kwekwe flats which were also destroyed by fire.
300. Phase 1 of the upgrading of the gas reticulation system at the commissioned 30-bedded COVID-19 isolation centre at Victoria Chitepo Provincial Hospital is complete. Works under Phase 2, focusing on expanding the connections to other sections of the hospital, namely the theatres, casualty, maternity and general wards are under implementation.
301. Works are underway at Bindura Provincial Hospital targeting upgrading of water reticulation and sanitation facilities as well as upgrading of the medical gas infrastructure, improving the aesthetic appeal, upgrading its casualty, mortuary and opportunistic disease infection facilities.
302. The construction of Lupane Provincial hospital is now on course following the payment of ZWL\$46 million owed to the contractor. First phase works covering construction of outpatient department, pharmacy and administration buildings, staff accommodation, casualty unit and central stores are expected to be completed during 2021.

303. Construction of Manyame VVIP hospital is progressing well with an amount of ZWL\$269.5 million having been availed to the project during 2021. This has seen the first-floor deck being completed whilst plumbing and electrical works on the second and ground floor are underway with the project now expected to be completed by October 2021.

**Ongoing works at Manyame VVIP hospital**



304. Additionally, resources amounting to ZWL\$228.8 million were channelled towards completion of construction and rehabilitation of isolation centres countrywide.

### St. Luke's Isolation Centre (Matabeleland North Province)



305. Government, in partnership with NMS is constructing three fully equipped 120-bed district hospitals and thirty 22-bedded health centers under a US\$210 million loan facility. Works on two identified sites in Harare and Bulawayo have commenced whilst preparatory works at Mberengwa and Chimanimani are now at advanced levels with work at all the four sites expected to be completed before year-end. The whole project is now scheduled for completion by December 2022.

### **Education Infrastructure**

306. Resources amounting to ZWL\$1.5 billion were availed towards delivery of appropriate teaching and learning infrastructure. This includes supply, delivery and installation of the 130 laboratories out of the contracted 710 mobile science laboratories at schools in all provinces. Commissioning of

the first 130 laboratories will be done in the third quarter with further support planned during the remainder of 2021.

307. As part of measures towards resumption of formal learning, a programme of drilling 685 boreholes at schools countrywide is underway, with 150 having been drilled to date.
308. With regards to institutions of higher learning, resources amounting to ZWL\$1.3 billion have been spent towards the construction and rehabilitation of teaching and learning infrastructure. This includes ZWL\$201 million channelled towards completion of halls of residences at Bindura University of Science Education with the female hostel now expected to be completed by end of August 2021.
309. Other notable projects being supported include faculty of law at Midlands State University, halls of residence at Kushinga-Phikelela Agricultural College and University of Zimbabwe, lecture block at Manicaland University of Applied Sciences and medical school at Great Zimbabwe University.

### **Housing Delivery**

310. Against the budget allocation of ZWL\$10.1 billion, a total of ZWL\$2.3 billion has been availed towards supporting housing development programmes.

311. The construction of the New Parliament being financed through a grant facility from the Peoples Republic of China resumed in April 2021 following suspension of works due to the COVID-19 pandemic. The superstructure of the building is now complete with other finishing works such as glazing, tilling, electrical and other fittings being undertaken.
312. Through the fiscus, resources were availed towards upgrading of the power supply targeting installation of high voltage power line and transformer, construction of a 2.5 mega-litres water reservoir, completion of the ring road and installation of broad band among others.
313. With regards to the Judiciary, the Chinhoyi Courts building is now scheduled for commissioning following disbursement of resources amounting to ZWL\$38 million to complete the project. Other courts under implementation include Lupane, Chiredzi and Epworth.

### Completed Chinhoyi courts



314. The two Lupane Composite office blocks are expected to be completed by August 2021 following disbursement of ZWL\$115.3 million towards finishing related balustrading, air conditioning, finishes and electrical works among others.

### Balustrading underway at Lupane Composite Office





315. The construction of the Mbuya Nehanda statue and the associated road re-alignment works at the intersection of Samora Machel Avenue and Julius Nyerere Way received support amounting to ZWL\$47.1 million which enabled commissioning of the project on 25 May 2021.



316. Remarkable progress has also been realised in the rehabilitation and upgrading of prison infrastructure which is being implemented under a phased approach with a total of ZWL\$190.4 million having been spent. Already, Marondera Open Prison facility was commissioned in June 2021, whilst 9 x F14 houses as well as 10 x 2 roomed low-cost houses have been completed at Chikurubi Maximum Prison with another 198 houses at various stages of implementation.

### Marondera Open Prison Kitchen



### Completed at Marondera Open Prison



## Cell Blocks



## Chikurubi - Block 'H'. (F15 semidetached)



317. To ensure completion of the Chimoio Flats formerly Tomlinson, an amount of ZWL\$266 million was availed for construction of C2 block which is now at 74% completion, in addition to the completed blocks A, B and C1.
318. Works on the completion of four blocks out of the 80 blocks at Dzivarasekwa project are in progress with an amount of ZWL\$73 million having been spent to date.
319. Similarly, an amount of ZWL\$131 million has been channeled towards the Zimbabwe National Army Dzivarasekwa and Mbizo Housing Projects with thirty housing units at each of the sites expected to be complete by September 2021.

**Housing Units under construction at Dzivaresekwa ZNA**



320. With regards to 224 targeted houses under the Cyclone Idai housing project in Chimanimani, 105 houses are under construction with 50 already completed, whilst 55 are at roof level.
321. Notable progress is also being realised with regards to District Registries at Murewa, Hwedza, and Guruve. Murewa and Guruve are expected to be complete this financial year.
322. Other projects under implementation include Rodger Howman, rehabilitation of vocational training centres, two bachelor's flats at Kazungula, small and medium enterprises vendor marts in Gweru, Chikomba and Gwanda.

#### **Murewa District Registry**



**Rodger Howman Training Centre female hostel.**



## **Devolution**

323. In furtherance of the devolution agenda, resources amounting to ZWL\$2.2 billion have been availed to provincial and local authorities for implementation of various projects consistent with the thrust of promoting inclusive and balanced socio-economic development in the country. This amount includes ZWL\$500 million disbursed for local authority road projects under the Emergency Road Rehabilitation Programme.
324. The table below gives breakdown of the resources disbursed to Provincial Councils and Local Authorities—

Entity	2021 Budget Estimates			Total Expenditure	Balance
	Operational (ZWL\$)	Capital (ZWL\$)	Total (ZWL\$)		
Provincial Councils					
Bulawayo Metropolitan	9,272,800	44,045,700	53,318,500	1,364,000	51,954,500
Manicaland	55,508,700	263,666,500	319,175,200	8,763,361	309,411,840
Mashonaland Central	35,974,800	170,880,500	206,855,300	6,729,725	200,125,576
Mashonaland East	44,303,200	210,440,200	254,743,400	6,955,724	246,787,676
Mashonaland West	50,426,700	239,526,700	289,953,400	8,015,360	280,938,040
Matabeleland North	29,426,200	139,774,500	169,200,700	5,926,360	163,274,340
Matabeleland South	37,292,500	177,139,500	214,432,000	6,083,360	207,348,640
Midlands	52,677,100	250,216,200	302,893,300	8,339,829	293,553,472
Masvingo	48,936,400	232,447,800	281,384,200	7,636,724	272,747,477
Harare Metropolitan	26,981,500	128,162,300	155,143,800	3,970,000	151,173,800
Sub-Total	<b>390,799,900</b>	<b>1,856,299,900</b>	<b>2,247,099,800</b>	<b>63,784,441</b>	<b>2,177,315,359</b>
Local Authorities					
Bulawayo Metropolitan	16,952,700	483,152,400	500,105,100	76,948,313	423,156,787
Manicaland	71230200	2,030,058,600	2,101,288,800	205,737,046	1,895,551,754
Mashonaland Central	60627500	1,727,885,100	1,788,512,600	198,278,715	1,590,233,885
Mashonaland East	61040100	1,739,642,000	1,800,682,100	206,022,530	1,594,659,570
Mashonaland West	76196100	2,171,587,200	2,247,783,300	278,316,774	1,969,466,526
Matabeleland North	51968900	1,481,115,200	1,533,084,100	163,902,968	1,369,181,132
Matabeleland South	48713900	1,388,349,100	1,437,063,000	256,262,035	1,180,800,965
Midlands	79071600	2,253,536,400	2,332,608,000	319,956,389	2,012,651,611
Masvingo	62565100	1,783,102,400	1,845,667,500	315,867,680	1,525,841,890
Harare Metropolitan	57834000	1,648,271,700	1,706,105,700	123,530,259	1,582,575,441
Sub-Total	<b>586,200,100</b>	<b>16,706,700,100</b>	<b>17,292,900,200</b>	<b>2,144,822,709</b>	<b>15,144,119,561</b>
Grand Total	<b>977,000,000</b>	<b>18,563,000,000</b>	<b>19,540,000,000</b>	<b>2,208,607,150</b>	<b>17,321,434,920</b>

325. The above disbursements have facilitated implementation of various projects across the country in areas of health, education, roads, water and sanitation.

326. However, disbursements were below target owing to administrative delays in procurement that impacted on

implementation of projects and acquittals. Government has been working with local authorities to ensure the challenges are addressed which will improve disbursements during the second half of the year.

327. Notwithstanding some of the challenges highlighted above, the above disbursements have facilitated implementation of various projects across the country in areas of health, education, roads, water and sanitation, among others, some of which have since been completed whilst others are at various stages of completion.

328. The pictures below show selected projects and equipment procured under devolution funding.

**Construction of 1X2 Classroom Block at Raffingora Primary School**





**Makonde grader**



**Two classroom blocks for Chidobera Primary School**



## Renovations of farm houses into a clinic at Masikati Farm



## Backhoe loader



**Classroom block under construction in Nyaminyami**



**Kariba shade markets**



**Witchens Secondary School**



**Danangwe clinic now operational**



**Ward 16 clinic almost comple and now fenced**



**Sanyati Tipper Truck**



**Bepeta clinic**



**Chitora primary school**



## Mutoko Equipment



## Marondera Municipality water tanks



329. Smooth implementation of the devolution exercise requires the establishment of the necessary supporting regulatory policy frameworks that includes an Act of Parliament providing for the operationalisation of the constitutional provisions as well as regulations, manuals, and technical guidelines.
330. Government and Development Partners are developing an Intergovernmental Fiscal Transfers Administrative Manual which seeks to support local tiers of Government to manage fiscal grants effectively as well as guide Central Government entities responsible for administering the grants. Adoption of the much-awaited Manual is set for September 2021 and we believe it will speed disbursement and utilisation of resources.

### **DEVELOPMENT PARTNER SUPPORT**

331. Development Partners are supporting Government programmes and projects under NDS1 across the various sectors of our economy. However, planned implementation of programmes and projects continues to be affected/delayed by the unprecedented impact of the COVID-19 pandemic.
332. Support during the first half of the year amounted to US\$430 million, of which US\$273.4 million was from bilateral whilst US\$156.7 million was from multilateral partners.



333. The breakdown of commitments against actual disbursements for the period under review from DPs are shown in the table below:

#### Development Partner Support (Grants)

DEVELOPMENT PARTNER	Commitments (US\$)	Actual Disbursements (US\$)			Actual disbursement as a percentage of projection (%)
		2021	2021 Q1	2021 Q2	
<b>Bilaterals</b>					
United States of America	370,800,000	100,999,062	102,821,652	203,820,714	55
United Kingdom	97,343,177	18,300,500	3,599,000	21,899,500	22
European Union	24,026,083	7,026,514	8,663,792	15,690,306	65
Sweden	36,048,960	14,381,633		14,381,633	40
Japan	13,095,667	10,160,509		10,160,509	78
Switzerland	5,967,837	2,907,217		2,907,217	49
*Germany	6,020,000	1,647,641	1,732,726	3,380,367	56
*France	1,057,000	-			
*Netherlands	3,790,800				
Canada	1,200,000	1,200,000		1,200,000	100
<b>Sub-total</b>	<b>559,349,523</b>	<b>156,623,076</b>	<b>116,817,169</b>	<b>273,440,246</b>	<b>49</b>
<b>Multilaterals</b>					
Global Fund	141,585,123	32,526,158	57,179,833	89,705,991	63
World Bank	30,076,016	5,935,221	6,084,443	12,019,664	40
AfDB	44,604,394	2,791,027	3,174,272	5,965,299	13
UNICEF	8,573,418	1,724,434	1,879,484	3,603,918	42
UNDP	1,885,000	6,674,750	706,459	7,381,209	392
WHO	2,874,031	3,050,520	4,400,615	7,451,135	259
UNFPA	3,430,000	589,791	743,996	1,333,787	39
IFAD	8,342,806	1,158,365	846,496	2,004,861	24
*FAO	802,000	0	96,972	96,972	12
ILO	2,155,500	120,770	363,677	484,447	22
*UNESCO	122,580	0	25,330	25,330	21
UNCTAD	650,000	150,000	150,000	300,000	46
*GAVI	34,656,125	25,398,460		25,398,460	73

DEVELOPMENT PARTNER	Commitments (US\$)	Actual Disbursements (US\$)			Actual disbursement as a percentage of projection (%)
		2021	2021 Q1	2021 Q2	
*BADEA	500,000				
UNAIDS	360,049	92,000	65,000	157,000	44
*UNHCR	150,000				
*Global Partnership for Education	1,400,000	760,000		760,000	54
<b>Sub-total</b>	<b>282,167,042</b>	<b>80,971,496</b>	<b>75,716,577</b>	<b>156,688,074</b>	<b>56</b>
<b>GRAND TOTAL</b>	<b>841,516,565</b>	<b>237,594,573</b>	<b>192,533,747</b>	<b>430,128,319</b>	<b>51</b>

Note: \* Disbursements not confirmed.

334. The development assistance sectoral breakdown for the period under review is as follows:

#### Development Partner Support by Sector (Grants)

Sector	Commitments (US\$)	Actual Disbursements (US\$)			Actual disbursement as a percentage of projection %
		2021	2021 Q1	2021 Q2	
Agriculture	37,887,247	8,990,043	1,893,980	10,884,023	29
*Transport	6,174,000				
Power and Energy	26,619,152	1,388,804	931,495	2,320,299	9
Water and Sanitation	10,252,403	2,963,874	2,646,483	5,610,356	55
Health	495,879,615	139,015,061	126,726,820	265,741,880	54
Education	27,726,915	3,885,337	1,273,490	5,158,827	19
Governance	41,546,196	11,626,586	4,321,572	15,948,159	38
Multi-sector	43,808,522	7,644,621	6,579,511	14,224,132	32
Humanitarian	112,432,000	57,033,935	41,141,590	98,175,525	87
Capacity Building	8,570,463	2,119,003	2,188,085	4,307,088	50
Basic Social Services	2,612,000	662,881	153,578	816,459	31
Cyclone Idai Recovery	28,008,053	2,264,428	4,677,142	6,941,570	25
<b>Total</b>	<b>841,516,565</b>	<b>237,594,573</b>	<b>192,533,747</b>	<b>430,128,319</b>	<b>51</b>

Note: \* Disbursements not confirmed.

## **COVID–19 Support**

335. During the period under review, Development Partners contributed resources amounting to US\$17 million against an annual projection of US\$214 million in response to the COVID-19 pandemic. The funds went towards procurement of medical equipment, Personal Protective Equipment (PPEs), provision of test kits and hand washing facilities.
336. In addition, Government appreciate support through a donation of 560,000 doses of vaccines that have come in the country from the Governments of China, India and Russia.

## **Cyclone Idai Recovery**

337. The World Bank through the Zimbabwe Idai Recovery Programme (ZIRP) and the Zimbabwe Recovery and Resilience Project (ZRRP) together with the African Development Bank (AfDB) through the Post Cyclone Idai Recovery Project (PCIRP) have committed to disburse US\$28 million during 2021 towards rehabilitation of damaged infrastructure and rebuilding of lost livelihoods for the areas most affected by Cyclone Idai.
338. During the period under review, resources amounting to US\$6.9 million have since been disbursed under the ZIRP

project towards restoration of communal irrigation schemes, livelihood projects, rehabilitation of damaged schools, community infrastructure (access roads, bridges and erosion control measures), and provision of community risk mitigation solutions. Furthermore, resources amounting to US\$0.35 million went towards procurement of information communication technology hardware for the Department of Civil Protection under the ZRRP project during the period under review.

## **STRUCTURAL ISSUES**

### **State Enterprises and Parastatals Reform**

339. The 2021 National Budget prioritised the completion of on-going partial privatisation of 11 SEPs and additional 6 IDC and 17 ZMDC subsidiaries, the acceleration of the SEPs reform and the implementation of the new SEPs Ownership Model, as well as the enhancement of corporate governance practices in the SEPs sector.

#### *Partial Privatisation and Restructuring*

340. A number of steps were instituted on partial privatisation and restructuring and some notable achievements have been recorded in the following areas:

- Successful conclusion of GMB de-merger into GMB Strategic Reserve and Silo Foods Industries including the subsequent debt financing of the newly created entity.
- Completion of Joint Venture Partnerships for eight ZMDC subsidiaries.
- Completion of CAAZ unbundling into Civil Aviation Authority of Zimbabwe, a regulator, and the Airports Management Company, including the appointment of respective Boards.
- Successful departmentalisation of the National Indigenisation and Economic Empowerment Board, Board of Censors, National Library and Documentation Services and National Liquor Licensing Authority within respective Line Ministries.
- Establishment of the AFC Holding Company, leading to the transformation of Agribank into AFC Commercial Bank and the establishment of a Landbank.
- Engaged a consultancy to re-bundle ZESA.
- Completion of Performance Reviews and Turnaround Strategies for ZIMPARKS, Allied Timbers, ZMDC, Forestry Commission, Agribank, IDBZ, SMEDCO and SIRDC.

341. There was also notable progress with regards to processes towards the partial privatisation of POSB, IDBZ, Allied Timbers and Petrotrade.

342. However, minimal progress was noted with regards to the partial privatisation of NetOne and TelOne, ZIMPOST, ZUPCO, as well as the merger of Zarnet, Africom and Powertel, and that of Broadcasting Authority of Zimbabwe and POTRAZ.

### *Acceleration of Reforms*

343. The majority of transactions are lagging behind by an average of 36 months from the date of approval, being 10 April, 2018.

344. In order to improve the pace of transactions, the following critical success factors are being addressed:

- Enactment of a Privatisation Law with a view to consolidate the authorising environment, prescribe clear roles for institutions, describe the methodologies, document the key principles and provide for sanctions.
- Mobilisation of requisite resources to fund the transaction costs.
- Adherence to principles of transparency with clear guidelines and full disclosure and authorisation of any deviations.
- Ensuring that Line Ministries are accountable during the implementation of privatisation transactions of SEPs under their purview. This would entail, among others, instituting

robust mechanisms for monitoring and evaluation, with line Ministries required to make regular presentations with regards to the implementation progress.

- Adopting competitive bidding as a default route for every privatisation transaction, unless there are some special circumstances that justify a deviation. This is against the background that competitive bidding allows for a level playing field, with no discrimination towards foreign investors or a particular class of investors.
- Disseminating key messages regarding to the rationale and objectives of the program.
- Allowing Zimbabwean citizens to participate in the privatisation can help to empower the citizens hence contribute to their overall wellbeing.

### *Corporate Governance*

345. With regards to corporate governance reforms, considerable ground has been covered as demonstrated by improved compliance with the Public Entities Corporate Governance Act (PECG).

346. In particular, commendable progress has been recorded with regards to the following:

- Dissemination of the PECG Act through targeted training Workshops for Head of Ministries, Line Ministry Representatives, and Boards and Management of SEPs.
- Development of PECG Act Manuals to assist in the implementation.
- Establishment of a centralised electronic data base of prospective board members.
- Development of the Model Conditions of Service for SEPs CEOs and other Senior Management.
- Provision of advisory support and training services to SEPs and other Public Entities with respect to Boards appointment, Board induction and training, review of remuneration framework, holding of Annual General Meetings, Risk Management and Audit and the development of Strategic Plans.

347. However, the effects of the COVID-19 pandemic and lockdown measures that followed, became major impediment to the achievement of the expected progress especially those activities that involved interface with line Ministries.



## Alignment of Laws

348. Realignment of various laws to the Constitution continued during the first half of the year. Current status indicates the following progress on selected laws:

### Status of Bills Under Review for Constitutional Alignment: April 2021

Laws for Amendment	Progress
1. The Zimbabwe Media Commission Bill	<ul style="list-style-type: none"> <li>✓ The Access to Information and Protection of Privacy Act [<i>Chapter 10:27</i>]: will be repealed and replaced by the: (a) Zimbabwe Media Commission Bill, (b) Freedom of Information Bill, and (c) Protection of Personal Information Bill. Principles for the Zimbabwe Media Commission Bill were approved on 12 February 2019. The Bill was Gazetted on 9 August, 2019 and was passed by Parliament on 8 December 2020. It is currently awaiting Presidential assent.</li> </ul>
2. Freedom of Information Bill	<ul style="list-style-type: none"> <li>✓ The Access to Information and Protection of Privacy Act [<i>Chapter 10:27</i>]: will be repealed and replaced by the: (a) Zimbabwe Media Commission Bill, (b) Freedom of Information Bill, and (c) Protection of Personal Information Bill. Principles for the Freedom of Information Bill were approved on 12 February, 2019 and the Bill was approved by the CCL in May 2019. It was</li> <li>✓ Gazetted on 5 July, 2019 and was passed by Parliament in March 2020. It was signed into law on 1 July, 2020. It is now an Act of Parliament.</li> </ul>
3. Protection of Personal Information Bill	<ul style="list-style-type: none"> <li>✓ The Access to Information and Protection of Privacy Act [<i>Chapter 10:27</i>]: will be repealed and replaced by the: (a) Zimbabwe Media Commission Bill, (b) Freedom of Information Bill, and (c) Protection of Personal Information Bill</li> <li>✓ Principles for the Protection of Personal Information Bill were approved on 19 February, 2019. The Bill is to be re-submitted to CCL for approval.</li> </ul>
4. Broadcasting Services Amendment Bill	<ul style="list-style-type: none"> <li>✓ The draft Broadcasting Services Amendment Bill has been developed and stakeholder consultations were undertaken. Principles for the Broadcasting Services Amendment Bill were approved in 14 May, 2019.</li> </ul>
5. Police Amendment Bill	<ul style="list-style-type: none"> <li>✓ The Police Amendment Bill was approved by Cabinet on 16 March, 2021.</li> </ul>

Laws for Amendment	Progress
6. Public Order and Security Amendment Bill	✓ The Public Order and Security Act was renamed The Maintenance of Peace and Order Bill and was signed into law on 14 November, 2019. It is now an Act of Parliament.
7. Zimbabwe Independent Complaints Commission Bill	✓ The Zimbabwe Independent Complaints Commission Bill will give effect to Part 1 of Chapter 11 of the Constitution; namely the Establishment of the Independent Complaints Mechanism. The Bill was approved by Cabinet on 18th of November, 2020, and Gazetted by Parliament on the 24th of November, 2020. The Bill is currently before Parliament.
8. Public Finance Management Amendment Bill	✓ Principles for the Public Finance Amendment Bill were approved by Cabinet on 13 March, 2018. The Bill was approved by cabinet on 23 March, 2021.
9. Labour Amendment Bill	✓ The draft Labour Amendment Bill was developed and the Principles were approved by Cabinet. The Bill was presented at the CCL in March 2021 but was deferred to the AG's Office for peer review. The peer review process was completed on 26 March, 2021.
10. Public Entities Corporate Governance Bill	✓ The Public Entities Corporate Governance Bill was signed into law on 11 May, 2018. It is now an Act of Parliament.
11. Public Procurement and Disposal of Public Assets Bill	✓ The Public Procurement and Disposal of Public Assets Bill was signed into law on 1 January, 2018. It is now an Act of Parliament.
12. Electoral Amendment Bill	✓ The Electoral Amendment Bill was signed into law on 28 May, 2018. It is now an Act of Parliament. However, following the holding of the 2018 Elections, several outstanding alignment related gaps were identified in the Law. Presently, a further draft Electoral Amendment Bill has been prepared and is awaiting finalization through an all stakeholder write-shop.

## Public Procurement

349. Efficient public procurement is one of the key institutional reforms to achieve value for money as well as suppression of corruption.

350. Currently there is no single web portal for publishing annual procurement plans, procurement notices and contract award information in line with the legal requirements of the Public Procurement and Disposal of Public Assets (Act). Lack of publication creates a public procurement market place characterised by information asymmetry which is a fertile ground for corruption. Therefore, through an electronic Government (e-GP) system PRAZ, the bidding community and the general citizenry will be able to access and monitor public procurement processes in a timely manner to uphold the transparency and accountability objectives of the law.
351. Strides were made towards reforming public procurement, within the wider Zimbabwe Public Procurement Modernisation Project (ZPPMP). The Public Procurement and Disposal of Public Assets Act laid the legal foundation on which to implement and build a modern procurement system, enabling transparency, accountability and value for money.
352. The full implementation of the reformed PPDA Act requires a functional e-GP System that ensures transparency and predictability of decision-making processes and oversight mechanisms (checks and balances) to guard against arbitrariness and to ensure accountability in the award of public contracts.

353. To this end, intensive training is on-going on requisite areas necessary for implementation of e-GP system.

### **Ease of Doing Business**

354. With the institutionalisation of ZIDA, ease of doing business reforms are being accelerated. Engagements were carried out between ZIDA and ZIMRA to bring about the ease of paying taxes which seeks to reduce the number of times taxes are paid through multiple streams. In addition, this interaction also seeks to remove double taxation scenarios.

355. In addition, ZIDA is engaging transporter associations and other key stakeholders on decongesting border posts and bring about the ease of movement of traffic. Other key areas being pursued include the digitalisation of Government in order to ease registering of property and starting a business and protection of minority investors through the Companies and Other Business Entities Act. The operationalisation of Commercial Courts is also going to be a huge positive development on improving enforcing of contracts.

356. In the medium to long term, focus will be on assisting SMEs and improving the ease of exporting across our borders.

## **Arrears Clearance and Re-Engagement**

357. Consistent with NDS1 and Vision 2030, one of the major pillars of the 2022 National Budget is the engagement and re-engagement process. Ongoing engagements with critical stakeholders should result in the development of a comprehensive programme that addresses key areas of concern covering both political and economic.
358. Government has formulated an Arrears Clearance and Debt Relief Strategy to assist the country regain access to new concessional financing from both multilateral and bilateral Development Partners, critical to the achievement of NDS1 and Vision 2030 goals. The Strategy entails the following:
- Image building, international engagement and re-engagement;
  - Strengthening Public Debt Management;
  - Strengthening development assistance coordination;
  - Establishing a track record of implementing sound and comprehensive macro-economic policies and reforms as articulated in the NDS1;
  - Continuing to cooperate and normalise relations with the IFIs;

- Arrears Clearance to IFIs; and
- Bilateral creditors debt relief and arrears clearance.

## **Combating Corruption**

359. ZACC is on course to meet its targets for 2021 on combating corruption, with the following milestones having been achieved during the first half of the year:

### *Whistle-blower Protection Legislation*

360. ZACC has to date received a total of eighty-eight reports *via* the digitalised whistle blower platform application. In pursuit of this strategy, the Commission is developing a comprehensive whistleblower and witness protection legislative framework through the amendment of the Anti-Corruption Commission Act to ensure maximum protection of witnesses and whistleblowers.

361. The amendments also take on board recommendations from the United Nations Convention Against Corruption and include proposed sentencing regimes for persons convicted of corruption and sector specific offences of corruption among other recommendations.

### *Asset Recovery*

362. Priority is being given to investigations for purposes of criminal prosecution and parallel financial investigations for purposes of asset recovery. ZACC is disbursing 60% of its budget towards its programme on combatting corruption.
363. From January 2021 the Commission has referred a total of seventy-six (76) cases to the National Prosecuting Authority for criminal prosecution. ZACC also referred twelve (12) case files valued at USD\$5.9 million to the National Prosecuting Authority for asset confiscation and unexplained wealth applications. The High Court upheld the five-year sentence and forfeiture of eight vehicles valued at USD\$160 000 of a senior Government official.
364. The Commission is lobbying Government and Parliament to be considered as an Enforcement Authority for Unexplained Wealth Orders under the Money Laundering and Proceeds of Crime Act [*Chapter 9:24*].

### *Corruption Prevention Initiatives*

365. The Commission is conducting two systems review exercises to plug loopholes for corruption and fraud in the Ministry of Industry and International Trade and the Ministry of Mines and Mining Development.

366. In addition, the Commission conducted six (6) compliance checks in the procurement processes of Local Authorities and Parastatals which include among others Mutoko Rural District Council, Norton Rural District Council, Umzingwane Rural District Council, Umguza Rural District Council, Ministry of Health and Child Care. Implementation Matrices for the Rural District Councils are already in place.
367. Four (4) compliance spot-checks are currently in progress. For the first and second quarter of 2021, ZACC conducted eleven (11) radio campaigns with Radio Zimbabwe and nine (9) television discussions on its programme Combating Corruption with a combined listenership of over 10 million.
368. The Commission also took part in various discussions which were live-streamed on various electronic platforms including Facebook, YouTube, ZTN and 263 Chat. These discussions mainly targeted the youths and women.
369. The Commission produced and published four (4) news items which were carried by The Sunday Mail and conducted one (1) research on Peri-Urban and Urban Land Management.



### *National Corruption Perception Index*

370. Going forward, the Commission will be conducting a National Baseline Survey in order to develop a National Corruption Perception Index which is currently at preparatory stage. The purpose of the survey is to assess the understanding of the public on corruption, to examine public perception of corruption in both the public and private sectors and assess the impact of the current national policies and legislation on anti-corruption.

### *Capacity Building and Decentralisation*

371. The Commission is conducting capacity building exercises in various specialised areas on combating corruption.
372. To ensure visibility, the Commission is decentralising its operations to all Provinces and so far six (6) Provinces are covered.

### **2022 Population and Housing Census**

373. Zimbabwe's next Population and Housing Census will be conducted in April 2022 at an estimated cost of ZWL\$8.3 billion. The census will provide updated demographic, socio-economic and housing data. This supports evidence based national development processes and decision making.

374. Furthermore, information from census provides indicators for monitoring implementation of NDS1, Agenda 2063 and Sustainable Development Goals.
375. In order to improve data quality and timeliness, the 2022 Population and Housing Census will embrace digitalisation to make it the first fully digital census to be conducted in the history of Zimbabwe. The advantage of using Computer Assisted Personal Interviewing (CAPI) is that census results will be available within 6 months after data collection. This is unlike use of paper questionnaires where census results published after 24 months.
376. Resources for pilot census scheduled for November 2021 have been availed to test all census instruments and processes. The pilot census will give important information on:
- Effectiveness of enumerator training programs;
  - Adequacy of field logistics;
  - Extent of respondent burden;
  - Census data processing plan; and
  - Other important aspects of the census.

## **Progress on NDS 1 Implementation**

377. Following the launch of the National Development Strategy 1 in November 2020, Ministries, Government Departments and Agencies (MDAs) have aligned their strategic plans to the Strategy.
378. MDAs have come up with Annual Implementation Plans based on the Accounting Officers Contracts, Strategic Plans and the Approved Budgets. Currently, most MDAs are currently ceased with the completion of uploading performance information into the Whole of Government Performance Management System (WOGPMS).
379. Furthermore, Government has already translated and launched the NDS1 into 14 languages plus sign language, braille and audios to cater for everyone, including the visually handicapped in line with our theme of leaving no one and no place behind. This will ensure full participation of citizens in the country's development process.
380. Outreach programmes to disseminate NDS1 to all parts of the country are being carried out through various media platforms.
381. Consultations and engagements with all provinces in coming up with draft Provincial Economic Development Plans aligned

to the NDS 1 were completed and will be launched during the second half of the year. These plans will include compendium of costed NDS1 Projects and Programmes.

## **CONCLUSION**

382. Despite the raging global pandemic, implementation of the NDS1 through the 2021 National Budget remains on course, following a favourable farming season, recovery in manufacturing sector and firming international commodity prices.
383. The Covid-19 response measures, coupled with the vaccination exercise currently underway globally and domestically, continue to give hope in sustaining the economic recovery.
384. Now that the macroeconomic environment is stable, Government will continue to safeguard these gains to ensure improvement in the socio-economic wellbeing of citizens.
385. Let me end by a quote from Author and Behavioural Scientist, Steve Maraboli, “Life doesn’t get easier or more forgiving, we get stronger and more resilient.”

386. Therefore, let's focus on building resilience and recovery of the economy in the middle of this COVID-19 storm.

Hon. Prof. M. Ncube

**Minister of Finance and Economic Development**

29 July 2021



**ANNEXURE**

**Budget Outturn: Jan-June 2021**

Item	Actual						Actual Cumulative Total	Target Cumulative Total
	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21		
<b>Total Revenue</b>	<b>ZWL\$</b> 23,543,450,317	<b>ZWL\$</b> 23,795,241,521	<b>ZWL\$</b> 41,674,488,270	<b>ZWL\$</b> 26,364,776,157	<b>ZWL\$</b> 32,048,189,339	<b>ZWL\$</b> 50,782,211,634	<b>ZWL\$</b> 198,208,357,238	<b>ZWL\$</b> 182,126,687,514
<b>Tax Revenue</b>	22,676,980,021	23,297,698,209	40,478,398,078	25,583,821,498	29,486,198,143	48,452,555,682	189,975,649,630	180,453,427,238
<b>Tax on Income and Profits</b>	7,506,280,736	6,167,324,417	21,072,221,826	7,822,533,383	7,989,016,619	25,775,256,598	76,332,633,581	71,474,793,000
Individuals	5,397,010,884	4,194,332,380	6,172,690,162	5,510,766,426	5,213,827,660	6,837,709,197	33,326,336,709	32,358,421,000
Companies	1,769,765,884	1,718,722,783	14,336,294,577	1,983,705,792	2,389,280,856	18,385,265,664	40,583,035,555	32,042,900,000
<b>Domestic dividend and interest</b>	183,522,585	115,466,838	388,808,538	162,081,727	206,676,795	305,547,366	1,362,103,847	5,971,212,000
other income taxes	118,841,908	75,247,958	143,628,124	146,400,651	107,074,961	189,247,697	779,441,299	1,078,900,000
Presumptive tax	37,139,476	63,554,459	30,800,427	19,578,787	72,156,348	58,486,674	281,716,171	23,360,000
<b>Customs duties</b>	1,935,876,970	2,282,848,216	2,408,714,718	2,052,259,865	2,303,511,301	2,402,552,842	13,385,763,913	13,050,480,298
<b>Oil products</b>								
Other(Prime & Surtax)	1,937,289,684	2,285,829,983	2,424,828,792	2,053,914,533	2,308,696,634	2,416,521,960	13,427,081,587	13,050,480,298
Refunds Duty	(1,412,714)	(2,981,767)	(16,114,074)	(1,654,667)	(5,185,334)	(13,969,118)	(41,317,675)	-
<b>Excise duties</b>	2,773,875,888	2,782,609,973	3,739,760,978	3,136,273,361	4,106,358,107	3,348,383,772	19,887,262,079	20,270,490,000
Beer	135,525,890	328,322,038	574,792,758	235,870,172	436,970,011	400,014,067	2,111,494,935	2,005,970,000
Wines and Spirits	79,372,971	19,132,266	237,760,036	102,983,870	112,602,622	42,079,772	593,951,538	218,700,000
Tobacco	4,447,328	238,920	24,531,084	2,813,017	12,497,778	4,570,297	49,098,423	257,700,000
<b>Second Hand Motors Vehicles</b>	3,077,150	7,827,900	15,008,750	12,078,500	15,960,770	17,742,600	71,695,670	9,320,000
Fuels	2,551,435,080	2,427,088,850	2,887,648,350	2,782,503,903	3,528,326,925	2,883,971,953	17,060,975,059	17,778,800,000
Electric lamp	17,470			23,900		5,084	46,453	-
<b>Taxes on Specific Services</b>	298,483,112	339,180,118	561,931,797	400,901,469	494,946,272	406,105,660	2,501,548,429	1,380,200,000
Business Licences	30,954,752	8,562,695		2,320,840	6,821,480	3,006,080,000	51,665,846	77,200,000
Energy Taxes - Carbon Tax	267,528,361	330,617,423	561,931,797	398,580,629	488,124,792	403,099,579.60	2,449,882,582	1,303,000,000
<b>Value Added Tax (VAT)</b>	5,771,184,736	6,922,635,765	7,318,394,893	6,779,180,757	8,903,482,645	9,416,146,242	45,111,025,039	48,333,600,000
VAT on Domestic Goods	2,994,835,132	5,240,256,002	4,486,502,157	4,528,006,123	5,487,627,258	5,472,484,036	28,149,710,707	27,092,000,000
VAT on Withholding Tax	460,731,469	254,492,943	357,709,308	496,950,992	433,879,141	367,009,348	2,370,773,202	3,638,000,000

Imported Goods & Services	2,489,386,545	2,774,104,540	3,345,422,656	3,225,286,531	3,543,562,257	3,808,637,498	19,186,400,027	17,603,600,000
Refunds	(113,768,409)	(1,346,217,720)	(871,239,227)	(1,471,062,889)	(561,586,011)	(231,984,640)	(4,595,858,897)	-
tax on gross Revenue	1,787,852,621	2,522,964,841	2,891,384,430	2,525,689,347	2,561,578,866	3,574,154,846	15,863,624,952	12,368,100,000
Tobacco Levy				132,575,146	261,849,862	201,879,679	596,304,687	333,100,000
Royalties-mining	1,157,090,603	420,824,976	1,768,387,025	1,281,746,571	1,042,326,843	2,028,521,036	7,698,897,054	5,310,000,000
Airtime( including Health levy)	422,299,755	821,501,663	504,181,673	675,491,348	523,250,994	823,337,889	3,770,063,322	4,516,000,000
withholding tax on Tenders	208,462,263	1,280,638,203	618,815,732	435,876,282	734,151,167	520,416,243	3,796,359,890	2,209,000,000
Taxes on financial and capital transactions	2,549,173,327	2,228,526,820	2,430,685,512	2,809,326,705	3,075,040,979	3,465,041,139	16,557,794,484	13,458,863,940
IMTT	2,548,466,299	2,228,257,159	2,430,403,060	2,807,949,185	3,074,552,757	3,463,949,974	16,553,578,434	13,439,803,940
ATM Levy	707,028	269,661	282,452	1,377,521	488,222	1,091,166	4,216,050	19,060,000
Other Indirect taxes	54,252,630	51,608,058	55,301,922	57,656,610	52,263,353	64,914,582	335,997,155	116,900,000
Stamp duty	54,252,630	51,608,058	55,301,922	57,656,610	52,263,353	64,914,582	335,997,155	116,900,000
Other indirect taxes								
Non-tax Revenue	866,470,296	497,543,312	1,196,092,192	780,954,659	2,561,991,196	2,329,655,952	8,232,707,607	1,673,260,276
Property income	38,276,825	2,858,436	74,237,293	3,657,435	211,426,681	23,112,617	353,569,287	257,463,000
Interest	2,819,457	2,389,558	74,237,293	3,657,435	5,645,639	23,112,617	111,862,000	1,779,000
Dividends								584,000
Withdrawals quasi -corporations	10,220,422						10,220,422	6,000,000
Pension Contribution								
Rent	25,236,946	468,878			205,781,041		231,486,865	249,100,000
Reinvested earnings on FDI								
Sales of Goods and Services	780,361,206	442,571,634	926,982,356	730,430,500	2,291,126,238	2,248,142,199	7,419,614,133	1,103,797,276
sales of market Establishments			344,000,000		1,400,000,000	880,000,000	2,624,000,000	
Administrative fees	466,773,209	410,759,947	503,857,606	681,744,785	832,885,716	1,296,685,613	4,192,706,875	446,300,000
Incidental sale By Non market Establishments	304,590,195	13,644,672	56,139,635	74,356	31,686,668	20,038,199	426,173,725	10,230,000
Imputed sales of goods and services				27,903,954			27,903,954	
Rentals	8,997,803	18,167,015	22,985,115	20,707,406	26,553,854	51,418,387	148,829,580	647,267,276
Fines ,penalties and forfeits	47,832,264	52,113,242	194,872,543	46,866,724	59,438,278	58,401,136	459,524,187	312,000,000
Total Expenditure	15,249,585,767	20,281,884,101	36,212,534,057	25,967,577,548	36,704,178,861	63,223,515,435	197,639,275,769	189,823,055,000
Expenses	13,983,091,979	15,328,726,110	26,504,341,530	21,171,785,405	25,276,144,819	27,980,528,722	130,244,618,565	131,823,355,000



compensation of Employees	8,022,066,914	10,339,982,921	12,911,718,836	11,847,764,597	12,288,432,314	11,920,484,980	67,330,450,562	62,616,529,000
Use of Goods and Services	8,022,066,914	10,339,982,921	12,911,718,836	11,847,764,597	12,288,432,314	11,920,484,980	67,330,450,562	62,616,529,000
Domestic Travel Expenses	269,697,753	1,338,168,478	4,791,961,341	3,178,749,047	5,039,770,954	9,550,928,678	24,169,276,250	34,024,132,000
Foreign Travel Expenses	46,006,680	97,273,487	295,901,306	234,065,932	407,633,946	370,566,609	1,451,447,961	2,923,254,000
Communication, Supplies and Services	3,429,545	45,193,918	99,190,988	86,088,115	291,453,426	160,280,478	685,636,469	2,078,730,000
Education supplies and Services	15,977,534	110,391,989	322,063,722	160,782,486	336,494,562	613,631,669	1,559,341,962	1,779,055,000
Medical Supplies and services	-	1,390,646	43,111,096	3,025,749	12,529,265	78,179,901	138,236,657	641,440,000
Office supplies and services	7,088,382	144,042,954	1,134,979,444	133,793,430	480,315,130	4,928,606,627	6,828,825,967	2,656,601,000
Training expenses	3,525,685	35,711,538	150,715,244	87,971,870	164,572,985	137,585,582	580,158,846	1,481,015,000
Rental and other service charges	61,300,870	9,614,279	82,759,743	52,373,410	111,405,397	149,111,551	408,790,065	1,773,421,000
Institutional provisions	57,444,398	254,189,531	592,854,615	289,734,562	568,197,387	918,877,423	2,681,297,915	4,813,696,000
Other Good and Services	9,198,753	54,403,430	442,543,194	1,015,282,280	557,634,665	353,500,396	2,432,562,718	5,167,598,000
Maintenance	62,124,279	400,505,117	1,106,194,792	672,922,149	1,235,239,143	1,056,448,180	4,533,433,661	7,308,620,000
Interest on debt	274,824,728	64,705,141	55,112,311	455,402,182	75,839,937	35,087,799	960,972,098	828,484,000
Foreign	150,413,096						150,413,096	424,384,000
Domestic	124,411,631	64,705,141	55,112,311	455,402,182	75,839,937	35,087,799	810,559,001	404,100,000
Subsidies	500,000,000	-	570,000,000	619,700,000	310,000,000	903,169,098	2,902,869,098	1,419,323,000
Subsidy	500,000,000	-	570,000,000	619,700,000	310,000,000	903,169,098	2,902,869,098	1,419,323,000
Grants	1,719,945,956	2,391,136,715	3,380,502,804	2,644,612,942	3,046,637,447	4,239,660,925	17,422,496,789	17,016,080,000
o/w extra budgetary units -salaries	1,514,945,956	1,812,212,684	1,775,384,361	2,011,539,036	2,067,798,812	3,544,801,125	12,726,681,974	11,272,344,000
- operations	205,000,000	578,924,031	1,605,118,443	633,073,906	978,838,635	694,859,800	4,695,814,815	5,743,736,000
Social Benefits	3,196,556,629	102,683,440	4,775,667,119	2,368,674,071	3,225,144,466	865,208,989	14,533,934,714	6,061,456,000
Social Benefits	3,196,556,629	102,683,440	4,775,667,119	2,368,674,071	3,225,144,466	865,208,989	14,533,934,714	6,061,456,000
Other Expenses	-	1,092,049,415	19,379,119	56,882,566	1,290,319,701	463,988,253	2,924,619,054	9,857,351,000
Transfers to Provincial Councils and local Authorities		495,505,963			1,251,943,264	461,157,923	2,208,607,150	9,106,000,000
Foreign Transfers		596,543,452	19,379,119	56,882,566	38,376,437	4,830,330	716,011,904	751,351,000
Non Financial & Financial Assets	1,266,493,788	4,953,157,991	9,708,192,527	4,795,792,143	11,428,034,042	35,242,986,713	67,394,657,204	57,999,700,000
Building and Structures	73,627,869	1,068,886,279	4,884,622,285	825,605,263	3,294,914,806	4,407,459,139	14,555,115,641	16,000,000,000
Machinery and Equipment	212,730,322	439,509,336	532,485,075	478,254,927	711,339,101	798,285,577	3,172,604,338	9,911,000,000
Other fixed assets	817,780	1,573,755	1,759,996		5,228,985	29,527,805	38,908,321	600,000,000
Inventories								1,139,100,000

Valuables												-	-
Non produced Assets													
Capital Grants to other General Govt units	817,710,524	3,318,588,621	3,940,426,845	2,359,034,044	9,900,000	90,859,500	100,759,500	850,000,000					
Loans	161,607,293	24,600,000	272,898,326	482,547,909	7,370,707,069	8,431,841,032	26,238,508,135	24,699,600,000					
Equity and Investments Fund Shares		100,000,000	76,000,000	650,350,000	211,294,081	523,181,807	1,676,129,416	2,400,000,000					
Standardised Guarantee Schemes					(175,350,000)	20,961,831,853	21,612,831,853	2,400,000,000					
Surplus/Deficit	8,293,864,549	3,513,357,419	5,461,954,213	397,198,609	(4,655,989,522)	(12,441,303,801)	569,081,468	(7,696,367,486)					

Ministry of Finance and Economic Development  
Fourth Floor, Mgandane Dlodlo Building  
Samora Machel Avenue/S. V. Muzenda Street  
Private Bag 7705,  
Causeway, Harare

Tel: +263 242 794572–9  
+263 242 720929

Email Address: [minfinance2021@gmail.com](mailto:minfinance2021@gmail.com)

Website: <http://www.zimtreasury.gov.zw>

Twitter: <http://twitter.com/zimtreasury>









