



ZIMBABWE

PRESS STATEMENT

PROGRESS MADE TO DATE IN RESOURCE MOBILISATION FOR THE GLOBAL COMPENSATION AGREEMENT

1. Introduction

On 29 July 2020, the signing of the Global Compensation Deed (GCD) marked a turning point in the restoration of trust and cooperation between the former farm owners (FFOs) and the Government of Zimbabwe. The GCD was also consummated in the context of Government's desire and commitment to move the Vision 2030 agenda forward and to ensure its timely realisation through increased agricultural productivity, among other initiatives.

2. Funds Mobilised

In the 2021 National Budget, Government committed an amount of **Z\$2 billion** towards the compensation of FFOs. These resources are currently being disbursed to distressed FFOs as interim relief payments. In addition, on 18 December 2020 Government secured **USD250 million** towards the compensation process through the donation of a shareholding of equal value in a mining asset - Kuvimba Mining House, to a special purpose vehicle specifically created to raise funds for the GCA. The first dividend from this long term shareholding was paid on 23 June 2021. An amount of USD1million was declared in favour of the fund for compensating former farm owners and this amount will

be applied towards partial settlement of the agreed global compensation figure. Subsequently dividends will be paid quarterly and applied in the same manner.

3. Appointment of Financial Advisors

In compliance with the Public Procurement and Disposal of Public Assets (PPDPA) Act [Chapter 22:23], the procurement of Financial Advisory Services for the joint resources mobilization process began with the issuance, through the Ministry of Finance and Economic Development, of an international call for Expressions of Interest (EOIs) in September 2020. The procurement process went through several stages which took longer than had been originally anticipated. Nevertheless, we are pleased to advise that the process has now been completed and the contract with the Financial Advisors- Newstate Partners, was signed on 21 April 2021. The Financial Advisors have already commenced work with the JRMC supporting its capital-raising efforts.

4. Financing Instruments and Funding Options

Working with the Financial Advisors, Newstate Partners, a number of possible financing instruments and funding options are already being worked on. These include, but are not limited to:-

- i. Bonds issued domestically (both listed and unlisted);
- ii. Bonds issued into international markets (both listed and unlisted);
- iii. Listed and unlisted equity and quasi equity type instruments;
- iv. Structured financial arrangements, including the issuance of asset backed securities, and;
- v. Off balance sheet financing arrangements using commercial guarantees.

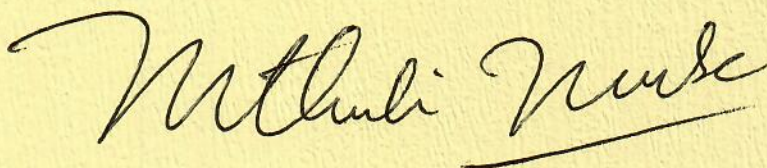
These structures will augment and complement the resources that have already been made available as alluded to in 2. above.

5. Extension of the Period for the First Payment

The longer than had been anticipated period for the appointment of the Financial Advisors alluded to above and the COVID-19 pandemic slowed down the resource mobilisation process. The Parties to the GCD, therefore agreed to extend the period for the first payment from 31 July 2021 to 31 July 2022. The Parties signed an Addendum to the GCD on 7 May 2021 to give legal effect to their agreement.

6. Establishment of a Dedicated JRMC Project Office and Secretariat

Treasury has funded the establishment of a Dedicated JRMC Project Office manned by a full-time Secretariat. The Project Office is also receiving technical assistance support from our international cooperating partners. The office is now operational and has given impetus to the joint resource mobilisation process.



Hon. Prof. Mthuli Ncube

Minister of Finance and Economic Development and Chairman of the Joint Resource Mobilisation Committee

20 July 2021