ZIMBABWE

THE 2019 NATIONAL BUDGET STATEMENT

'*Austerity for Prosperity*'

Presented to the Parliament of Zimbabwe

On Thursday, November 22, 2018

By

Hon. Prof. Mthuli Ncube

Minister of Finance and Economic Development

FOREWORD

The 2019 National Budget constitutes the first macro-fiscal financial framework for implementing the Transitional Stabilisation Programme (TSP), which is an initial stepping stone towards realising Vision 2030.

Specific interventions in the Budget were informed by various contributions received through stakeholder consultations.

Broadly, key messages and priorities from consultations evolve around:

- Decisively dealing with fiscal indiscipline;
- Removal of pricing and policy distortions;
- Improving foreign currency generation and establishing efficient market based mechanisms for allocation;
- Jobs creation, particularly for the youth, being new entrants into the labour market;
- Promotion of productivity;
- Efficient public service delivery;
- Parastatals reforms;
- Re-engagement and investment promotion;
- Investing in research and development;
- Empowerment;

- Promotion of good governance; and
- Fighting corruption, among others.

In the same vein, stakeholders emphasised on the importance of synchronised, co-ordinated, predictable and consistent policies, void of reversals, in order to support forward planning and business confidence building on the part of the various economic agencies.

These issues are at the core of a progressive economy and precisely the 2019 Budget seeks to address these challenges.

However, in view of capacity limitations under the Transitional Stabilisation Programme, the 2019 and subsequent budgets, will have to make choices against high demands. There is an imperative to '*live within our means*'.

Therefore, the 2019 Budget, primarily targets macro-economic and fiscal stabilisation and implementation of quick win flagship and high impact projects and programmes, which lay a solid foundation for private sector led growth. The desired growth should be strong, sustainable and shared, also maximising productivity and jobs creation. Within this, a culture of targeting output and service delivery, rather than inputs in revenue, should be developed.

Realising the above requires unity of purpose, high level of competencies, as well as commitment and full participation of all stakeholders during Budget implementation.

The Budget, therefore, will prioritise strengthening of institutional capacity in terms of planning, implementation, monitoring and evaluation to ensure that the TSP remains on track, attaining planned measurable results that are aligned to targets and objectives.

I, therefore, urge all implementing agencies to apply themselves diligently for the success of this Budget, steeped in austerity for prosperity, and the Transitional Stabilisation Programme, as we move a step towards attaining the Vision for an 'Upper Middle Income Country by 2030'.

Hon. Prof. M. Ncube

Minister of Finance and Economic Development

22 November 2018

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CHAPTER 1: INTRODUCTION

1. In November 2017, Government, under the New Dispensation set itself an ambitious long term goal - Vision 2030 of transforming the country into Upper Middle Income status, anchored on following fundamental values:

- Improved Governance and the Rule of Law;
- Re-orientation of the country towards Democracy;
- Upholding Freedoms of Expression and Association;
- Peace and National Unity;
- Respect for Human and Property Rights;
- Attainment of Responsive Public Institutions;
- Broad based Citizenry Participation in national and socio-economic development programmes;
- Political and Economic Re-engagement with the global community;
- Creation of a Competitive and Friendly Business Environment;
- Enhanced domestic and foreign investment; and
- An aggressive fight against all forms of Corruption.

Medium Term Objectives and Policy Thrust

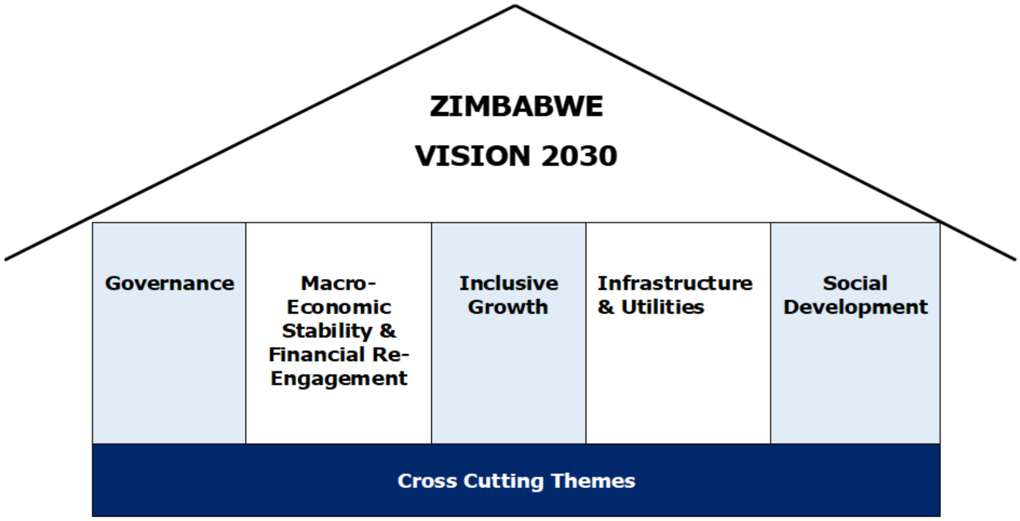
2. In pursuit of the Vision, the New Government embarked on rapid reforms aimed at rebuilding the economy and its re-integration into the global community.

3. This roadmap was premised on the mantra '*Zimbabwe is Open for Business'*, which places a premium on structuring a market-based economy driven and sustained by private sector initiatives.

4. For this purpose, Government has developed a short term stabilisation strategy – the Transitional Stabilisation Programme (Oct 2018 – Dec 2020), which is already under implementation and to be followed by two strategic successor plans – Five-Year National Development Plans: NDP 2021-2025 and NDP 2026-2030.

5. The Transitional Stabilisation Programme`s immediate task is centred on macro and fiscal stabilisation and laying a solid foundation for attaining the overall goal of a strong, sustainable and shared growth. Such growth, will be anchored on good governance and promotion of democratic principles, equitable access to means and outcomes of production, as well as modern infrastructure that supports day to day socio-economic activities.

6. Further, sustainable and shared growth will prioritise efficient delivery of public services and restoration of Zimbabwe's rightful place in the global economy.



7. The 2019 Budget, therefore, constitutes an initial policy and financial instrument for implementing the Transitional Stabilisation Programme by powering the respective strategic and transformative drivers for change and development.

The 2019 Budget Drivers of Change

8. The primary objective of the 2019 Budget is to stabilise the economy by targeting the fiscal and current account twin deficits which have become major sources of overall economic vulnerabilities including inflation, sharp rise in indebtedness, accumulation of arrears and foreign currency shortages.

9. Correspondingly, the 2019 Budget recognises the current constraints of limited fiscal space against high demands, and therefore, initially focuses

on quick-win flagship projects and programmes across key sectors of the economy, with a view of stimulating inclusive growth with jobs.

10. Consequently, the 2019 Budget prioritises infrastructure rehabilitation and development which ordinarily supports our productive sectors besides other social-economic activities.

11. Sustainable growth hinges on both prudent and strategic exploitation of natural resources and hence, the Budget pays more attention to promotion of good practices in environmental management. In the same vein, the value addition and beneficiation strategy is being advanced in order to maximise benefits in terms of employment and incomes.

12. Lastly, the 2019 National Budget supports the following pillars in sustaining the goal of inclusive and shared growth:

- Food security and protection;
- Human capital development and demographics;
- Inclusive private sector led growth;
- Institutions and governance;
- Voice and accountability;
- Globalisation; and
- Peace and Security.

13. Furthermore, the Budget seeks to improve confidence by removing various policy and price distortions, which penalise efficiency and promotes corrupt and rent seeking practices.

14. In addition, improving foreign currency generation and its efficient market-based allocation are also receiving high attention under the Budget. This is placed within the context of enhancing productivity and capacity utilisation in key exporting sectors of mining, agriculture, tourism, manufacturing and services.

15. In the same vein, the Budget prioritises healthcare, education, water and sanitation as delivery of these services remain utmost important and yet still fall short, that way imposing hardships on parts of the population.

16. Ordinarily measures on cutting on expenditures, and mobilising more resources through taxes entail foregoing certain benefits.

17. Therefore, as we implement the macro-economic stabilisation measures to our fiscus and current account adjustment, inevitable hardships will be unavoidable.

18. However, the objective is to build the base for a prosperous economy in line with our Vision 2030. And precisely, this Budget under the theme 'Austerity for Prosperity' promises a better future by doing the right things now.

Opportunities

19. Attaining a better future is within reach, despite some of the hardships of the past. Currently, the economy remains resilient, with performance exceeding expectations. Government policy initiatives will see solid growth of 4% in 2018, that way sustaining revenue and exports performance above targets.

20. As a result, there is marked improvement in employment, with statistics from the National Social Security Authority showing a workforce of more than one million registered employees, as noted by His Excellency, the President in his weekly column of the Sunday Mail of 18 November 2018. This is corroborated by the recent re-basing of the economy which resulted in a 40% jump in its size.

21. The re-engagement efforts are also raising investors' interest with more than US$15 billion worth of projects being negotiated.

22. Therefore, as the Budget focuses on addressing macro-fiscal challenges, the economy should start genuine stabilisation for sustainable growth.

CHAPTER 2: RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

23. In contextualising the 2019 Budget, this Statement provides recent global economic developments and outlook which have a bearing on our economy.

Global Economy

24. Output growth is slowing down in both advanced and emerging economies, with global growth projected at 3.7% in both 2018 and 2019, maintaining the same level of 2017. This stagnant position reflects an environment of increased trade tensions, a shift from expansionary fiscal policies to monetary policy normalisation and volatility in asset markets.

Global Economic Growth & Outlook (%)

	2017	2018 Est	2019 Proj
World Output	**3.7**	**3.7**	**3.7**
Advanced Economies	2.3	2.4	2.1
United States	2.2	2.9	2.5
Emerging Market & Developing Economies	4.7	4.7	4.7
China	6.9	6.6	6.2
Sub-Saharan Africa	2.7	3.1	3.8

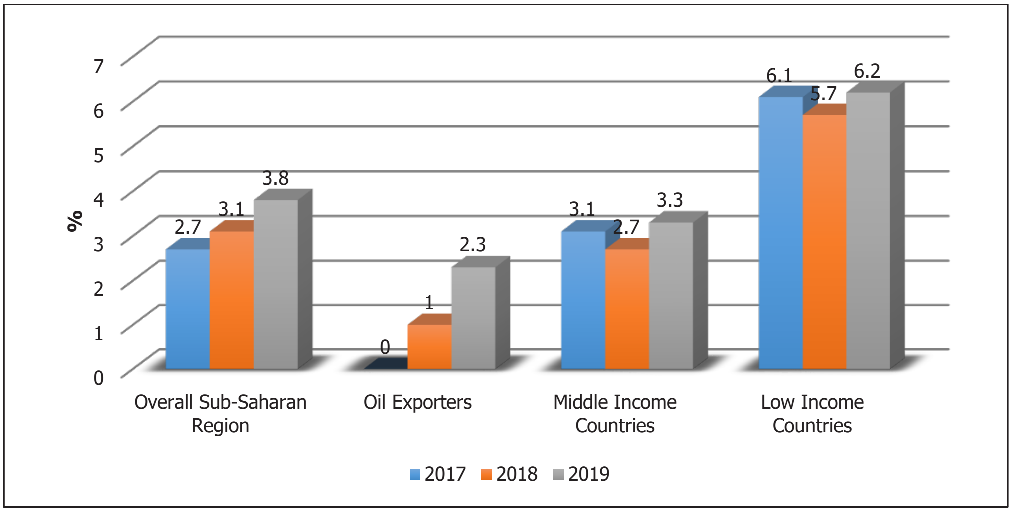
Source: IMF Outlook (October 2018)

Sub-Saharan Africa

25. Amidst global growth slowdown, economic activity in Sub-Saharan Africa (SSA), is improving in both resource intensive and non- resource intensive countries. Much of the projected growth will be sustained by output growth in non-resource intensive countries, whose growth is estimated to average 4% in 2019.

26. Average SSA growth is, therefore, projected at 3.1% in 2018, and 3.8% in 2019, up from 2.7% of 2017, on account of domestic policy adjustments and a supportive external environment, which include continued steady growth in the global economy, higher commodity prices, and accommodative external financing conditions.

Sub-Sahara GDP Growth & Outlook



Source: IMF Outlook (October 2018)

27. Similarly, inflation in SSA is projected to decline from 11% in 2017 to 8.5% by 2019 against fiscal consolidation measures, with fiscal imbalances contained around 4% of GDP in many countries. This constitutes an important lesson to Zimbabwe whose double digit fiscal deficits are a major factor triggering high inflation, and ought to be contained.

Risks to Growth

28. SSA projected outlook growth remains below required levels for absorbing increased inflows of the youth into labor markets.

29. The above outlook growth also faces a number of significant downside risks, related to the following:

- Rising debt vulnerabilities[1];
- Escalating trade conflicts between the USA, other advanced economies and China;
- Tightening of global financial conditions, particularly rising interest rates associated with normalisation of monetary policies in advanced economies; and
- Unfavourable weather patterns which potentially disrupt agricultural production.

30. Going forward, SSA countries are urged to embrace polices that mitigate the above risks, raise growth and hence create additional jobs to absorb new labour entrants. Such policies include:

- Removing market distortions;
- Undertaking policies that foster private investment;
- Deepening trade and financial integration (including in the context of the African Continental Free Trade Area);
- Facilitating the movement of labour and capital in the region; and
- Promoting digital connectivity and a flexible education system.

1 In 2017, 15 low-income sub-Saharan African countries were classified at high risk of debt distress (Burundi, Cameroon, Cape Verde, Central African Republic, Ethiopia, The Gambia, Ghana, São Tomé and Príncipe, and Zambia) or in debt distress (Chad, Republic of Congo, Eritrea, Mozambique, South Sudan, and Zimbabwe). Debt dynamics for these countries mainly reflect large primary deficits, and in several cases, exchange rate depreciations.

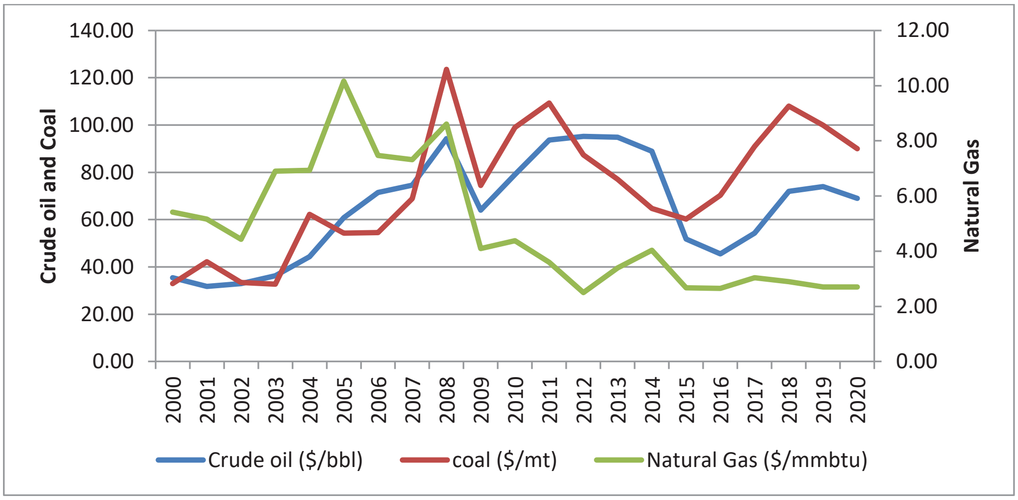
International Commodity Prices

Energy Prices

31. Energy prices, with the exception of natural gas, have been on the increase since 2016, gaining 3% on average in 2018. This upward movement is also partly a result of supply cuts by major crude oil producers.

32. Oil prices are expected to remain near their current levels—averaging $72 per barrel in 2018 and US$74 per barrel in 2019. For crude oil, prices have been supported by a combination of robust demand and several supply constraints.

Movement in Energy Prices



Domestic Economy

33. During the first half of 2018, the economy exhibited signs of recovery, which were associated with improved confidence from a peaceful pre-election environment and prospects for increased investment.

34. In agriculture, tobacco and cotton yields out-performed the 2017 levels and 2018 Budget targets. Similarly, in mining, gold output surpassed last year's production levels.

35. Manufacturing and other service sectors were also anticipated to add to the 2018 growth momentum, which prompted growth review from the initial Budget projection of 4.5% to 6.3%.

36. However, during the last half of the year, there was a noticeable growth slowdown associated with foreign currency supply and allocation challenges, exchange rate misalignment, inflationary pressures, and re-basing effect. The most affected sectors include mining, manufacturing and services.

37. As a result, growth in 2018 is now projected at 4%, down from the previous 6.3% projection.

2018 GDP Growth Rates (%)

	2018 Original Budget Proj	Aug 2018 Rev	Nov 2018 Rev
GDP at market prices	**4.5**	**6.3**	**4.0**
Agriculture and forestry	10.7	12.4	12.4
Mining and quarrying	6.1	25.8	13.0
Manufacturing	2.1	2.8	1.7
Electricity and water	28.5	3.2	3.2
Construction	2.1	14.0	7.7
Distribution, Hotels and restaurant	7.4	6.0	5.6
Transportation and communication	1.9	5.0	3.1
Financial services	1.2	1.3	0.9
Public Administrative	-0.9	0.1	0.1
Education and training	0.5	-4.6	-4.6
Human health and social work	2.2	7.6	7.6

Source: Ministry of Finance and Economic Development, RBZ and ZIMSTAT

GDP Rebasing

38. Zimbabwe has undertaken a Rebasing of National Accounts Series exercise in line with international norms, which require replacing of the old base year, taking cognisance of changes in structure of the economy. This exercise is undertaken following sector surveys by ZIMSTAT.

39. These surveys were guided by a Central Business Register (CBR) Inquiry of 2012, which reflected significant changes in the number of establishments in specific sectors and the whole economy. And also important is that the surveys captured the GDP contribution by the informal sector, which has grown bigger in Zimbabwe.

Number of Establishments before and after CBR inquiry

Industrial Description	Number of Establishments before CBR	Number of Establishment in the CBR
Mining and Quarrying	117	93
Manufacturing	700	5 020
Electricity, Gas and Water	9	107
Construction	94	198
Wholesale, Retail Trade, Restaurants and Hotels	1 715	22 644
Transport, Storage and Communication	153	695
Finance, Insurance, Real Estate	499	840
Education	1 200	4 987
Community, Social and Personal Services	932	3 553
Total	**5 419**	**38 137**

40. Furthermore, the surveys noted significant changes in prices and output across sub-sectors which, combined with the above, necessitated a review of weights accorded to each sector in the calculation of GDP.

41. The whole exercise culminated in adoption of a new base year 2012 from the previous 2009 base year. Subsequent changes of GDP numbers in line with the new base year indicate that GDP at current prices for 2016 has moved upwards from US$16.6 billion to US$20.5 billion, while at constant prices it grew by 29.2% from US$14.2 billion to US$18.3 billion.

42. The revision also showed significant changes, especially in sectors of Distribution, Hotels and Restaurants, Manufacturing, Other Services, Electricity and Water, Real Estate and Transport and Communication.

Revised 2016 GDP Estimates before and after Rebasing at Current Prices

Items	Before Rebasing GDP, 2016 (USD, billions)	After Rebasing GDP, 2016 (USD, billions)	Percentage Change after rebasing
GDP at Current Prices Overall	**16620**	**20549**	**23.6**
Agriculture	1618	1618	0.0
Mining and Quarrying	1219	1219	0.0
Manufacturing	1408	2383	69.3
Electricity and Water	287	501	74.6
Construction	442	442	0.0
Finance and Insurance	1082	1082	0.0
Real Estate	420	420	0.0
Distribution, Hotels, and Restaurants	2216	4129	86.3
Transport and Communication	1509	2092	38.7
Public Administration	1613	1613	0.0
Education	1890	1890	0.0
Health	417.6	418	0.0
Domestic Services	50	49	-2.1

Source: ZIMSTAT

Fiscal Implications of Rebasing GDP

43. The rebasing exercise has no direct impact on the revenues collected. The exercise has, however, indirect implications on the tax system of the

country. This is reflected through changes in the revenue to GDP ratio. The ratio compares the amount of revenue collection to the nominal GDP. This shows the revenue generating capacity of the country. With the rebasing exercise, the revenue to GDP ratio seemingly falls as indicated in the Table below.

Revenue to GDP Ratio

	2010	2011	2012	2013	2014	2015	2016	2017
Before Rebasing	23.1	24.2	24.5	24.2	23.5	22.9	21.1	21.8
After Rebasing	19.4	20.7	20.6	19.6	19.1	18.7	17.0	17.3

44. From the above, suffice to note that the fall in revenue to GDP ratio reflects that revenue generating capacity of the Zimbabwean economy is yet to be harnessed and that the current tax system has scope for expansion. In addition, the higher revenue to GDP ratio before rebasing implies a higher tax burden is being shouldered by a few visible taxpayers while tax evasion, particularly in the informal economy, continues unabated.

Aggregate Demand

45. Similarly, growth in real aggregate demand was also evident during the first half of 2018, driven mainly by government investment. While a significant share of the investment went towards road and dam construction, the greater portion was, however, on grain and seed procurement. This disproportionate investment demand contributed to the buildup in inflationary pressures.

46. Growth in final consumption was relatively subdued only to be spiked by panic buying towards the end of third quarter. The slowdown in Government expenditures and consequently lower money supply growth is, however, expected to dampen the excessive growth in aggregate demand during the last quarter.

Contribution to Demand Growth (%)

	2015 Act	2016 Act	2017 Est	2018 Prj
Aggregate Demand Growth	1.8	0.8	4.7	4.0
Final consumption	19.2	-8.1	2.4	-1.4
Household	16.1	-10.5	0.9	-1.9
Government	2.7	2.5	3.1	-1.0
Non Profit Institution Savings Households	0.5	-0.2	0.3	-0.4
Gross capital formation	0.6	0.1	2.4	9.5
Gross fixed capital formation	0.6	0.1	2.4	9.5
Government	-0.5	3.5	3.1	7.9
Other sectors	1.0	-3.5	-0.7	1.5
Changes in inventories	0.0	0.0	0.0	0.0
Trade balance	-18.0	8.8	-0.1	-4.0
Exports of goods and services	10.7	6.8	1.9	4.7
Imports of goods and services	28.7	-2.1	2.0	8.7

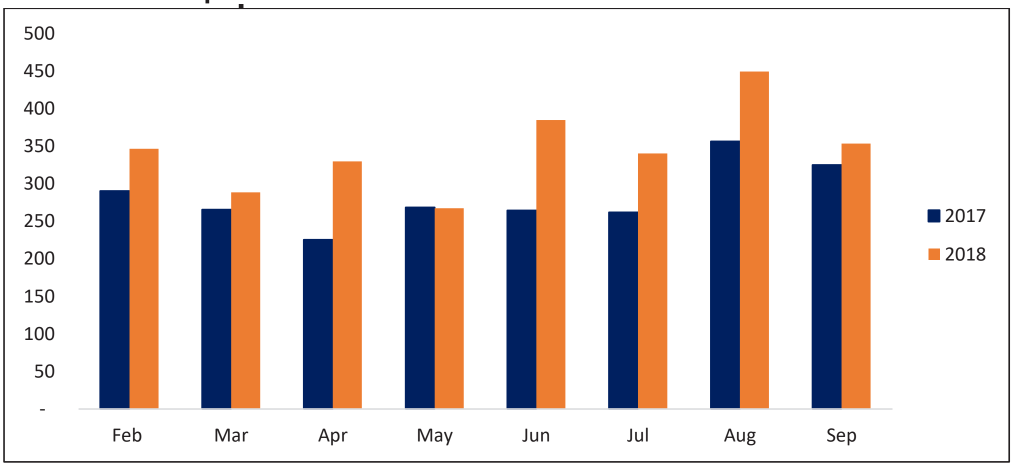
Source: Ministry of Finance and Economic Development, RBZ and ZIMSTAT

External Demand

47. With regards to external demand, exports during the first half and part of the third quarter were on the rise, underpinned by growth in gold, platinum, chrome and tobacco exports, on the back of favourable prices and increased production from these major commodities.

48. Exports of goods and services for the first three quarters of the year amounted to US$3.79 billion, against US$3.44 billion recorded during the same period in 2017.

Merchandise Exports Performance



Source: ZIMSTAT

49. The growth in exports, however, suffered a knock in the third quarter of 2018 due to challenges related to foreign currency shortages, emanating from the revised foreign currency surrender requirements, particularly for key exporters. This compromised the ability of exporting firms to cover their costs of key consumables, hence reduced production.

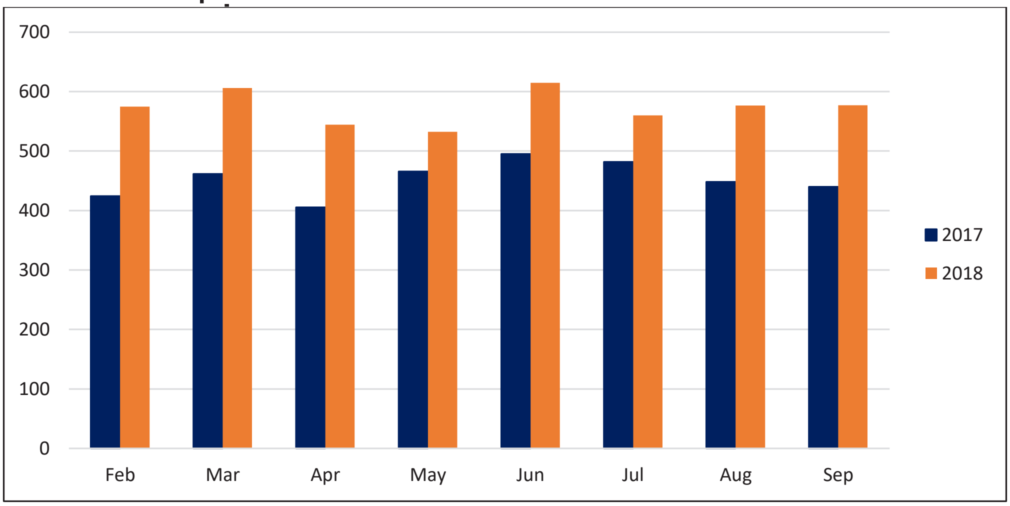
Imports

50. The pressure emanating from rising internal growth during the first nine months of the year, propelled the demand for imports of goods and services.

51. A total of US$5.87 billion in merchandise imports were recorded during the first nine months of the year, against US$4.86 billion of the same period last year.

52. These imports were mainly dominated by fuels, electricity, fertilizer, chemicals, soya, medicines and few other consumables.

Merchandise Imports Performance



Source: ZIMSTAT

Trade Balance

53. The higher growth of imports relative to exports implies a widening trade balance. A gap of US$2.1 billion was recorded during the first three quarters of the year, compared to US$1.4 billion.

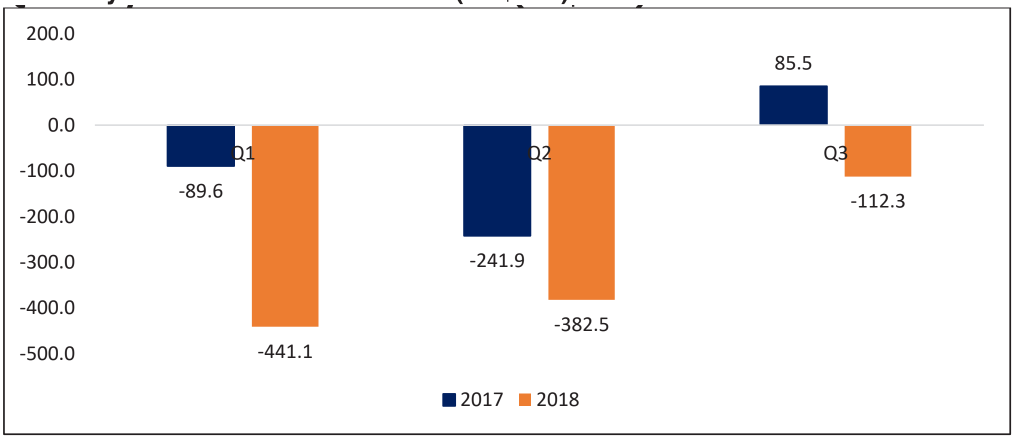
Current Account Balance

54. The deteriorating trade balance, higher primary income payments relative to receipts and slowdown in transfers, particularly remittances, gave rise to a widening current account balance.

55. Remittances, which make up the greater portion of net income from abroad slowed down to US$1.2 billion in the first three quarters of 2018

compared to US$1.3 billion of the same period in 2017. Consequently, the current account deficit for the first three quarters of 2018 widened to US$935.8 million relative to US$246 million in 2017.

Quarterly Current Account Balance (US$ mil)



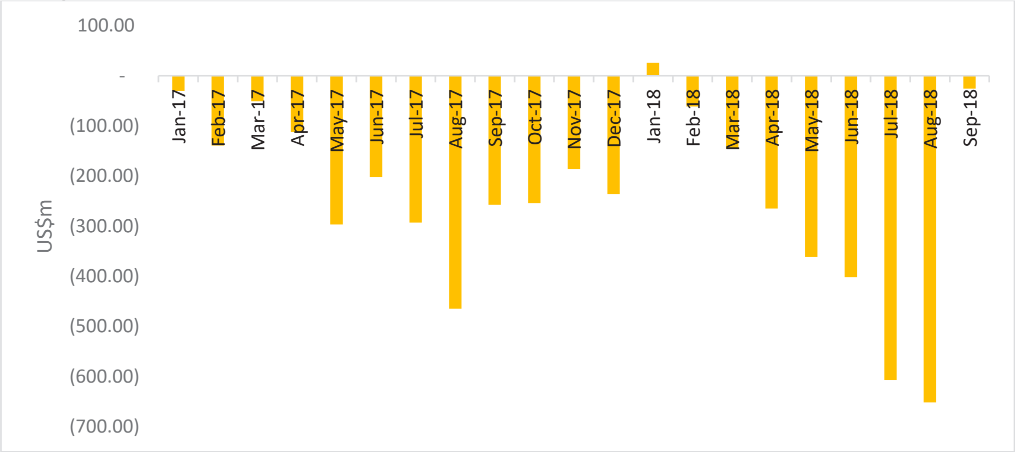
Source: RBZ

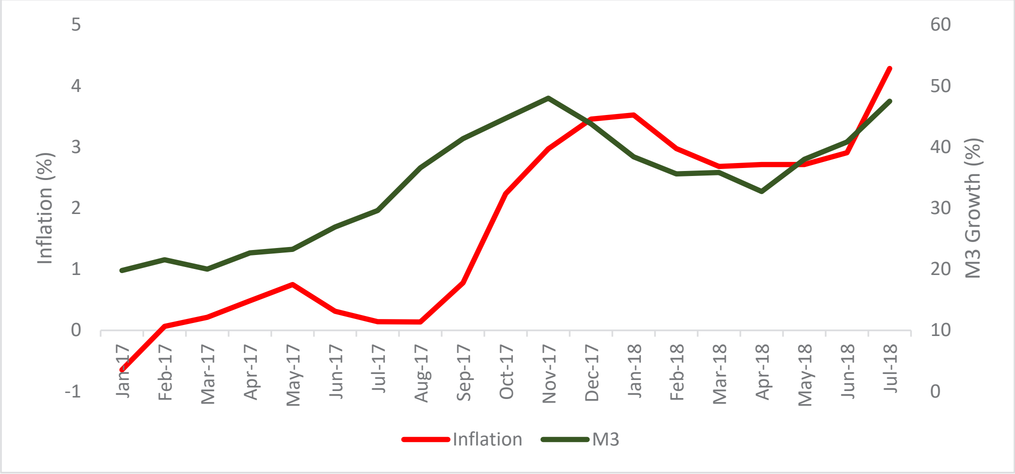
Inflation

56. There has been an upsurge in inflationary pressures during the third quarter of the year. This has been driven mainly by food prices which were responding to rising parallel exchange premiums, panic buying and artificial shortages.

57. The upsurge in inflation is, however, a phenomenon arising from fiscal imbalances that have fuelled money supply.

Budget Deficit, Annual Inflation and M3 Growth

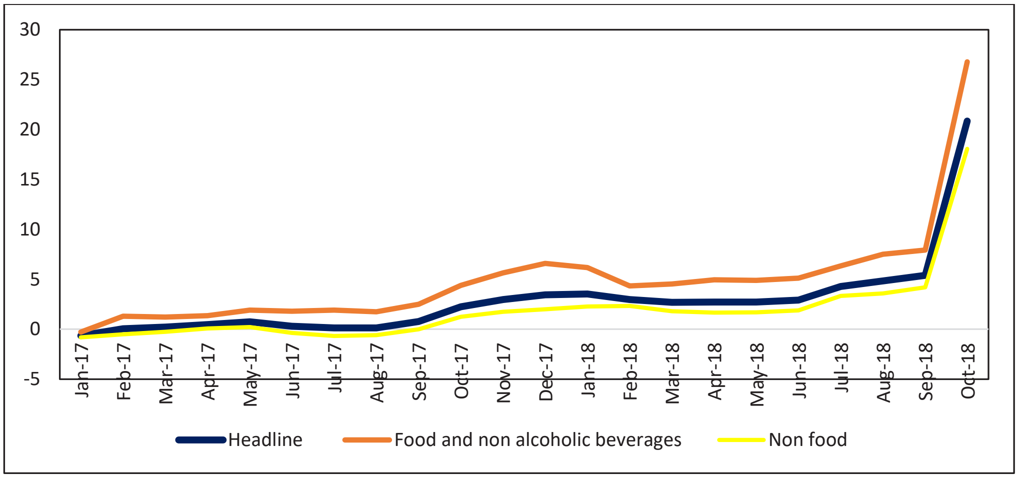




Source: ZIMSTAT

58. As a result, annual inflation, which averaged 2.9% during the first half of 2018 shot to 20.8% in October 2018.

Inflation Profile



59. In the outlook, monthly inflation is expected to stabilise mainly due to fiscal consolidation measures being pursued by Government, increased supply of goods following the scraping of Statutory Instrument 122, and stability in the foreign exchange market.

CHAPTER 3: FISCAL DEVELOPMENTS AND 2018 OUTLOOK

Revenues

60. Revenue collections for the nine months of the year amounted to US$3.8 billion, against a target of US$3.4 billion and by year end, collections of US$5.3 billion are anticipated.

Expenditures

61. While revenues exceeded Budget targets, total expenditures for January to September 2018, overshoot to reach US$6.5 billion against a target of US$4.1 billion. Taking into account the expenditure developments to September, outturn to year end is estimated at US$8.2 billion, against a budget of US$5.3 billion, implying an expenditure overrun of US$2.8 billion.

Budget Performance: 2018

	Budget Target	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Jan-Sep Sub-Total	Proj to Dec 2018
Total Revenues	**4,537.2**	**345.6**	**341.7**	**486.7**	**372.7**	**406.9**	**558.3**	**412.0**	**386.6**	**489.4**	**3,799.9**	**5,296.8**
Tax Revenues	4,300.0	324.0	322.7	459.0	361.1	374.0	531.4	393.1	370.6	447.0	3,583.0	5,017.7
Non-Tax Revenues	237.2	21.6	19.0	27.7	11.6	32.9	27.0	18.9	16.0	42.4	216.9	279.0
Total Expenditures & Net Lending	**5,330.0**	**319.6**	**384.0**	**815.4**	**637.3**	**768.3**	**960.4**	**1,018.8**	**1,037.7**	**529.2**	**6,470.7**	**8,161.4**
Employment Costs	2,777.4	253.4	276.4	293.5	319.6	360.5	320.2	323.9	375.2	316.0	2,838.8	3,921.8
Operations & Maintenance	1,315.6	25.3	37.2	66.7	82.0	115.9	102.0	110.8	47.5	60.3	647.7	869.2
Interest	229.1	9.7	9.6	27.8	9.7	17.9	29.9	47.1	33.4	29.1	214.2	282.4
Capital Expenditures & Net Lending	1,007.9	31.2	60.8	427.4	226.0	274.1	508.2	537.0	581.6	123.8	2,770.1	3,087.9
Budget Balance	**-672.8**	**26.0**	**-42.3**	**-328.6**	**-264.6**	**-361.4**	**-402.1**	**-606.8**	**-651.2**	**-39.8**	**-2,670.8**	**-2,864.6**

Source: Ministry of Finance & Economic Development

62. As a result, the cumulative budget deficit for the period January to September 2018 stands at US$2.7 billion (10.9% of GDP) and is projected to remain within that range by year end.

63. The huge deficit is on account of unbudgeted expenditures relating to employment costs, support to agriculture, as well as development capital expenditure and net lending, primarily to public enterprises.

Expenditure Overruns to September 2018

Source of Expenditure	Amount (US$)
Salary Reviews	352 million
Grain procurement	638 million
Crop input support	554 million
Roads construction	262 million
Dam construction	34 million
Capitalisation of public institutions	318 million
Conduct of the 2018 harmonised general election	10.9 million
School Fees for Children of War Veterans	10.7 million
Energy and power supply	113 million
Total	US$2 292.6 million

Source: Ministry of Finance and Economic Development

Budget Deficit

64. Financing of the deficit was through Treasury Bill Issuances of which those done through the Bank amounted to US$1.27 billion while Non-bank amounted to US$844.3 million.

65. Furthermore, lending to Government by Central Bank, through the overdraft window, increased by US$1.11 billion for the period January to September 2018.

Public Debt

66. Total public debt continued to grow, driven by domestic debt. As at end of August 2018, public debt stood at US$17.69 billion, of which domestic debt accounted for 54%, up from 49%, while external debt moved from 51% to 46%.

Public and Publicly Guaranteed Debt

	Dec 2015	Dec 2016	Dec 2017	Sept 2018	Projection to Dec 2018
TOTAL DEBT(US$ million)	**9,005**	**11,254**	**14,641.7**	**17,282.3**	**18,076**
% of GDP	45.1	54.8	66.4	70.3	57.3
Domestic Debt (US$ million)	**1,905**	**4,014**	**7,133.6**	**9,624.9**	**9,571.1**
External Debt (US$ million)	**7,100**	**7,240**	**7,508.1**	**7,657.40**	**8,505.9**
Bilateral	4,071	4,787	3,589.3	4,731.6	
Multilateral (IFIs)	2,442	2,453	2,006.0	2,563.20	

Source: Ministry of Finance & Economic Development

Domestic Debt

67. Domestic debt stock stood at US$9.6 billion as at end of September 2018. The bulk of domestic debt is in Treasury bills, issued for recapitalisation of public enterprises, settling Government obligations and RBZ debt assumption.

68. This debt was also driven by significant increase in Government overdraft at the RBZ, from US$1.4 billion in December 2017 to US$2.5 billion by September 2018.

Domestic Debt Stock: 2012 – Sept 2018 (US$ million)

	Statutory Reserves	Budget Financing	Gvt Debt	RBZ Debt	Capital-isation	RBZ (Not issued with TBs)	Arrears	Over-draft Facility	Loans	*TOTAL*
2012	83.4	9.9	0.0	0.0	0.0	0.0	182.6	0.0	0.0	275.83
2013	58.4	74.5	93.6	0.0	0.0	0.0	148.9	0.0	0.0	***375.41***
2014	33.4	206.4	123.6	250.2	350.3	440.3	145.5	126.4	0.0	***1,676.10***
2015	0.0	206.8	541.6	291.8	396.4	398.8	124.8	278.8	0.0	***2,238.90***
2016	0.0	267.0	1252.0	410.8	742.8	199.4	164.6	941.8	47.7	***4,026.14***
2017 Dec	0.0	471.4	3023.9	389.9	901.8	38.3	108.4	1369.4	693.2	***6,996.20***
2018 Jan	0.0	487.1	2957.1	389.9	915.6	38.3	108.6	1291.3	712.2	***6,900.08***
2018 Feb	0.0	452.1	2938.3	389.9	919.2	38.3	108.6	1401.3	719.1	***6,966.77***
2018 Mar	0.0	440.1	3063.0	308.7	945.8	38.3	108.6	1486.2	959.5	***7,350.19***
2018 Apr	0.0	441.0	3169.5	297.7	945.8	38.3	95.4	1593.9	967.7	***7,549.28***
2018 May	0.0	456.5	3300.3	297.7	949.6	38.3	109.3	1741.0	881.3	***7,774.11***
2018 Jun	0.0	514.1	3660.3	292.3	945.2	38.3	115.8	1847.6	914.1	***8,327.76***
2018 Jul	0.0	514.7	3702.5	265.7	1334.0	38.3	123.8	2050.3	1006.8	***9,036.22***
2018 Aug	0.0	431.0	4059.4	265.7	1524.0	38.3	115.9	2298.4	811.4	***9,544.22***
2018 Sep	0.0	351.3	4005.4	260.1	1524.4	38.3	117.6	2476.5	851.2	***9,624.89***

Source: Ministry of Finance and Economic Development

69. To reduce reliance on Central Bank overdrafts and domestic borrowing, Government committed itself, through the Transitional Stabilisation Programme, to contain budget deficits as part of fiscal consolidation.

External Debt

70. As at September 2018, external debt stood at US$7.7 billion, dominated by principal and interest arrears, as well as penalties at US$5.9 billion.

External Debt as at end of September 2018 (US$ million)

	Central Government				Guaranteed Debt				2017 Grand Total	2018 Grand Total
	2017 DOD[1]	2018 DOD[1]	2017 Arrears	2018 Arrears	2017 DOD	2018 DOD	2017 Arrears	2018 Arrears		
Total External Debt	**1,955**	**1,702**	**4,135**	**4,607**	**135**	**49**	**1,264**	**1,299**	**7,489**	**7,658**
Bilateral Creditors	***1,182***	***1,380***	***2,432***	***2,532***	***68***	***49***	***753***	***770***	**4,435**	**4,732**
Paris Club	165	179	2,255	2,305	48	38	733	741	3,201	**3,263**
Non Paris Club	1,017	1,202	177	227	20	12	20	29	1,234	**1,469**
Multilateral Creditors	**344**	**322**	**1,642**	**1712**	**67**	**0**	**511**	**529**	***2,564***	**2,563**
World Bank	251	226	920	967	0	0	282	291	1,453	**1,483**
African Development Bank	33	35	560	570	0	0	80	81	673	**687**
European Investment Bank	23	20	135	144	0	0	150	158	307	**322**
Others	37	41	27	31	67	0	0	0	131	**72**
RBZ Assumed Debt	***429***	***0***	***61***	***363***		**0**	**0**	**0**	***490***	**343**

Source: Ministry of Finance & Economic Development

[1]DOD means Debt Outstanding and Disbursed (Not in arrears)

71. Of this, bilateral creditors account for 61.8% and the remainder is due to multilateral creditors.

72. Going forward, total public debt is expected to gradually decline, as Government advances the re-engagement efforts with the international institutions. The re-engagement is expected to resolve the external debt overhang through various mechanisms including re-scheduling.

73. In addition, fiscal consolidation is expected to significantly reduce domestic borrowing.

CHAPTER 4: THE 2019 MACRO-FISCAL FRAMEWORK

Macro-Fiscal Projections

74. Growth projection in 2019 is anticipated at about 3.1%, which is slightly lower than the 2018 expected growth of 4%, reflecting the impact of unfavourable weather on agriculture and macro-fiscal vulnerabilities from previous unsustainable fiscal and current account deficits.

75. Beginning 2019, fiscal consolidation measures are, however, expected to give a strong rebound in growth to above 7% from 2020.

76. Premised on a nominal GDP of US$31.6 billion (3.1% growth), a budget of US$8.2 billion (including retentions of US$400 million) is being proposed for the 2019 fiscal year, against expenditure bid proposals by line Ministries well in excess of US$15 billion, which is beyond the revenues that can be generated even from our current rebased GDP.

77. Of this Budget, capital expenditures are estimated at US$2.1 billion, leaving US$6 billion for current expenditures.

78. Of the total current expenditures, US$1.3 billion is earmarked for Government operations and maintenance, prioritising healthcare, education, social protection, enhancing yields and productivity in the agricultural sector as well as support to law and order and security services.

79. The above expenditure proposals will be met through revenue collection of US$6.6 billion, comprising both tax and non-tax revenues, as well as retentions and anticipated grants, as indicated below.

Projected Revenues

	US$ billion
Total Revenues	6.598
Tax	6.037
Non Tax	0.162
Retentions	0.399

Source: Ministry of Finance and Economic Development

80. Furthermore, grants of about US$606 million are anticipated from cooperating partners, although outside the Budget.

81. Consequently, a deficit of US$1.6 billion, or -5% of GDP, is projected in line with a sustainable financing capacity of the domestic market.

2019 Macro and Fiscal Framework

	2017 Est	2018 Prj	2019 Prj	2020 Prj	2021 Prj
National Accounts					
Nominal GDP at market prices (US$M)	22041.3	24582.2	31558.9	35961.1	42757.7
Real GDP Growth (%)	4.7	4.0	3.1	7.5	7.7
Inflation (Annual Average) %	0.9	8.3	22.4	9.4	7.9
Inflation (End Period) %	-3.4	25.9	5.0	5.5	5.8
Fiscal Account					
Total Revenue Incl Retained Revenue	**3869.9**	**5296.8**	**6598.2**	**7493.9**	**8562.7**
Total Revenue Excl Retained Revenue (US$M)	**3869.9**	**5296.8**	**6199.3**	**6944.6**	**8002.4**
Total Revenue (% of GDP)	**18.0**	**21.5**	**19.6**	**19.3**	**18.7**
Tax Revenue (US$M)	3627.7	5017.0	6037.1	6761.3	7815.5
Corporate Income Tax (US$M)	484.7	754.0	783.8	885.7	903.4

	2017 Est	2018 Prj	2019 Prj	2020 Prj	2021 Prj
Personal Income Tax (US$M)	729.0	851.0	971.0	1097.2	1319.1
Other Direct Taxes (US$M)	203.0	271.0	294.7	333.0	369.7
Customs Duties (US$M)	295.1	438.0	484.7	527.7	588.3
Excise Duties (US$M)	675.9	894.0	943.8	1066.5	1287.8
Value Added Tax (US$M)	1075.3	1501.0	1696.8	1817.4	1953.8
Other Indirect Taxes (US$M)	164.7	308.0	862.3	1033.8	1393.4
Non-Tax Revenue (US$M)	242.2	279.8	162.2	183.3	186.9
Total Expenditure Incl Retentions	**6390.0**	**8161.4**	**8,164.3**	**8,977.8**	**9,822.5**
Total Expenditure Excl Retained Revenue (US$M)	**6390.0**	**8161.4**	**7765.3**	**8428.5**	**9262.2**
Total Expenditure (% of GDP)	29.0	33.2	24.6	23.4	21.7
Employment costs (US$M)	3376.0	3854.5	4050.1	4365.4	4674.0
Employment costs (% of GDP)	15.3	15.7	12.8	12.1	10.9
Use of goods and services (US$M)	1063.9	869.0	1036.0	1010.1	1168.1
Interest (US$M)	204.0	675.0	673.3	982.0	900.1
Domestic (US$M)	139.2	359.0	351.1	511.5	469.9
Foreign (US$M)	64.8	316.0	322.2	470.5	430.2
Provincial Councils and Local Authorities (US$M)	-	-	310.0	347.2	400.0
Capital Expenditure and net Lending (US$M)	1746.2	3087.9	2018.2	2194.3	2550.2
Capital Expenditure and net Lending (% of Total Expenditure)	27.3	37.8	27.1	27.2	28.8
Overall balance (US$M)	**-2576.7**	**-2,864.6**	**-1,566.1**	**-1,483.9**	**-1,259.8**
Overall balance (% of GDP)	**-11.7**	**-11.7**	**-5.0**	**-4.1**	**-2.9**
Financing (US$M)	**2576.7**	**2865.4**	**1566.1**	**1483.9**	**1259.8**
Domestic (US$M)	2523.3	2239.5	822.3	1059.5	931.2
Bank Financing (US$M)	1690.6	2537.0	417.1	623.1	59.0
Non-bank domestic financing (US$M)	832.7	-297.5	405.2	436.4	872.2
External (US$M)	53.4	-14.8	-172.6	-175.6	-171.5
Financing to be arranged (US$M)	-	-	916.4	600	500
Total Financing Requirement	**2,413.4**	**6,122.9**	**6,469.3**	**2,677.4**	**2,018.8**

Source: Ministry of Finance and Economic Development

The projections are based on revenues and expenditures excluding retention.

82. This scenario gives a financing requirement of US$6.5 billion for 2019, comprising a fiscal deficit of US$1.6 billion, expected Treasury bill maturities (US$2.2 billion), projected overdraft position (US$2.5 billion) and foreign debt repayment (US$0.2 billion).

83. This amount of liquidity is already excessive and hence, expenditures beyond this framework will precipitate a major shock.

84. It is, therefore imperative that, in the immediate future, we implement fiscal consolidation measures, involving unprecedented expenditure restraint, efficient and effective use of public resources and a much more vigorous revenue collection efforts.

85. Implementation of such a strategy will enable us create a stable and predictable business environment conducive for both domestic and foreign investment growth, required to grow the tax base as proposed in the Transitional Stabilisation Programme.

86. Suffice to say that the macro-economic framework shows that our financing requirements are well above the current domestic market capacity. In addition, the bulk of our expenditures relate to employment costs and Constitutional provisions, which are contractual and unavoidable.

87. Through the 2019 Budget, Government, therefore, seeks to move away from past unsustainable patterns of high consumptive expenditure so as

to pave way for supportive financial and monetary policy that prioritises inflation containment, re-orienting expenditures towards capital development programmes and projects and availing more resources to the private sector, in order to promote inclusive and job creating growth.

88. Achievement of the above, will requires us to be unflinchingly disciplined, and make hard choices that require us to forego and postpone some expenditure to future years when our economic performance has improved.

89. Equally, a culture of service delivery needs to be engendered.

Development Partners Support

90. Development Partners continue to play a complementary role in supporting Government's efforts in various sectors of the economy.

91. In 2019, a total of US$606.7 million is expected, of which US$453.4 million will be from bilateral partners and US$153.3 million from multilateral partners. That support will, however, be directed to Government approved projects and programmes outside the Budget (see Annexure 1).

92. Targeted projects and programmes are on health, humanitarian care, agriculture, capacity building, governance, water supply & sanitation, education and basic social services.

Fiscal Objectives

93. The 2019 National Budget first and foremost, targets fiscal consolidation and efficient management of public finances in order to contain fiscal deficits whose financing, in previous years has become a major source of macro and fiscal vulnerabilities.

94. Containment of the fiscal deficit will allow the Budget to focus more resources towards infrastructure development programmes as opposed to consumptive spending.

95. The target is to allocate 18.7% of the total budget to infrastructure development programmes (excluding agriculture), up from 16.5% of the previous year.

Fiscal Outlays under the Public Sector Investment Programme

	2012	2013	2014	2015	2016	2017	2018 Prj	2019 Prj
Total PSIP Excluding Agriculture	302.4	291.0	130.2	200.1	89.6	260.9	1349.6	1453.2
As % of total Exp	8.8%	8.3%	3.4%	5.3%	2.2%	5.3%	16.5%	18.7%

Source: Ministry of Finance and Economic Development

96. In addition, fiscal consolidation provides scope for the 2019 Budget to ring fence resources for cushioning vulnerable groups, especially as we implement austerity measures.

97. Furthermore, efficient management of public resources will see a reduction in indebtedness to sustainable levels, that way channeling more resources to the private sector and hence, supporting our overall strategy of generating sustained and strong private sector led growth.

Fiscal Target

98. Mindful of the above objective, the 2019 Budget proposes drastic reduction of the Budget deficit from around -11.7% of GDP in 2018, to -5% of GDP in 2019, and subsequently to -4.1% in 2020 and -2.9% of GDP by 2021 and below -1% by 2025, making the Budget compliant with the SADC threshold of below -3% of GDP.

Budget Balance

	2015	2016	2017	2018	2019	2020	2021
Nominal GDP at market prices (US$ mil)	19963.1	20548.7	22041.3	24583.0	31558.9	35961.1	42757.7
Overall Balance	-123.0	-1421.0	-2576.7	-2864.6	-1566.1	-1484.0	-1257.8
% of GDP	-0.6	-6.9	-11.7	-11.7	-5.0	-4.1	-2.9

Source: Ministry of Finance and Economic Development

99. The targeted deficit is also in line with sustainable market capacity and will provide a fair share of net financing to the private sector for productive purposes.

100. In addition, such deficit levels will also allow the Budget to deal with challenges related to past TB issuances and the unsustainable overdraft portion with the Central Bank.

CHAPTER 5: THE 2019 BUDGET DRIVERS, MEASURES AND ALLOCATIONS

MACRO-FISCAL STABILISATION

101. The strategy for reducing the budget deficit entails managing expenditures while stimulating economic activity in order to broaden the revenue base for any future expenditures required for development.

102. In addition, during the macro stabilisation phase, efforts will be directed at mobilising and optimising revenues without compromising the viability at source.

Treasury Bill Issuances

103. High fiscal deficits became entrenched largely due to expenditures committed outside the Budget framework through Treasury Bill issuances. Resultantly, T bill maturities in 2019 are estimated at US$2.2 billion, which is unsustainable in one year.

104. In order to manage the maturities, Treasury is exploring options for restructuring this commitment, in consultations with market players.

105. Going forward, with immediate effect, all Treasury Bill issuances will be strictly for financing of short term cash-flow mismatches.

106. Further to this, such Treasury Bill issuances will only be triggered by a Treasury Bill Issuances Note by the Accountant General. In addition,

Treasury Bill issuances will be through an auction system, in order to derive a fair market cost of borrowing by Government, and ensure better price discovery. Such a market based system also promotes transparency and hence, market confidence.

107. In the same vein, Government is freezing Treasury bill issuances related to ZAMCO operations. With immediate effect, ZAMCO will no longer assume further loans from the market. In addition, Government will review ZAMCO's mandate and consider winding up of its operations which are being supported by Government.

108. The Public Finance Management Act is, therefore, being amended to penalise any Treasury Bill issuances outside this framework.

Overdraft with the Central Bank

109. All Reserve Bank quasi fiscal activities, which have ended up imposing extra budgetary commitments, hence worsening the financing gap, are being discontinued. Forthwith, public expenditures will be confined to the budgetary framework approved by Parliament.

110. In addition, Government is reviewing recourse to Central Bank lending through the overdrafts and other instruments by limiting itself to the overdraft to a maximum of 5% of the previous year's revenues, for purposes of smoothening cash flows. The measure is being taken against a Statutory limit of 20% of previous year revenues.

111. The above is in conformity with good economic management and governance.

Expenditure Containment

112. Against a background of a structural imbalance in the composition of Budget expenditure, wherein the Wage Bill accounts for a disproportionate share, re-balancing of expenditures is critical.

113. The Budget, therefore, emphasizes on living within means by instilling fiscal discipline and rationalising expenditures in order to create additional financial capacity for funding developmental expenditures and enhancing delivery of public services.

Employment Costs

114. The 2019 National Budget proposes to institute Wage Bill Containment Measures which will yield annual financial savings to be channelled to critical areas of health and education, as well as infrastructure.

Proposed Public Service Wage Bill Rationalisation Measures

Proposed Measure	Projected Annual Savings (US$m)
Reviewing 13th Cheque payment criteria from 2018 by limiting payment to basic salary.	75.0
Rationalisation of Foreign Service Missions, with effect from July 2019.	3.0
Retirement of Youth Officers, by December 2018.	13.8
Total	91.8

115. Effective 1 January 2019, Government is cutting remuneration by 5% for Principal Directors' grades and their equivalents up to Ministers and the Presidium. This is also extended to designated posts in State Owned Enterprises (CEOs, Executive Directors and equivalent grades) including Constitutional Commissions and grant aided institutions.

116. A standardisation/alignment exercise in remuneration including benefits for Constitutional Commissions will also be undertaken to remove inequality and disparities.

117. Implementation of the above measures will see the employment costs inclusive of pension benefits, medical insurance and NSSA contributions reducing from 89.6% of total revenues in 2017 to 60.6% in 2021.

The 13th Cheque Payment

118. The 13th Cheque payment is an integral component of the Public Service Remuneration Framework, whose over-arching policy thrust is the progressive improvement of the welfare of the Public Service, albeit, within the confines of Budget capacity.

119. Traditionally, payment of the 13th Cheque is computed as the sum of Basic Salary, Housing and Transport allowances. For 2017, the Budget incurred expenditure of US$174.6 million.

120. However, as we embark on austerity measures, focusing on enhancing the health of our public finances, the Budget proposes a *13th Cheque that is computed based on Basic Salary only* [excluding housing and transport allowances]. This proposal will yield financial savings of around US$75 million per annum.

121. The buy-in of the Public Service Staff Associations, through the National Joint Negotiating Council and the Health Service Bipartite Negotiating Panel, is also critical.

Rationalisation of Foreign Service Missions

122. Currently, Zimbabwe has diplomatic presence at 46 Embassies and Consulates, staffed by around 581 home based and locally recruited staff.

123. As much as we desire to implement and launch our re-engagement programme on all fronts, the capacity of our Budget demands some review to align support levels within means. The current diplomatic presence is imposing annual budgetary support levels of around US$65 million, which is above available 2018 Budget capacity of US$50 million.

124. The above mismatch, which has obtained over the last couple of years, has resulted in the progressive accumulation of arrears, which are currently standing at around US$17.3 million.

125. On the basis of previous consultations, it is proposed that the number of Foreign Service missions be reduced from 46 to 38, thereby optimising the utility value realised from the remaining missions as well as avoiding accumulation of arrears and embarrassing evictions of our diplomats.

126. The proposed rationalisation will benefit from initiatives which include:

- Zoning missions through multiple accreditation, outside the SADC region, and
- Accreditation of Executive Ambassadors based in Harare who serve their designated foreign capitals on a need basis. The State of Israel, among others, uses this approach.

127. This measure will reduce expenditure outlays (wage bill and operations) by around US$500 000 per month, yielding annual savings estimated at US$6 million.

Rentals at Foreign Missions

128. I further propose that rental ceilings for officials at foreign missions be reviewed downwards based on the officials' grade, as well as the expected Diplomatic zones that they are expected to reside.

129. A medium to long term measure of reducing rental charges at our Missions would be to buy existing properties or enter into joint venture initiatives, prioritising properties with adequate space, to further develop additional units on the same premises.

130. Development of missions on partnership arrangements is being pursued for a number of missions starting in 2019.

Retirement of Youth Officers

131. At its 38th Meeting of 5 December 2017, Cabinet re-affirmed its decision to terminate employment contracts of 3 188 Youth Officers, as previously resolved.

132. Drawing from the above Cabinet Resolutions and guidance of the Public Service Commission, Treasury proceeded to mobilise in the first instance, US$5.2 million in December 2017 towards three months' Cash In-Lieu of Retirement Notices and in the second instance, US$17.7 million on 16 February 2018 towards the officers' Pension benefits.

133. However, 2 917 Youth Officers were on the payroll at the end of September 2018, each drawing monthly remuneration of US$395 per month, translating to a monthly wage bill of US$1.15 million.

134. Treasury is working with the Public Service Commission to ensure that any outstanding termination processes are finalised to facilitate the retirement of the Youth Officers by end of December 2018.

135. Accordingly, annual financial savings of US$13.8 million will be realised.

Public Service Retirements

136. The 2018 National Budget Statement operationalised the policy stance of retiring Government officials above the age of 65.

137. As alluded to above, the 2018 Budget has since funded retirement packages amounting to US$14.9 million.

138. Post the constitution of the Second Republic in July 2018, Pensions Office has advised that an additional US$25.8 million is required to facilitate the payment of pension benefits for around 225 officials, inclusive of 60 Members of Parliament.

139. Furthermore, an additional 419 public servants, including senior Government officials, who are above the age of 65 years and who have already received their pension benefits, were still on the Salary Service Bureau pay sheet at the end of September 2018, providing service under renewable contracts. Their monthly wage bill is US$349 766, translating into an annual bill of US$4.2 million.

140. It is recommended that the Public Service Commission undertakes due process to determine the status of these employees, guided by the retirement policy framework.

141. Due to the limited fiscal space, the Budget has been accruing pension arrears, mainly relating to the payment of the lump-sum benefits (1/3 commutation), pension refunds and gratuities and death benefits.

142. Pension arrears currently stand at around US$75.7 million. It therefore becomes imperative for upcoming National Budgets to create additional fiscal space to clear these statutory employment costs obligations.

Payroll and Pension Administration

143. Cabinet at its 38th Meeting of 5 December 2017, approved that the administration of the Public Service Payroll and Pension becomes a Treasury responsibility, with effect from 1 January 2018.

144. Section 6 of the Public Finance Management Act confers the Paymaster General function on Treasury, whilst Section 203 of the Constitution of Zimbabwe and Section 8 of the Public Service Act confer the role of the Paymaster on the Public Service Commission.

145. The above delineation of roles, which is consistent with practice in the SADC region, promotes and facilitates good and sound governance, through a framework which facilitates checks and balances.

146. On the basis of Cabinet's resolution taken at its 38th Meeting of 5 December 2017, Treasury will engage the Minister responsible for the Public Service, to belatedly implement this resolution.

Public Service Skills Mix

147. The Public Service Administration has a key role to play in transforming the economy to an Upper Middle Income status by 2030.

148. Hence, it is critical that Government is able to attract, hire and retain highly and appropriately skilled professionals, including those on short and long-term contracts, in an endeavour to deepen and expand the capacities of Line Ministries, and their Departments and Agencies.

149. In this regard, the Office of the President and Cabinet, the Public Service Commission and Treasury have commenced consultations on establishing an appropriate funding vehicle for this initiative, building on the existing Skills Retention Fund framework.

Biometric Register for Civil Servants In 2019

150. Previous Civil Service Audits undertaken by Government in 2011 and 2015, respectively point to possible existence of ghost workers in the service, who are contributing to the burgeoning public service wage bill which accounts for over 90% of total revenues.

151. Clearly, this goes against the thrust of re-orienting Budget expenditures towards growth enhancing and poverty reducing developmental programmes and projects through rationalisation of the Public Service Wage Bill.

152. To weed out these ghost workers, the Budget proposes to introduce a biometric registration of all civil servants, with effect from 1 January 2019. The registration process will be rigorous and will involve capturing data on Letter of Appointment, Academic and professional qualifications,

National Identification Documents, Employment Code Numbers, and Biometric Data.

153. Biometric data will involve capturing of one's unique physical attributes such as fingerprints, DNA, iris and retina pattern, using ICT. The above system will ensure that every person being paid by Government for services rendered is properly accounted for.

Expenditure on By-Elections

154. Section 158(3) of the Constitution of Zimbabwe Amendment (No. 20) Act, 2013 provides for the conduct of a By-Election to Parliament and Local Authorities within 90 days after a vacancy occurs.

155. The regular conduct of By-Elections by the Zimbabwe Electoral Commission, in compliance with the Constitutional provision, exerts Budgetary and cash flow challenges.

156. Accordingly, the 2019 National Budget proposes amendment of the legislation to allow for either:

- The conduct of By-Elections bi-annually, resulting in the harmonisation of operations and costs, or,
- Instead of Bi-annual Elections, mandate Political Parties to select replacements, that way avoiding expenditures inherent in the processes of electing a new Member.

157. Annual financial savings of around US$2.0 million are envisaged.

Management of the Government Fleet

158. Government is improving the management system of the Government fleet, as another avenue for improving efficiency and making savings.

159. In this regard, a review of policies and procedures guiding acquisition, replacement, disposal, repair and maintenance of vehicles, in order to provide cost effective logistical services to the public service, will be undertaken.

160. Similarly, all Government pool vehicles will be transferred and centrally managed through CMED Pvt Ltd. Entities with capacity to maintain their fleet will be excluded from this directive.

161. CMED Pvt Ltd will develop a centralised data base of the fleet, with allocations to Ministries being determined by need. This will allow for right sizing of the fleet and maximise on utilisation by redeploying underutilised vehicles to those in need, which may reduce the need to procure new vehicles.

162. Furthermore, a vehicle tracking system will be introduced, that will monitor and collect information in real-time, on vehicle performance, including unwanted behaviour from drivers such as over-speeding.

163. In addition, CMED Pvt Ltd will be responsible for Government vehicle purchases, from all resources appropriated, retained and statutorily provided for, in order to reduce on leakages from procurement as well as benefit from economies of scale.

Condition of Service Vehicles

164. Consistent with the thrust towards fiscal consolidation, and the need to redirect our foreign currency resources towards critical projects and programmes, it has become necessary that we further review the existing commitments with regard to the condition of service vehicles.

Senior Grades in the Public Sector

165. The number and type of vehicle applicable to Ministers, Deputy Ministers and Permanent Secretaries will be reviewed in order to align with our thrust towards cost reduction.

166. The new framework will be cascaded to other categories of the Public Service such as Independent Commissions, Parliament, Judiciary and state entities.

167. With regards to replacement of vehicles, adherence to the measures enunciated in the Transition Stabilisation Programme will be enforced.

Parliamentary Vehicle Loan Scheme

168. Honourable Members are provided with a vehicle during the life of Parliament, to enable them effectively execute their mandate.

169. It is proposed that, henceforth, the Parliamentary Vehicle Loan Scheme be re-introduced.

170. Members will also benefit from the rebate of duty on vehicles, as provided for under Section 143 of the Customs and Excise (General) Regulations, 2001.

Rationalisation of Other Administrative Expenditures

171. The 2019 National Budget also proposes to further realise additional financial savings through rationalisation of benefits related to:

- Foreign and local business travel;
- Fuel benefit levels; and
- Management of Utility Costs through enforcing existing demand management measures and adoption of cost effective delivery platforms which are ICT based.

Strengthening Fiscal Management

172. In support of expenditure containment measures, the Budget is also introducing measures on improving expenditure controls, fiscal transparency, and reporting.

Arrears to Service Providers

173. Treasury is aware of arrears to service providers, which have been accumulating over time as a result of the shortage of resources and, at times, expenditure commitments undertaken outside the Public Finance Management System (PFMS).

174. Treasury is, therefore, strengthening expenditure controls, by ensuring that all expenditure commitments are made through the PFMS platform. At the same time, mechanisms for monitoring of arrears are being strengthened within the IFMIS system.

175. Furthermore, a comprehensive stock taking exercise will be undertaken to verify the stock of arrears, and thereafter, develop a strategy to address the issue.

Revenue Retention Policy

176. Section 302 of the Constitution provides that all fees, taxes, borrowings and other revenues of Government, whatever their source, should be remitted into the *Consolidated Revenue Fund*.

177. An exception is, however, provided where an Act of Parliament provides for such revenue to be paid into some other fund established for a specific purpose or retention of the revenue or part thereof, in order to fund expenditures approved by Treasury.

178. In line with the Public Finance Management Act, Government Ministries and Departments providing services are, on a case by case arrangement, authorised to retain a specified percentage of revenue collected, in order to provide an incentive for diligent collection of revenues.

179. The revenue retention policy is intended to augment resources that support specialised service delivery functions that would not have been adequately funded.

180. In order to maximize value for money and enhance transparency in the utilisation of retained funds, Government Ministries and Departments that retain revenue were directed to adhere to the following requirements:

- Open bank accounts and deposit all retained revenue with the Central Bank;
- Retained funds be utilised in line with a budget approved by Treasury; and,
- Expenditure related to the purchase of motor vehicles and travel & subsistence are excluded from transactions that are financed from retained revenue.

181. Government Ministries have, however, failed to accurately and timeously disclose revenue collected and expenditure incurred from retained funds, and, in a number of cases, not adhered to the set conditions.

182. Whereas *Retention Funds* have contributed significantly towards complementing Budget resources, the accountability arrangements have exhibited fundamental weaknesses which undermine efficient utilisation of public resources.

183. In order to uphold the principle of transparency and accountability in the utilisation of public resources, Government Ministries and Departments will be required to remit all revenue collected into the *Consolidated Revenue Fund*, with immediate effect.

184. Outstanding balances should, thus, be deposited into the *Consolidated Revenue Fund* by 23 December 2018.

185. Treasury will, however, ring-fence such revenues in line with the current approved retention levels. Disbursement will, thus, be through the Public Funds Management System.

186. Government will also undertake a comprehensive review of retention levels, with a view to remove or reduce revenue retentions which are no longer in line with current policy priorities.

Centralisation of Funds

187. Treasury, over the years, authorised the establishment of various Funds in terms of Section 18 of the Public Finance Management Act [Chapter 22:19]. However, management of most of these Funds, since their inception, has failed to comply with provisions of the PFM Act.

188. In some cases, the Fund's revenue, expenditure, assets and investments were not properly accounted for, resulting in mis-management of these Funds.

189. As a result, the Funds have failed to meet intended objectives. Hence, with effect from January 1, 2019, all the Funds established under the above mentioned Act, shall be centralised to ensure transparency and accountability to minimise leakages and abuse.

Alignment of Public Finance Management Act with Constitution

190. The Constitution of Zimbabwe Amendment (No. 20) Act of 2013 emphasises good governance, transparency and accountability in public administration, and lays down, among other matters, the principles that govern public finance management.

191. The Public Finance Management Act [Chapter 22:19] sets out, in more detail, the framework that guides the management of public resources. In that respect, the adoption of the new Constitution of Zimbabwe, after promulgation of the PFM Act in 2010, requires that the Act be reviewed to align it with the letter and spirit of the supreme law of the land.

192. Cabinet has approved principles for the review of the PFM Act, while also embracing good practices that enhance the public resources management framework.

193. The relevant Bill is being drafted for clearance by Government, before presentation to Parliament for consideration.

Penalties under the Public Finance Management Act

194. Compliance with provisions of the statutes that govern public finance management is central to fiscal discipline and the achievement of Government development and service delivery objectives.

195. The PFM Act empowers the Treasury to exercise general direction and control over public resources, and further provides for financial misconduct in cases of wilful and/or negligent failure to perform duty and exercise powers in compliance with provisions of the Act.

196. Penalties for financial misconduct by public officers range from fines, to imprisonment, or both.

197. Treasury will, in the context of amending the Public Finance Management Act, propose measures that enhance the enforcement of approved penalties, for cases of non-compliance with requirements of the Act, to achieve improved accountability in the management of public resources.

Public Expenditure and Financial Accountability (PEFA) Assessment

198. Government and the World Bank undertook a joint assessment of Zimbabwe's Public Finance Systems, from budgeting through budget

execution to accounting, reporting, external audit and legislative oversight.

199. The assessment was designed to provide the Government with an overview of key strengths and weaknesses of the PFM systems and constitutes the basis for developing a comprehensive PFM reform agenda and more tools for effective monitoring.

200. In the meantime, Government will implement the following quick wins, while developing a more comprehensive PFM reform plan:

- Operationalise budget implementation in line with the Government Finance Statistics Manual for 2014;
- Finalise and adopt Intergovernmental Fiscal Transfers Framework as provided for in the Constitution;
- Completely roll out of Programme Based Budgeting (PBB) to the remaining 23 Votes;
- Publish enacted budget laws within two weeks;
- Disseminate approved budget information to the citizenry on time, using various forms of media;
- Completely disseminate and enforce utilisation of Public Investment Management (PIM) guidelines and finalise the development of Project Appraisal Manuals and capacity building for implementing agencies;
- Include all fiscal anchors in the PFM Act;

- Interface PFMS, Human Resource Management Information System, pension payment and Salary Service Bureau payroll system;
- Manage Retained Funds through the PFMS; and
- Disseminate Infrastructure Investment Plan.

Public Finance Management System Roll Out and audit

201. Government, with the support of developing partners, has embarked on a PFMS expansion programme, which includes the setting up of PFMS kiosks at District level. The kiosks are being set up under the ambit of the District Administrator as the central access point at district level. Necessary equipment for the project, such as computers, have been procured and deployed to facilitate PFMS usage at that level.

202. To date 6 kiosk are operational, with an additional 16 anticipated during 2019.

203. To better manage the risks associated with automated systems, Treasury will activate the SAP Audit Information System module to facilitate auditing by both internal auditors and the Office of the Auditor General of the PFMS system landscape, business processes and transactions.

International Public Sector Accounting Standards (IPSAS) Implementation

204. In the 2018 National Budget Statement, Government announced its intention to migrate to the Accruals Based International Public Sector Accounting Standards (IPSAS) with effect from 1st January 2018.

205. The adoption of the framework is part of the ongoing Public Finance Management reforms, aimed at ensuring transparency, accountability and efficiency and effectiveness in the mobilisation and utilisation of public resources.

206. The migration process will result in the full adoption of the accrual based IPSAS by 31 December 2025.

Monetary Policy Supportive Measures

207. Addressing the current macro-economic vulnerabilities requires well-coordinated fiscal and monetary policies, that reinforce each other, in the quest for macroeconomic stabilisation.

208. Accordingly, the Reserve Bank Monetary Policy will target growth in money supply, in line with sustainable projected inflation levels. Instruments, such as savings bonds, which are already being utilised for mopping up excess liquidity, will be appropriate for this purpose.

209. In the same vein, a Monetary Policy Committee will be operationalised during the first quarter of 2019.

Multi-Currency System

210. As previously indicated, the country is still using the multi-currency system, which was put in place by Government in 2009. From this multi-

currency basket, the US Dollar is our reference currency, also applying to the 2019 National Budget.

211. Government commits to preserving the value of money balances on the current rate of exchange of 1 to 1, in order to protect people's savings and balance sheets.

212. Going forward, the objective is to build foreign reserves and credit lines, as part of the strategy for the value preservation objective.

213. Furthermore, it is important to note that, this value preservation arrangement is hinged on consistent implementation of prudent fiscal and monetary policies, as well as disciplined market conduct by all economic agents as espoused in the Transitional Stabilisation Programme.

214. Precisely, this Budget is consolidating the value preservation roadmap through macro-fiscal consolidation measures. And indeed, implementation of such measures has started.

Foreign Currency Allocation

215. In the same vein, as macro-fiscal consolidation progresses, Government will establish a strong inclusive framework, through an interim Foreign Currency Allocation Committee, with broader representation as was the case in the past.

216. This will, however, be in the context of gradually exiting from exchange controls to market based mechanisms that promote efficiency in foreign currency allocation.

FINANCIAL SECTOR STABILISATION

217. A sound financial sector will be essential in efficiently mobilising and allocating resources to the productive sectors of the economy under the TSP. Hence, financial regulators (the Reserve Bank, Insurance and Pensions Commission and the Securities and Exchange Commission) will strengthen macro-prudential and risk based supervision to advance the implementation of new regulatory standards, in line with regional and global trends.

218. With respect to implementation of the National Financial Inclusion Strategy (NFIS), significant progress has been recorded in areas of financial literacy, consumer protection, delivery channels, low cost bank accounts, loans to various segments, micro-insurance, financial services exchange for MSMEs, and micro-pensions, among others.

219. Banking institutions are also making significant progress towards meeting the 2020 minimum capital requirements. This will enhance stability of the financial sector.

Credit Registry System

220. Establishment of the Credit Registry in 2017, marked an important step in improving the quality and availability of credit data to facilitate risk pricing by financial institutions.

221. The RBZ is taking steps to ensure that the registry enhances its services and provides value-added services, through the following measures:

- Deepening the registry through inclusion of data from micro-finance institutions, utility service providers, retail credit stores and other credit providers;
- Provision of comprehensive credit data for decision-making by credit providers and banking institutions; and
- Leveraging the database to develop value-added products such as statistical scoring, portfolio monitoring and benchmarking analysis.

Micro-finance Licences

222. Currently, all micro-finance institutions licences are valid for a period of one year. This has been impeding access to long term financing by the micro finance institutions.

223. The operating environment for microfinance institutions is being improved to facilitate prudential supervision, as well as enable the institutions access long term financing.

224. Government is, therefore, reviewing licences tenure for credit-only microfinance institutions from one year to five years, whilst licences for deposit taking microfinance institutions will remain in force until cancelled in terms of the micro-finance legislation.

Pensions and Insurance

Post-Inquiry Reforms - Conversion of Insurance and Pensions Values

225. Following Government's adoption of the Justice Smith-led inquiry into the conversion of insurance and pension values, IPEC, as the industry regulator, was given the mandate to implement the necessary reforms to improve governance of insurance and pension entities, as well as supervise implementation of the compensation framework. This was to ensure that prejudiced members of the insurance and pension schemes get their benefits without compromising stability and confidence in the industry.

226. In order to facilitate smooth implementation of the recommendations, Government will enact legislation to enforce and guide the compensation process.

Medical Schemes and Legal Aid Societies

227. Medical Schemes and Legal Aid Societies carry out insurance business in terms of the insurance legislation, despite the fact that they are not regulated and supervised by IPEC, the insurance regulator.

228. In line with the policy thrust enunciated in the Transitional Stabilisation Programme to consolidate insurance regulation, with effect from June 2019, medical aid schemes and legal aid societies will be prudentially supervised by IPEC, to ensure the investing public is protected.

Proposed Amendments to the Administration of Estates Act [*Chapter 6:01*]

229. Whereas the Administration of Estates legislation establishes the Guardian's Fund, which is administered by the Master of High Court, the fund keeps some trust funds that would have remained unclaimed from insurance companies and pension funds for a period of 5 years.

230. The Guardian Fund receives significant amounts of remittances from the insurance and pensions industry and also makes disbursements from the fund. The Master is empowered to remit to the Consolidated Revenue Fund any moneys that remain in trust for a period of 30 years from the date of deposit.

231. In order to create a pool of resources similar to the Deposit Protection Fund, a Policy Holder Protection Fund is being established and administered by an Independent Board of Trustees. The Fund, which is meant to protect clients in the insurance and pension industry, will be made up of proceeds from the Guardian Fund, complemented by other contributions from insurance and pensions industry.

Review of Prescribed Asset Requirements for the Insurance and Pension industry

232. The current minimum prescribed asset thresholds for the insurance and pension industry were introduced in 2010. In order to improve resource mobilisation to support key national projects, Government is increasing the minimum prescribed asset threshold as indicated in the table below:

Class of Business	Current minimum compliance thresholds	Proposed Minimum Compliance thresholds	Compliance Ratio as at 30 June 2018
Short-Term (non-life) Insurers	5%	10%	9.24%
Short-Term (non-life) Re-insurers	5%	10%	12.51%
Life Assurers	7.5%	15%	11.9%
Funeral Assurance	7.5%	10%	2.04%
Pension Funds	10%	20%	7.37%

233. Insurance companies and pension funds are expected to comply by 31 December 2019. In this regard, players should provide compliance roadmaps to IPEC by 31 January 2019.

234. Furthermore, with effect from 1 January 2019, Prescribed Asset Status will be conferred to Government related projects only.

Pension Reforms

235. As pronounced in the TSP, IPEC has developed pension reforms, aimed at curtailing industry expenses, promote efficiency in the administration of sector specific pension funds and safeguard pension fund assets.

Parastatal-Related Pension Schemes

236. IPEC continues to observe very high administration expenses in parastatal-related self-administered occupational pension funds and continued growth in contribution arrears. The post-dollarisation arrears stood at US$636.05 million as at 30 June 2018. The high administration expenses and contribution arrears are mainly attributed to pension scheme designs that do not suit the current macroeconomic environment.

237. To address the above challenges that have adversely impacted on payment of reasonable benefits to pension scheme members, the following measures are being instituted:

- Harmonisation of contribution rates for all Parastatals to 12% for employers and 8% for employees (from as high as 25% for employers and 8% for employees);
- Conversion from defined benefit to defined contribution for Parastatals and local authorities' pension funds; and
- Mandatory disclosure of administration expenses by all occupational pension funds.

Pension Funds Established through Collective Bargaining Agreements

238. IPEC has noted with concern inefficiencies in the administration of industrial or sector specific pension funds established by way of Collective Bargaining Agreements.

239. In order to promote efficiencies in the administration of such pension funds, instruments establishing industrial funds will be amended to open up the administration of such pension funds to competition.

Safeguarding of Pension Fund Assets

240. Pursuant to the observation by the Justice Smith-led Commission of Inquiry that some pension funds' assets were, over the years being transferred from the respective pension scheme members to shareholders of insurance companies, insurance companies will be required to set separate legal units to administer assets owned by pension scheme members.

241. It is further required that this separation be attained by December 2019, to ensure safeguarding of pension scheme assets.

Pension Portability

242. To avoid unnecessary breaks in pension accumulation, relevant legislation will be amended to provide for domestic portability of pension between the public and private sectors.

Africa Risk Capacity (ARC) Programme

243. The ARC, a Specialised Agency of the African Union (AU) helps Member States enhance disaster risk response systems, through risk quantification, early warning, contingency planning for early response and risk financing systems.

244. Zimbabwe, like most countries in Sub-Saharan Africa, is experiencing climate change, which has resulted in the delayed onset of the rain season. The 2018/2019 cropping season has been officially declared as a drought season. SARCOF and NACOF forecast predicts a 70% chance of an El Nino induced drought to severely affect the Southern African region this coming 2018/19 rainfall season.

245. It is thus imperative that countries prepare and put in place mitigatory measures to reduce the impact of drought.

246. Zimbabwe is participating in ARC Capacity Building initiatives. Using ARC's Africa RiskView Software, parameters for drought occurrence have been established to project the severity of the drought.

247. The ARC has a risk pool where member states participate by taking out a drought risk insurance policy to mitigate the effects of drought.

248. However, participation in the risk pool requires Zimbabwe to mobilise initial resources to unlock the premium cover.

249. Government is, therefore, making efforts to secure funding for premiums from both public and development partners, including the African Development Bank, the Swiss Development Agency, UNDP Agency and the IFAD, among others.

Securities Market

250. The Zimbabwean investment market now lags behind regional and global developments, particularly with respect to Alternative Investments, namely property, infrastructure, private equity and derivative products.

Venture Capital Funding

251. Venture capital firms match financing to entrepreneurs with potentially viable good projects, thereby contributing to the success of investee companies. Consequently, upcoming firms grow and create jobs, increase overall innovation, productivity and growth at macroeconomic level is realised.

252. In order to promote investment diversity in Zimbabwe, particularly in upcoming small enterprises, Government will put in place an enabling environment to attract investments through venture capital.

253. It is envisaged that such investments will complement Government efforts in turning around the economy.

Offshore Financial Services Centre (OFSC)

254. There is an emerging trend in Africa towards establishing offshore financial service centres, with Mauritius, Djibouti and the Seychelles as leading economies. Botswana, set up its International Finances Services Centre in 2003, facilitating easy transfer and repatriation of

funds, whilst Ghana is contemplating the benefits of setting up its own offshore financial centres. Kenya announced in March 2018, that it was considering establishing the Nairobi International Financial Centre.

255. The OFSC allows companies and investment funds to operate internationally through use of derivative trading and joint ventures to invest money through mutual funds, usually stocks or bonds.

256. Furthermore, the OFSC reduces business costs and increases revenues through centralised group services within a multinational enterprise and facilitate efficient and effective movement of capital and resources and provides opportunities for global investment.

257. OFSCs are vigorously governed in order to attract investment in the same manner as countries such as Switzerland and Luxembourg, with popular OFSC, yet rank low in terms of Transparency International's Corruption Perceptions Index and Money Laundering.

258. In line with the emerging trend, and in order to attract the much need investment, Government is exploring ways of setting up an OFSC in Harare.

Anti-Money Laundering

259. Zimbabwe was assessed under the Eastern and Southern Anti money Laundering Group (ESAAMLG)'s Second Round of Mutual Evaluations

in 2015, and the country's Mutual Evaluation Report (MER) was adopted in September 2016.

260. The MER revealed that, out of the 40 Financial Action Task Force Recommendations (FATF), Zimbabwe is fully compliant with 11 recommendations (no deficiencies), largely compliant with recommendations (minor deficiencies), partially compliant with 12 recommendations (significant deficiencies) and 8 were non-compliant (major deficiencies).

261. Some of the deficiencies were addressed through the Money Laundering and Proceeds of Crime Amendment Act which was promulgated in 2018.

262. Further, Government is developing an omnibus Bill to amend various pieces of legislation, before the end of this year, meant to address outstanding deficiencies.

263. Coupled with strengthening of the AML/CFT legislation, Zimbabwe is also being assessed on effectiveness with respect to implementing the necessary reforms. The country risks being put under sanctions if it does not comply with the FATF standards.

264. Necessary institutional reforms are also being instituted in order to enhance effectiveness of our institutions involved in the implementation of the AML/CFT/PF framework.

265. The 2019 National Budget, therefore, proposes US$1.8 million to support AML/CFT capacity building initiatives by all implementing agencies, and will be implemented through the AML/CFT National Taskforce.

External Debt Resolution

266. In Bali, Indonesia, a crucial meeting with co-operating partners and International Financial Institutions to discuss and map the way forward on the country's Arrears Clearance Road Map, was held on 10 October 2018.

267. The co-operating partners are in support of the Transitional Stabilisation Programme, as it captures adequately the policy reforms that Government is implementing, in order to turn around the country's economic fortunes.

268. However, the international community emphasised the need to consistently implement the measures as outlined in the TSP.

269. Therefore, implementation of reforms under the Transitional Stabilisation Programme holds the key for advancing the arrears clearance strategy and unlocking of new financing.

FOOD SECURITY AND SOCIAL PROTECTION

270. In view of the importance of food security, Government launched the Special Grain Programme to increase agricultural production while managing food imports.

271. This entails full utilisation of the vast arable land and abundant under-utilised water bodies. Hence, the 2019 National Budget allocates US$668.5 million towards agriculture for various interventions which include vulnerable households, irrigation rehabilitation and development, diseases control and other extension services.

Agriculture

272. Major achievements were made during the previous agricultural season, in terms of yields for tobacco (252 million kgs from 189 million kgs), cotton (142 million kgs from 75 million kgs), maize and other grains (1.8 million tons, meeting national requirements), and others cash crops.

273. The positive performance was a result of better planning and preparedness, coupled with a good rainfall season and financing arrangements.

274. However, production and productivity levels remain relatively low compared to other comparators in the region, such as South Africa. In addition, the financing model for agriculture requires improvement by

striking a balance between food security requirements and avoidance of unsustainable fiscal deficits, which undermine overall macro-economic stability.

275. Therefore, in preparation for the forthcoming season, the 2019 National Budget seeks to consolidate gains made in agriculture, paying more attention to enhancing productivity through sustainable financing mechanisms, adequate support for extension services, irrigation development, research and development.

Agriculture Financing

276. Expenditure on agriculture, which reached US$1.1 billion as at August 2018, against an annual Budget target of US$401 million, has been one of the major drivers of the budget deficit.

277. The situation has been compounded by high default rates by beneficiaries of various Government programmes.

278. In view of the implications of the current agriculture financing model on public finances and macro-economic stability, Government is reviewing the financing mechanism with a view of sharing the burden between Government and the private sector.

279. Therefore, under the 2019 Budget, agricultural support will be confined to the following strategic areas:

- Support for vulnerable households;
- Extension services;
- Research and development;
- Dams and irrigation development; and
- Mechanisation.

Support for Vulnerable Households

280. Under the 2018/19 season, direct Budget support is targeting 1 million vulnerable households enough to cover more than 400 000 hectares.

281. For 2019/20 season, Government will also set aside resources to the tune of US$130 million for this segment of the population, guided by the vulnerability criteria.

Private Sector Financing

282. The introduction of acceptable 99 Year Leases now provides scope for increased private sector financing of a larger segment of A1 and A2 farmers. The Budget, will, therefore, avail more resources (US$5.3 million) to facilitate more surveys which are required for granting of leases.

283. Equally, participation by industry out-grower schemes will increase financing resources further.

Anticipated Weather Pattern

284. The 2018/19 season is expected to experience normal to below normal rainfall pattern, due to the El Niño–Southern Oscillation (ENSO) developments.

285. In mitigation of the expected below normal rainfall period, the 2019 National Budget sets aside resources for cloud seeding as well as irrigation rehabilitation.

Irrigation

286. Government is making strides in increasing irrigable land through irrigation rehabilitation and development.

287. Under the auspices of the National Irrigation Development Master Plan, Government developed the National Accelerated Irrigation Rehabilitation and Development Programme, targeting irrigation development and rehabilitation of at least 200ha per district, to be implemented over the next 10 years.

288. In 2019, resources to the tune of US$50.5 million will be availed towards the project, against US$36.4 million availed in the previous year. This is being complemented by private sector initiatives and development partner support (see annexure 2).

289. Under the Smallholder Irrigation Revitalisation Programme (SIRP) co-funded by the International Fund for Agricultural Development (IFAD), OFID and Government, an amount of US$7.9 million will be availed for development of feasibility studies and rehabilitation of 24 irrigation schemes in four provinces.

290. Further, with support from the Kuwait Fund for Arab Economic Development, an amount of US$2.2 million will be disbursed during 2019 for detailed designs and other works for Zhove irrigation project.

Control of Animal Diseases

291. Our quest to increase the national livestock herd, quality of beef, growth of the leather value chain, including prospects for exports, remains under threat from trans-boundary diseases such as foot and mouth and animal trypanosomiasis (nagana).

292. In this regard, Government has embarked on a phased Foot and Mouth Disease Control Fence Programme to minimise cross border infection, targeting 1 595km of fence, along the Gonarezhou, Hwange, Gokwe, Kariba, Mbire and Mudzi areas, at an estimated cost of US$31.9 million.

293. During 2019, an amount of US$8 million has been allocated for construction of 80 km of fence along the Gonarezhou National Park as well as 281 km to the north-eastern side of the country, from Angwa River along the border to Gairezi River.

294. Furthermore, an allocation of US$2.4 million has been made for rehabilitation of at least 50 dip tanks in each province.

295. Notwithstanding previous interventions, tsetse population levels has been increasing due to the more favourable weather conditions in previously cleared areas such as Mola and Gokwe North.

296. Under the Area-wide Integrated Pest Management (AW-IPM) approach, a provision of US$2 million has been set aside for the procurement of vehicles and motor bikes, to enable surveillance of tsetse movement and spraying of affected areas.

Inputs Availability

Seed Availability

297. For the 2018/19 agriculture season, seed houses have indicated availability of 86 160 tons of grain and oilseed in stock, of which 47 134 tons is for maize, 1 400 tons is sorghum and 7 000 tons for soya beans.

Input Type	National Requirements	Current seed in stock	Shortfall / Surplus
Maize seed (mt)	37,500	47,134	9,634
Soya beans (mt)	10,000	8,750	(1,250)
Sorghum/Mhunga (mt)	1,000	2,249	1,249
Cotton seed (mt)	5,000	7,000	2,000
Groundnuts (mt)	25,000	9,000	(16,000)
Wheat (mt)	9,600	8,188	(1,412)
Cowpeas (mt)	2,500	1,087	(1,413)
Sugar beans (mt)	15,000	2,752	(12,248)

298. Generally, the country has adequate maize, sorghum and cotton seeds to meet the national requirements.

299. As at 31 October, the seed houses had released 13 192 tons of maize seed to Government funded Programmes, leaving 26 000 tons to the open market.

Fertilizer Supplies

300. The local fertilizer industry has capacity to produce 440 000 tons of fertilizers, against a national requirement of 600 000 tons.

301. However, shortage of foreign currency has been compromising local production. Consequently, Government has already approved ring-fenced importation of the required quantities duty-free to ensure adequate supply of the commodity.

Compensation of Former Farm Owners

302. Government has made a decision to improve on compensation to all former farmers affected by the Land Reform Programme in accordance with the country's laws and commitments under the various bilateral agreements.

303. Whilst, work on the extent of Government's obligations is still to be finalised, the resources required to compensate and put closure to this important issue is obviously beyond the capacity of the Budget to finance.

304. In this regard, Government is engaging international financial institutions and other stakeholders in exploring various sustainable options for mobilising the requisite compensation resources.

305. Given the limited fiscal space, the 2019 Budget makes provision of US$53 million for payment of compensation to former farmers, to show commitment to this obligation.

Strategic Grain Reserves

306. To reduce the burden on the fiscus in financing local grain purchase, Government will finance procurement of 500 000 tons of Strategic Grain Reserves, while the private sector is expected to procure the remainder on the open market.

307. A provision of US$235 million is, therefore, made under this Budget.

Marketing of Agricultural Commodities

308. Government is pursuing the establishment of an Agriculture Commodity Exchange market, which not only provides viable market based prices to farmers, but also ensures timeous payment to farmers for commodity deliveries as well as provides collateral security for farmers to approach banks for financial support.

309. Accordingly, the GMB, like any other buyer, will participate on the proposed Agriculture Commodity Exchange to procure Strategic Grain Reserves.

310. To achieve this, Government will expedite the separation of GMB functions under two units, with one responsible for safe storage and accountability of strategic grain reserves and the other being commercial.

311. The whole objective is for Government to gradually withdraw from actively participating in marketing of crops, paving way for market forces to reduce distortions and fiscal burden.

Grain Prices Alignment

312. Current prices depict distortionary elements with large differences between local producer and import parity prices, giving rise to subsidies.

	Soya Beans			Maize			Wheat		
Year	GMB Price US$	Domestic Market US$	Import Parity US$	GMB Price US$	Domestic Market Price US$	Import Parity US$	GMB Price US$	Domestic Market US$	Import Parity US$
2016	570	530	400	390	360	290	500	360	340
2017	610	480	400	390	390	290	500	500	340
2018	780	480	400	390	390	290	500	500	340

313. While agriculture subsidies are deemed beneficial for guaranteeing food security world over, their sustainability is essential.

314. Under the TSP, Government seeks to ensure high agriculture production, for food security while at the same time improving the health of public finances through living within means. This entails containing subsidies within the capacity of the Budget.

315. The Budget recommendation is, therefore, to gradually close the gap between floor producer and import parity price levels, mindful of the importance of guaranteeing profitability and viability of our farmers.

316. This is premised on the fact that Government already shoulders the costs on supportive services, including irrigation infrastructure development, which are all meant to support and enhance productivity of farmers. Moreso, farmers are currently already being subsidised through inputs support.

Strengthening Loan Recoveries from Farmers

317. Government notes low loan recoveries from farmers contracted under previous facilities due to weak management arrangements. This weakness undermines refinancing of agricultural programmes.

318. To address this challenge, Government is revamping the whole financing system through the following, among others:

- Instituting accounting procedures to be used in the accounting for inputs delivered under the various Agricultural Inputs support facilities;
- Adopting and implementing procurement mechanisms that will guarantee value for money;
- Establishing electronic farmer data management system at district level for all farmers that participated under the Command Agriculture.

- Reconciliation of inputs delivered under each programme towards the end of the season.

319. A self-financing Agriculture Revolving Fund for on lending to farmers is also being pursued, in addition to strengthening the inputs control and distribution systems, as well as programme monitoring mechanisms, at every stage of inputs supply and distribution chain.

Land Audit

320. The Land Audit remains an important step towards finalising the land reform. It enhances transparency and eliminates multiple farm ownership, thereby ensuring fairness in land allocation and hence, maximisation of land utilisation.

321. The pilot Land Audit was successfully carried out in Manicaland, Masvingo, Matabeleland North and Mashonaland West on 1 444 farms out of 300 000 farms countrywide.

322. In this regard the 2019 budget provides US$6.5 million, to facilitate the completion of the Land Audit by December 2020.

Social Protection

323. Demand for social protection support has been evolving and has increased sharply in the last decade, due to the general socio-economic challenges in the economy.

324. More specifically, households have been exposed to the recurring emergencies necessitated by the effects of climate change (floods and droughts), communicable disease outbreaks (typhoid and cholera), economic under-performance, the rise in orphanage and other social hardships being compounded by the effects of the HIV and AIDS scourge.

325. Consequently, Government over the past 5 years, has been responding by expanding support to vulnerable members of the society, covering the affected various segments and sectors.

326. The National Social Protection Policy Framework (NSPPF) is being finalised and will harmonise social security programmes across all sectors such as education, health, nutrition, agriculture, among others, in order to maximise benefits.

327. Related to this process, Government is also reviewing the aid coordination architecture (Aid Coordination Policy) for improved harmonisation, efficiency and effectiveness of the safety nets. This is in view of the immense contribution being received from cooperating partners.

328. Meanwhile, the 2019 Budget is allocating US$59.6 million in support of various social safety nets designed to reduce poverty and inequalities, targeting the following areas:

- Basic Education Assistance Module (US$25 million);
- Harmonised Cash Transfers (US$12 million);

- Sustainable Livelihood (US$10 million);
- Drought Mitigation (US$4 million);
- Health assistance (US$4 million);
- Support to disabled persons (US2 million);
- Children in Difficult Circumstances (US$1 million); and
- Support to elderly persons (US$1 million).

INFRASTRUCTURE DEVELOPMENT

329. Infrastructure development is key in attracting investment, reducing the cost of doing business and facilitating business operations and hence is prioritised under this Budget.

330. Under the Transitional Stabilisation Programme, Government intends to increase the share of the Development Budget as percentage of total expenditure.

331. Drawing from the Plan, the 2019 priority projects have been selected through further engagements with line Ministries, Public Entities and stakeholders.

332. A number of the identified projects will be accorded high priority, with their execution being tracked by Cabinet under the 100 Day Programme cycle. This will ensure adequate resources are directed towards effective projects delivery, including access to critical construction inputs.

333. The list also includes projects that address emerging infrastructure gaps, which have put the lives of the public at risk, particularly in the water and sanitation, housing and energy sectors.

Infrastructure Spending and Finance

334. A total of US$2.6 billion will be invested in infrastructure during 2019, of which US$1.1 billion will be mobilised through the Budget and US$1.5 billion as off budget financing.

335. Already, Government has facilitated mobilisation of off-budget loan funding through public entities, which will result in US$969 million being disbursed during 2019 for ongoing works at Hwange 7 and 8 Thermal Power Station (US$350 million), Harare-Masvingo-Beitbridge Road Upgrading Project (US$250 million), NRZ recapitalisation (US$216 million) and R. G Mugabe International Airport (US$78.2 million).

336. Furthermore, Statutory and public entities own resources will contribute US$390 million, whilst Development Partners are expected to invest US$99.4 million, mostly targeted at projects in energy, water and sanitation, transport and irrigation sectors.

337. The Table below shows the 2019 funding mix to the various infrastructure sectors.

Funding Mix: 2019 Priority Infrastructure Projects

SECTORS	AMOUNT (US$ MILLIONS)					TOTAL
	FISCAL	STATUTORY	DEVELOPMENT PARTNERS	LOAN	OWN RESOURCES & PPPS	
ENERGY	12,000,000	25,433,000	19,600,000	350,000,000	52,500,000	459,533,000
Generation	11,000,000	3,133,000	6,400,000	350,000,000	52,500,000	423,033,000
Transmission			13,200,000			13,200,000
REA	1,000,000	22,300,000				23,300,000
TRANSPORT	396,290,000	272,810,000	6,320,000	561,100,000		1,236,52000
Roads	381,290,000	272,810,000	6,320,000	250,000,000		910,420,000
Rail				216,100,000		216,100,000
Airports	15,000,000			95,000,000		110,000,000
ICT	81,965,000		4,900,000		25,700,000	112,565,000
E-Government	42,635,000		4,900,000			47,535,000
ICT Backbone	39,330,000				25,700,000	65,030,000
SOCIAL INFRA-STRUCTURE	178,314,000	12,765,000		11,500,000		202,579,000
Primary & Secondary	30,240,000			11,500,000		41,740,000
Tertiary Education	60,762,000	11,465,000				72,227,000
Health	79,252,000	1,300,000				90,252,000
Sports Facilities	5,900,000					5,900,000
Social Welfare Rehabilitation Centres	2,160,000					2,160,000
WATER & SANITATION	214,550,000	684,000	29,460,000			244,694,000
Dams	145,000,000	684,000				145,684,000
Urban Wash	51,050,000		15,460,000			56,510,000
Rural Wash	18,500,000		14,000,000			32,500,000
AGRICULTURE	58,375,000		7,205,000	6,803,000		72,383,000
Irrigation Development	36,531,000		7,205,000	6,803,000		50,539,000
Other Agriculture Infrastructure	21,844,000					21,844,000
PUBLIC AMENITIES	**196,788,000**	75,000	31,900,000	40,000,000		268,763,000
Institutional Accommodation	162,018,000	75,000	31,900,000			190,843,000
Housing Development	8,992,000			40,000,000		48,992,000
Project Preparation Development Fund	25,778,000					25,778,000
GRAND TOTAL	1,138,282,000	311,767,000	89,385,000	969,403,000	78,200,000	2,597,037,000

338. In response to concerns by stakeholders regarding the quality and pace of delivery of public sector projects and services, the 2019 Budget introduces the following measures:

- Government will procure independent consultants to assist procuring entities effectively manage projects, including undertaking value for money audits for ongoing projects;
- Standard bidding documents and contracts for common items procured by the public sector will be introduced to address some inefficiencies noted in our procurement process;
- Unbundling of some parastatals, to separate the regulatory and operational functions so as improve operational efficiencies as well as crowd in private sector investments;
- Improving on optimal use of resources under the Capital Sinking Fund, managed by the Infrastructure Development Bank of Zimbabwe. Respective Accounting Officers will be given flexibility to reallocate funds across projects within the same sector that are moving at different speeds;
- All new projects will undergo rigorous assessments, including feasibility studies, before inclusion in the Public Sector Investment Programme;
- Performance of consultants, contractors and suppliers will be monitored and updated through a central registry managed by PRAZ. Where a contractor fails to perform, Section 99 of the PPDPA Act will

be invoked that provides for debarment of underperforming and non-performing suppliers and contractors.

Energy

339. Power availability from existing power stations, currently ranges between 1000MW to 1600MW, against demand of 2 200MW, necessitating power imports.

Domestic Power Generation Capacity & Supply

Power Plant	Current Installed Capacity	Average Output (MW)								Average for the Period	Capacity Utilisation %
		2010	2011	2012	2013	2014	2015	2016	2017		
Kariba	1050	661.96	593.76	613.31	568.67	616.72	563.71	332.09	439.53	548.67	73%*
Hwange	920	301.06	390.39	356.70	436.86	436.23	424.75	395.35	365.56	388.35	42%
Harare	100	0.00	8.41	6.87	16.54	24.62	23.88	18.46	8.60	13.42	13%
Bula-wayo	90	0.00	14.32	20.31	19.63	19.12	19.87	12.58	5.87	13.96	16%
Munyati	100	8.50	22.08	23.18	21.61	20.09	19.78	13.28	4.37	16.61	17%
IPPs (Hydro)	31.85	0.08	0.23	0.30	1.62	3.30	6.17	8.26	15.06	4.38	14%
IPPs (Solar)	2.5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0%
Dema	100	0.00	0.00	0.00	0.00	0.00	0.00	53.94	22.34	42.41	42%
Total	2394.35	971.60	1029.19	1020.68	1064.93	1120.08	1058.16	833.96	861.31	1027.81	43%

**The capacity utilisation factor derivation excludes Kariba G7 and G8 which were commissioned in 2018*

340. Except for Kariba, capacity utilisation and reliability of the other power stations have remained low due to the age and maintenance backlog.

341. The current level of electrification stands at 42% with electrification rates for urban areas at 79% whilst those of rural areas amount to 20%.

342. With regards to demand side management, ZETDC is implementing the prepaid and smart metering projects, which are meant to improve the financial situation of the sector and also critical in attracting private capital for investments in maintenance as well as sustain expansion projects.

Electricity Generation

343. Zimbabwe's installed generation capacity now stands at 2260MW, following the completion and commissioning of the Kariba South Expansion Project this year, which added 300MW to the national grid.

344. However, all the coal-fired power stations now require major upgrades due to age and lack of maintenance over the years.

345. To meet current and future electricity requirements, it is critical that private sector funding be crowded in to sustain the projects going forward.

346. In this regard, the following measures will be pursued:

- Review all current licences and introduce an auction system for all renewable projects, in order to bring competition as well as delivery of projects in the shortest possible time;
- Bring the right mix in the electricity supply chain, targeting hydro, coal, solar and gas projects;
- A comprehensive programme to rehabilitate existing power stations;
- Cost reflective tariffs that will promote efficient use of electricity as well as improve financial performance of the utilities whilst attracting private sector investment.

347. During 2019, an amount of US$350 million will be disbursed under the China Exim Bank loan towards the Hwange 7 & 8 Expansion Project loan, to be invested towards ongoing civil works and manufacture of electro-mechanical equipment for the project among others.

348. An additional US$7 million in fiscal resources and US$52.5 million of ZPC's own resources has been ring-fenced towards local related costs for the project.

349. Work will be undertaken to ensure financial close for critical upgrading projects, such as Hwange Life Extension, Deka Pump Station, Bulawayo and Harare Thermal Power Stations.

Transmission and Distribution

350. Zimbabwe's power transmission network infrastructure, vital for wheeling of power within the Southern Africa Power Pool (SAPP) is in need of expansion and reinforcement to ensure systems stability and security of supplies, more-so given the generation expansion projects currently underway within the region.

351. Targeted transmission and network interventions for 2019 will include the following:

- Using own resources, ZETDC will upgrade and refurbish grid transformers, network reinforcement, replacement of breakers and ancillary equipment, system protection, communication and power network, connection of new customers and shunt reactors replacement;

- Under the Zim-Fund Phase II Emergency Power Infrastructure Rehabilitation Project, an amount of US$6.4 million will be disbursed in support of civil works and installation of power transformers at Kwekwe's Sherwood and Mutare's Orange Groove substations respectively;
- The African Development Bank will disburse US$2.7 million during 2019 for the Alaska-Karoi Power Transmission Reinforcement Project, covering designs, environmental and social management services as well as Network Master Plan Study.

352. The African Development Bank will also support the North East Network Rehabilitation (US$11.5 million Atlanta-Mutoko Power Project), commencing next year of which an amount of US$4.5 million will be disbursed during 2019.

Rural Electrification

353. In line with the objective of universal access to energy, as well as the quest to achieve balanced development, Government targets to have every household access one modern source of energy, particularly renewables.

354. The Rural Electrification Programme targets extension of the electricity grid to unserved rural communities, where only 20% of households are electrified.

355. Under the programme, 435 public institutions will be electrified at a cost of US$21 million, drawing from the Rural Electrification Fund.

356. The Budget provision of US$1 million will support construction of 15 biogas digesters at a cost of US$0.4 million, whilst US$0.6 million will fund feasibility studies for Small Hydro Power Plants.

357. Taking advantage of the abundant sun in the country, Government will commence the roll out of solar mini grid systems in the country, at a cost of US$3.1 million.

Water Supply

358. Since 2000, provision of WASH services in most parts of the country have been erratic and unreliable, despite WASH coverage for safe drinking water now estimated at 98.4% for urban areas and 67.5 % for rural areas.

359. Access to clean water has been varied, with some areas having not received any supplies for a very long time, resulting in the emergence of communicable diseases, such as cholera.

360. Many new urban settlements are not connected to municipal water supplies, whilst in older settlements, supplies are erratic forcing residents to seek alternative and unsafe water sources.

361. The high water losses and archaic billing systems in most urban authorities undermine revenue generation and financial performance.

362. Furthermore, investments are needed to ensure enforcement of standards as well as promotion of positive sanitation and hygiene behavior among citizens.

363. The above challenges constrain economic growth and impose huge costs on society, particularly the poor.

364. Guided by the Transitional Stabilisation Programme, the Budget will target the following key intervention areas in the water sector during 2019:

- Implement a clear programme to progressively utilise capacity of existing water bodies for industrial, domestic and irrigation purposes,
- Construct new water sources and conveyancing infrastructure, particularly for Harare and its environs,
- Intensify rehabilitation and upgrading of existing infrastructure to restore lost capacity,
- Ensure that the User–Pay-Principle is applied across all water using subsectors so that the provision of the service is sustainable.

- Carry out a comprehensive assessment of major dams in the country to determine the risks to public safety, potential use and extent of siltation,
- Strengthen the planning and regulation in the water and sanitation sector, through the establishment of an independent water and waste water services regulator, among other measures.

Dam Projects

365. Execution of ongoing projects such as Marovanyati, Causeway and Gwayi-Shangani dams will be prioritised, to ensure their completion during 2019, with a provision of US$55 million.

366. Government will also facilitate ongoing works at Semwa Dam as well as project development activities and commencement of works for Kunzvi, Chivhu, Tuli Manyange, Dande, Silverstroom and Bindura dams, with an overall allocation of US$87.7 million.

367. The Table below indicates the works targeted during 2019:

NAME OF PROJECT	PROVINCE	2019 Targeted Works	2019 BUDGET ALLOCATIONS (US$)
Gwayl Shangani Dam	Matebeleland North	Dam concrete casting, water tunnel outlet structure construction, spillway and bridge construction and curtain grouting.	35,000,000
Causeway Dam	Mashonaland East/Manicaland	Construction of spillway, headwall and guide wall, Right bank saddle dam (core trench excavation and embankment, construction of spillway, construction of gauging weirs and construction of access road and access bridge.	15,000,000
Marovanyati Dam	Manicaland	Concrete works, embankment, roadworks, outlets and contingency.	5,000,000

NAME OF PROJECT	PROVINCE	2019 Targeted Works	2019 BUDGET ALLOCATIONS (US$)
Bindura Dam	Mashonaland Central	Excavation and grouting of core trench and cut off trench, excavation, grouting and backfilling of left bank saddle dam and raising of left bank saddle dam.	14,000,000
Tuli-Manyange Dam	Matebeleland South	Site rise establishment, clearing and stripping, excavations and grouting and concrete works.	15,000,000
Semwa Dam	Mashonaland Central	Riverbed excavation, grouting and backfilling and tunnel excavation.	18,000,000
Dande Dam	Mashonaland West	Site re-establishment, foundation excavations, grouting and tunnel exca-vations.	10,000,000
Chivhu Dam	Mashonaland East	Excavation, grouting and construction of treatment plant.	15,000,000
Silverstroom Dam	Mashonaland Central	Foundation excavations, grouting and tunnel excavations	9,000,000
Grand Total			**136,000,000**

368. Noting the number of existing idle water bodies in the country, a deliberate programme, meant to maximise benefits from such investments, will be undertaken. These will include the development of irrigation infrastructure, fisheries, and water conveyancing systems, among others.

Use of Idle Water Bodies

369. Despite the positive strides Government has made in the development of water bodies, most dams remain idle after completion or are not fully utilised to their full potential, as the requisite conveyancing and downstream infrastructure is still to be developed.

370. In this regard, a deliberate strategy to exploit the existing resource will be undertaken by carrying out detailed feasibility studies and plans that

will guide towards a comprehensive development of Master Plans for all completed dams.

371. The targeted dams are as indicated below:

Dam Name	Province	Amount required for feasibility and master plan	
Tokwe Mukosi	Masvingo	Completion of ongoing Irrigation Feasibility Study and development of a comprehensive Master plan in line with identified and approved 14 anchor activities underpinning the development.	2,000,000
Gwayi-Tshangani Phase 2	Mat North	Greenbelt feasibility study along the 245km pipeline to inform developments along corridor, EIA completion and a general masterplan of all other potential projects in the region.	2,500,000
Marovanyati	Manicaland	Irrigation feasibility study and uprating of Murambinda water treatment works in order to boost domestic water supply for the Growth Point	2,000,000
Causeway Dam	Mash East	Irrigation feasibility study, conveyancing line to Marondera University and master plan development.	1,500,000
Semwa dam	Mash East	Irrigation feasibility study and master plan	4,500,000
Bindura	Mash East	Irrigation feasibility study and master plan	1,000,000
Tuli Manyange	Mat South	Irrigation feasibility study and master plan	1,000,000
Chivhu dam	Midlands	Water supply design and master plan	500,000
Kunzvi Musami	Mash East	Irrigation feasibility study, Pipeline surveys, boaster stations and master plan	2,500,000
Dande	Mash Central	Irrigation feasibility study and master plan	1,500,000

372. An amount of US$6 million has been allocated for commencement of technical studies for the above targeted water bodies during 2019.

Urban WASH

373. The Service Level Benchmarking (SLB) exercise, undertaken with support from the World Bank in 32 urban local authorities, underlined critical interventions needed to restore services in the 32 Local Authorities, particularly with regard to infrastructure services.

374. The 2019 Budget will, therefore, make provision for the rehabilitation of water and sewer infrastructure, amounting to US$45.2 million in 18 urban local authorities, as indicated in the table below:

PROJECT TITLE	PROJECT SCOPE	Allocation (US$)
Water and Sewerage		
Urban Local Authorities		
Harare City Council	Rehabilitation of clarifiers, outfall sewer and upgrading of collapsed sewer.	**4,100,000**
Bulawayo City Council	Construction of sewer reticulation system for 9 000 stands at Hlalani Kuhle	**4,150,000**
Gweru City Council	Replacement of pumps at 3 main pump stations and rehabilitation of Cambridgeshire Treatment Plant	**4,000,000**
Norton Town Council	Rehabilitation of sewer ponds and sewer reticulation system in Maridale	**2,500,000**
Beitbridge Municipality	Rehabilitation of the sewerage reticulation system	**1,400,000**
Lupane Local Board	Upgrading of sewer reticulation system.	**1,100,000**
Chirundu Local Board	Construction of a new sewerage reticulation system.	**1,000,000**
Kadoma City Council	Rehabilitation of the water reticulation and construction of a pumping station	**1,800,000**
Kwekwe City Council	Upgrading and rehabilitation of the sewer and water reticulation system,	**2,300,000**
Marondera Municipality	Rehabilitation of the water reticulation network	**2,900,000**
Bindura City Council	Construction of water treatment plant and rehabilitation of water reticulation network.	**3,800,000**
Victoria Falls	Rehabilitation of the water and sewer reticulation network	**2,000,000**
Chiredzi Town Council	Complete reticulation upgrade and construction of a reservoir.	**2,000,000**
Chitungwiza Municipality	Rehabilitation of sewer infrastructure in Zengeza	**1,500,000**
Chegutu Municipality	Rehabilitation of water and sewerage network and construction of new manholes.	**3,500,000**
Chinhoyi Municipality	Rehabilitation and upgrading of the sewerage reticulation system	**2,800,000**
Epworth Local Board	Upgrading of water mains, sewer outfall, sewer treatment plant,	**2,300,000**
Redclif Municipality	Rehabilitation and upgrading of the water and sewer reticulation network	**2,000,000**
Sub-Total		**45,150,000**
Rural District Councils		
Chirumhanzu RDC	Sewer ponds rehabilitation	**726,000**
Manyame RDC	Construction of sewerage reticulation system.	**700,000**

PROJECT TITLE	PROJECT SCOPE	Allocation (US$)
Umzingwane RDC	Upgrading of Esigodini Sewage Ponds	**520,000**
Masvingo RDC	Mashava Township Water & Sewer Infrastructure Rehabilitation	**510,000**
Sanyati RDC	Water & Sanitation Project	**1,500,000**
Bikita RDC	Chinobva and Mamvura Water and Sewer Reticulation	**600,000**
Beitbridge RDC	Lutumba Residential Stands Servicing	**600,000**
Mutasa RDC	Water & Sewer Developments For Mutasa Growth Points	**445,000**
Tongogara RDC	Tongogara Water Reticulation	**500,000**
Bulilima RDC	Figtree Water, Sewer Reticulation and Sewer Stabilization Ponds	**1,200,000**
Rushinga RDC	Chimhanda sewer reticulation	**554,000**
Mazowe RDC	Water reticulation for Umzi Residential area and Highwood high density suburb	**985,000**
Chipinge RDC	Provision of portable water to 12 institutions	**600,000**
Chikomba RDC	Rehabilitation and upgrading of water & sewer infrastructure in Chivhu Town	**1,000,000**
Bubi RDC	Sewer reticulation and sewerage ponds in Inyathi	**1,360,000**
Murehwa RDC	Magamba Sewer Reticulation	**900,000**
Nyaminyami RDC	Construction of water and sewerage reticulation system.	**800,000**
Mbire RDC	Construction of water and sewerage reticulation system.	**500,000**
Sub total		**14,000,000**
Grand Total		**59,150,000**

375. The above interventions will be complemented by support from Development Partners.

376. Under the Zim-Fund Phase 2, Urgent Water Supply and Sanitation Rehabilitation Project, an amount of US$4 million will be channeled towards outstanding pumping water and sewerage systems works for Harare and Redcliff, which are expected to be complete by September 2019.

377. Furthermore, the African Development Bank will disburse US$10 million during 2019, for the Bulawayo Water and Sewerage Services for rehabilitation of outfall sewers, waste water treatment plants, Crowdry Park community sewerage network, as well as improving public toilets.

Rural WASH

378. In promoting equitable development in the country, Government will support the growth of small towns and growth points, as a stimulus for economic activity and markets for rural communities, through support for water and sewer infrastructure.

379. Investments will target improvements in coverage of rural water supply, from the current 67.5% to 75%, focusing on rehabilitation and maintenance of the extensive borehole network as well as construction of additional facilities in unserviced areas.

380. The 2019 Budget will support 18 Rural District Councils, to the tune of US$14 million for implementation of water and sanitation programmes within their localities.

381. Furthermore, an amount of US$4 million has been provided for the rehabilitation of boreholes as well as construction of new boreholes, through the District Development Fund and ZINWA.

382. The People's Republic of China, will also avail resources for the construction of new boreholes in the country, estimated to cost US$6 million.

383. Other Development Partners, through UNICEF, will avail US$8 million for rehabilitation for water and sanitation infrastructure in 12 districts

Transport and Communication

Road Network

384. The 2016/17 National Roads Condition and Inventory Report, carried out on all public roads identified 98 049km of network, of which 30% is in the poor to very poor condition, 40% in fair condition, 17% in good condition whilst only 8% was in very good condition.

385. The report further proposes a stimulus package to address the periodic and backlog maintenance rehabilitation needs, estimated at US$5.5 billion (see Annexure 3).

386. The Road Network Expansion and Rehabilitation Programme, already underway, seeks to reclaim and transform our roads into a world class network, targeting the following:

- Dualisation of major regional trunk roads;
- De-congestion of targeted road sections, through a road dualisation programme;
- Upgrading targeted trunk roads from gravel to bituminous surfacing;
- Ring-fencing resources for repair and maintenance of the country's 98 133km road network;
- Recapitalisation of Road Authorities, through procurement of road maintenance equipment; and

- Rehabilitation and construction of bridges and other road infrastructure.

387. In execution and prioritisation of road projects, Government is mindful of the fact that *‘a road is an economy’* capable of transforming economic activities and lives around it.

388. During 2019, an amount of US$910.4 million, comprising of fiscal resources, US$381.3 million and Road Fund resources of US$272.8 million will be availed.

389. Leveraging on the Road Fund, an amount of US$250 million will be mobilised from the market through a ZINARA Infrastructure Bond to finance the Harare- Masvingo- Beitbridge road.

390. The targeted investments during 2019 into the road sector cover the following:

- Dualisation of 135 km;
- Upgrading of 646 km of gravel to bituminous surfacing;
- Regravelling of 483 km;
- Construction of 22 bridges countrywide; and
- Upgrading of National Parks roads.

391. Through the Japanese Government, an amount of US$6.3 million will be disbursed during 2019 for upgrading the Makuti-Hells gate section, along the Harare-Chirundu road.

Harare – Masvingo – Beitbridge Dualisation

392. The Harare-Beitbridge highway is part of the North–South Corridor, linking the southern port of Durban, in South Africa, to other SADC and COMESA member states to the North and hence, facilitates trade within the region and Africa at large.

393. The increase in traffic volumes, coupled with the poor state of the road, has resulted in congestion and an increase in accidents resulting in loss of lives and property.

394. Government, as far back as 2001, made a decision to upgrade the Beitbridge –Harare–Chirundu Road under a BOT arrangement.

395. Procuring the concessionaire through a Public Private Partnership Arrangement has remained a challenge, notwithstanding the challenges the motoring public continue to face daily on the road due to its poor state.

396. In this regard, Cabinet, on 9 October 2018 reviewed the delivery model where Government would directly procure the works.

397. This should allow for timeous implementation of the project in a cost effective manner and consistent with the objective of maximising the use of local content, such as local contractors, materials and labour.

398. The works consists of a phased dualisation, rehabilitation and widening of the existing road from the current 7 metre width to SATCC standards of 12.5 metre width and adding climbing lanes, where necessary.

399. To address the traffic build-up towards major cities and towns along the route, dualisation of at least 10km of approaches into towns and cities will be undertaken.

400. Furthermore, implementation time for the project will be shortened by segmenting the road and works awarded to local contractors, through a competitive tendering process, as guided by the Public Procurement and Disposal of Public Assets Act.

401. The total cost of implementing the project is estimated at US$1.2 billion, to be funded from an Infrastructure Bond, supported by financial institutions. ZINARA revenue streams and fiscal resources will be used to liquidate the bond on maturity.

402. During 2019, an amount of US$300 million will be disbursed to the project, comprising of US$50 million in fiscal resources and US$250 million through a ZINARA Infrastructure Bond to support the works.

Rail Transport

403. About US$2 billion is required to rehabilitate and upgrade the railway network, signalling and communications equipment, as well as rolling stock. This is obviously beyond the capacity of the Budget.

404. In this regard, Government will facilitate mobilisation of private sector funding, leveraging on the parastatals' assets and cash flows.

405. Already, negotiations are underway with the Diaspora Infrastructure Development Group/Transnet Consortium to inject US$216 million into NRZ, under a joint venture arrangement, targeted at the following:

- Refurbishment of existing rolling stocks;
- Provision of new rolling stock;
- Provision of specialised technical and advisory services;
- Provision of requisite tools and equipment;
- Rehabilitation of Permanent Way (track);
- Upgrade and modernisation of signalling and ICT systems; and
- Refurbishment of engineering workshops and refuelling depots.

406. Given that reaching financial close under the above arrangement will take time, Government will assist NRZ to mobilise funding from the domestic market to allow the parastatal address some of the current infrastructure challenges.

Aviation

407. Zimbabwe civil aviation operates in a global industry, and hence the airport and air navigation systems have to be of international standard.

408. A key objective is to meet the minimum requirements of the International Civil Aviation Organisation (ICAO) and have Zimbabwe reclassified by the Federal Aviation Administration (FAA) and the European Aviation Safety Agency (EASA).

409. This will entail implementation of the following:

- A comprehensive upgrade of aviation infrastructure;
- Improvement of airspace management and airport operations, especially with regard to safety and security;
- Liberalisation of the air transport market, including capitalisation of Air Zimbabwe;
- Implementation of institutional reforms to separate the regulatory functions of CAAZ from its commercial airport operations;
- Development and retention of requisite skills for the civil aviation industry.

410. In particular, airports earmarked for upgrading in 2019 include R. G. Mugabe International Airport (US$78.2 million) and the control tower at the J. M. Nkomo International Airport (US$8 million), with funding from China Exim Bank and the Budget, respectively.

411. Furthermore, loan funding amounting to US$16.8 million will be secured for the Air Space Management System, that allows for aircraft communication to and from the ground, as well as monitoring of aircraft

activity, through procurement and installation of primary and secondary radar systems and related equipment.

Aviation Institutional Reforms

412. The Civil Aviation Amendment Act, 2018 (No. 10 of 2018), which came into effect on 20th of July 2018, provides for the separation of the Airport operations and the Regulatory function through the creation of the Airports Company of Zimbabwe.

413. The separation of the regulatory and commercial aspects of airport operations will facilitate participation and crowding in of private investments into airport operations.

414. Already, Government is working on modalities for the transfer of functions and assets between the two entities, including operationalisation, which should enable effective management of our airports, in line with international best practice.

Border Posts

415. In July 2015, Government made a decision to modernise and upgrade all its border posts that encompasses the following elements.

- Upgrading should allow for One Stop Border Post expansion programmes;
- Separation of traffic at the border;

- Entry and exit points should incorporate the latest designs of controlled movement;
- The use of latest technology in border management, including e-enabled Integrated Border Efficiency Management Systems (IBEMS);
- The structures shall conform to national and international standards in relation to emergency exits, lighting, power supply, water and sanitation, environmental protection, etc.

416. The model Border Post will be implemented at Beitbridge first, before cascading to the other entry points such as Plumtree, Chirundu, Forbes, Nyamapanda, Victoria Falls and Kazungula Border Posts.

417. Already, work on the upgrading and modernisation of Beitbridge is underway, following the award of the contract to Zimborders Consortium.

418. The concessionaire is already working on achieving financial close for the project that should pave way for the full implementation of the project.

Housing Development

419. The prevalence of informal settlements that lack basic infrastructure and sustainable services has increased significantly in most towns and cities.

420. Inadequate offsite infrastructure is seen as the major constraint to housing development, as most local authorities are not able to establish new viable settlements, as this would strain existing bulk infrastructure.

421. The strain on current infrastructure has resulted in sewer bursts, water outages, inaccessible road networks, and overcrowded health and education facilities.

422. Urban renewal has also become urgent as some areas have lost their social, economic and environmental functionality, resulting in congestion, decline in quality of the living environment, building decay or disuse, weakening formal governance systems and spawning proliferation of social vices like crime, drug abuse and prostitution.

423. In this regard, Government will institute policy interventions that allow for the development of synergies and participation of all stakeholders, including the private sector, employers, citizens, development partners in the provision of shelter.

424. Such interventions will include the following:

- Private sector involvement in housing development, through Public Private Partnerships with local authorities and employers, focusing on development of onsite and offsite infrastructure;
- Updating the current housing waiting list, including issuance of title deeds to informal settlement beneficiaries, to enable them access mortgage finance for housing development;
- Promoting investments in low cost serviced stands to address the plight of the poor;

- Instituting a comprehensive programme for the formalisation of informal settlements, where beneficiaries contribute towards provision of on-site infrastructure; and
- Rolling out urban renewal programmes, with participation of the private sector.

425. An amount of US$264.8 million will be invested into the housing sector during 2019, comprising of US$192.8 million in fiscal resources and US$71.9 million from the market and other public entities (see Annexure 4).

Institutional Housing

426. Given the acute shortage of offices for Ministries and Departments, Government will prioritise completion of stalled and ongoing projects.

427. In this regard, US$183.9 million will be invested towards the completion of projects such as Lupane, Hwedza, Mutoko composite offices, district registry offices, court facilities, amongst others (see Annexure 5).

428. Furthermore, an amount of US$5.7 million will be channeled towards rehabilitation and construction of our Chanceries in London and New York, including purchase of a stand in Dodoma.

429. Investments of US$13.6 million through ZIMRA will target upgrading of facilities such as staff accommodation and offices at Kazungula, Beitbridge and Forbes to cater for increased demand for services.

Construction of New Parliament Building

430. Implementation of the New Parliament Building in Mount Hampden is underway, following the granting of the National Project Status to the project.

431. During 2019, an amount of US$3.2 million from fiscal resources and US$31.9 million from the People's Republic of China will be disbursed to the project to cover works and roads.

ICT

432. Over the past decade, great strides have been achieved in the uptake and use of Information Communication Technologies, as evidenced by the high active mobile penetration rates of 84.6% and the internet penetration, which stood at 52.1%, as at the first quarter of 2018.

433. The implementation of e-Government services has also progressed steadily, through investments in the requisite ICT infrastructure, introduction of services to the citizenry such as in education, health, research and development, as well as the creation of Community Information Centres in some of the disadvantaged communities.

434. At present, communications infrastructure is owned by various public and private players. To improve coverage and capacity, there is need to harmonise and establish a national backbone infrastructure that reaches all corners of the country.

435. This would allow the country to take advantage of the transformational impact of ICTs and help reduce the rural urban divide.

Zimbabwe Digital Migration Project

436. The Zimbabwe Digital Broadcasting Migration Project is a critical component of the country's ICT backbone infrastructure, meant to deliver digital television services in line with developments across the world.

437. Through the Budget, an amount of US$39.3 million has been set aside for the project during 2019, targeted at digitalisation of 11 additional transmitter sites, renewal of 10 FM Radio transmitter sites, construction of seven new site towers and digitalisation of 2 television studios and three radio studios to cover unserved areas.

E-Government Programme

438. To fully benefit from the advances in technology, Government is upgrading its public digital infrastructure, essential in providing public services which are easier, quicker and more convenient for people to use, and at a lower cost than current methods.

439. In this regard, the 2019 Budget has provision for the following:

- National Data Centre, US$2 million;
- Voice Over Internet (VOIP), US$12 million;
- E-Government Flagship Projects, US$2 million; and
- Upgrading of ZIMRA Systems, US$13 million.

Digital Dividend

440. The Digitalisation Migration Project, under implementation since 2015, will replace the current Analogue Television Broadcasting System with the new Digital Broadcasting Platform, in line with the International Telecommunication Union requirements.

441. This migration creates a Digital Dividend Spectrum space, which can be sold or leased to telecommunication companies, and hence, provide additional funding for the Budget. It is critical that the nation sweats its spectrum resources through competition in order to maximise on benefits from this scarce resource.

442. Previously, the Dividend Spectrum had been sold to NetOne by the Broadcasting Authority of Zimbabwe for US$200 million, but the parastatal failed to mobilise the required funding.

443. Once sold, the resources mobilised can be reinvested into the telecommunication sector, for example, towards completing the Digital Broadcasting Migration Project, whose outstanding requirement is more than US$100 million.

Project Preparation Development Fund

444. As Government pursues various market based infrastructure financing models outside the Budget, project development capacity become

critical. In fact, current slow implementation of projects and continuous changes in project costs are largely on account of inadequate feasibility studies and insufficient project preparations.

445. Accordingly, the 2019 Budget makes an allocation of US$25.7 million towards the Project Preparation Development Fund (PPDF), to meet project development costs, such as feasibility studies, environmental and social impact assessments and design studies, among others, that will guide investment decisions by private investors.

HUMAN CAPITAL DEVELOPMENT AND DEMOGRAPHIC DIVIDEND

446. Rapid technical change, globalisation and economic liberalisation in recent years require us to prioritise skills development, as a key strategy for economic competitiveness and growth.

447. The focus should, therefore, extend beyond education career prospects to skills development, that way tackling inequality and promoting social mobility and growth.

448. Indeed, investment in education and health is the main route to harnessing the demographic dividend.

Education

449. Education provision remains key in driving the economy's future, and harnessing the demographic dividend. Guided by priorities set out in the

TSP as well as the Education Sector Strategy Plan (2016-2020) which are in support of SDG goal 4 and the desire to meet the target set under the Paris Declaration on Education, which states that Governments should provide at least 20% of the National Budget to Education or 6% of GDP, the 2019 Budget hereby proposes to appropriate support of US$1 162.7 billion towards basic education, broken down as follows:

- Employment costs, US$1 048.4 billion, for over 121 000 officials, most of whom are teachers;
- Operations and maintenance amounting to US$77.1 million; and
- Capital expenditures of US$37.2 million have also been provided across all programmes.

Junior Education

450. The 2019 Budget will continue to support further improvement in junior education so that learners are prepared for secondary education. In that vein, a provision of US$28.6 million is being proposed for junior education.

451. The allocation will cater for the rehabilitation and construction of additional classrooms to avert hot sitting in schools as well as improve access in newly resettled areas, procure teaching and learning materials, inclusive of mobile laboratory equipment to facilitate the teaching of science which has now been introduced from junior level. School supervision and

monitoring as well as teacher training will also be funded for the resource envelope in an endeavour to improve quality education.

Secondary Education

452. Statistics have shown that the transition rate from junior education (Grade 7) to secondary education (Form 1) stands at 79% in 2017, up from 75% in 2012. There still remains a huge gap of children not being absorbed in the school system due to shortage of schools, among other reasons.

453. The 2019 Budget will thus avail US$45.4 million for Secondary Education, to cover the construction of schools so as to increase access and to construct science labs and tech-voc rooms. Procurement of teaching and learning materials will also be prioritised together with monitoring and supervision of secondary schools and equipping the teachers.

Higher and Tertiary Education

454. An appropriation of US$375.8 million is proposed for Higher and Tertiary Education, Science and Technology Development to steer the Transitional Stabilisation Programme thrust, towards making our educational system more relevant to the demands of the economy and markets.

455. For this reason, Government will focus on improving and expanding higher and tertiary institutions, provision of adequate infrastructure and student access to financial resources, as well as making an assessment of the National Critical Skills Audit to identify skill deficits in the country.

456. Priority will also be given to capacitating Technical and Vocational Education and Training institutes in order to equip the youth with the relevant skills necessary for industrialisation.

457. To improve access and quality of the learning environment at our universities, US$29.7 million has been allocated towards completion of targeted works.

458. Priority has also been given to the construction of student accommodation and faculty blocks at Marondera, Manicaland and Gwanda State Universities.

459. With regards to already existing institutions, considering the huge amount of resources required for the provision of decent accommodation and limited fiscal space, Government has turned to Joint Venture initiatives for the construction of halls of residence, through public-private partnership arrangements.

460. This initiative will enable the projects to be delivered on time and supplement limited public sector capacities to meet the growing demand for infrastructure development. In this regard, State Universities are negotiating with interested parties in the private sector and a number of them have shown capacity and willingness to undertake the projects.

Student Support

461. Government, in partnership with a leading South African education fund (Fundi Capital) launched the Student Loan Facility dubbed *'Edu Loan'* to facilitate access to financial resources by students undertaking various programmes at higher and tertiary institutions.

462. The loans target payment of tuition fees, accommodation and educational materials.

463. However, to access the above loans, students need to have collateral security to guarantee repayment of the loans plus interest. The 2019 budget has, therefore, set aside resources amounting to US$8 million to cater for those disadvantaged students without the required security.

Capacitating Teachers in the Teaching of Science

464. To ensure a technologically driven economy, the TSP targets learners at an early stage in their educational hierarchy. As such there is need to ensure schools are equipped with the requisite infrastructure and teachers to promote teaching of science and mathematics.

465. In this regard, a total of US$3 million has been provided towards construction and equipping of science laboratories at Masvingo and Mkoba Teachers Colleges as well as Joshua Mqabuko Nkomo Polytechnic College.

466. In addition, secondary school science courses will be introduced in some of the primary teacher's colleges that already have infrastructure and resources that support secondary teacher education in sciences.

467. The above intervention will assist in increasing the number of students training as science teachers.

Skills Audit

468. According to the National Critical Skills Audit report of 2018, Zimbabwe has a literacy rate of 94% but skills level is at 34%.

469. The above skills level calls for continuous assessment of skills levels to take into consideration technological changes and to identify critical skills required to grow the economy and inform curriculum development from time to time.

National Qualifications Framework

470. About US$100 000 has been set aside for the operationalisation of the Zimbabwe National Qualifications Framework, a framework that has been developed to harmonise and standardise national qualifications that meet regional and international standards.

471. This framework will facilitate the transfer of credits and free movement of learners between various institutions within or outside Zimbabwe through vertical and horizontal progression pathways.

Research and Development

472. Government recognises that Research and Development is critical for transformation of the economy and hence commits to attain desired funding level of at least 1% of GDP in line with international best practice levels.

473. Notwithstanding current resource challenges which frustrate our ability to achieve the desired 1% of GDP level of funding, the 2019 National Budget will nonetheless provide US$95 million (0.3% of GDP) for R&D catering for all research institutions in various sectors (see Annexure 6).

474. However, under the TSP, this level will gradually be increased as we realise benefits in terms of revenue from current reform efforts.

475. Innovation hubs were established at six higher learning institutions namely:

- Chinhoyi University of Technology;
- Midlands State University;
- Harare Institute of Technology;
- Zimbabwe National Defence University;
- National University of Science and Technology; and
- University of Zimbabwe.

476. In this regard, a total of US$26.5 million has been allocated towards completion of on-going works which are at various stages as well as procurement of laboratory equipment.

Learner Welfare Services

477. The 2019 Budget proposes to provide US$5.1 million, in order to ensure that schools promote student well being in all learning experiences, by providing an environment that supports students to develop knowledge, understanding and skills to manage their own health and well being and to support that of others.

478. The resources will assist in the continued implementation of the Home Grown School Feeding Programme, with the aim of extending coverage to secondary schools, procurement of assistive devices for learners with disabilities as well as offer guidance and counselling, psychological services, and promote the implementation of the School Health Policy in all schools.

Non-Formal Education

479. Non-formal education will also be enhanced so as to cater for out of school children and ensure that they are not left behind in acquiring literacy and numeracy skills.

480. Accordingly US$1.3 million has been availed to facilitate compression and interpretation of the syllabi as well as monitoring and supervision.

The provision will also facilitate the Ministry to identify 10 schools per province that will offer non-formal education.

Health Care

481. Zimbabwe has a long track record of delivering comprehensive health services across the country, which was eroded during the economic difficulties of the past decade.

482. The goal is to ensure that the four levels of care (primary, secondary, tertiary, and quaternary) have the appropriate infrastructure, equipment and health commodities, and are staffed with individuals trained in needed techniques and skills at the respective levels.

483. The 2019 Budget provision of US$686.9 million (inclusive of health levy) will ensure that the referral system is re-established in order to reduce bottlenecks being experienced at tertiary and central hospitals.

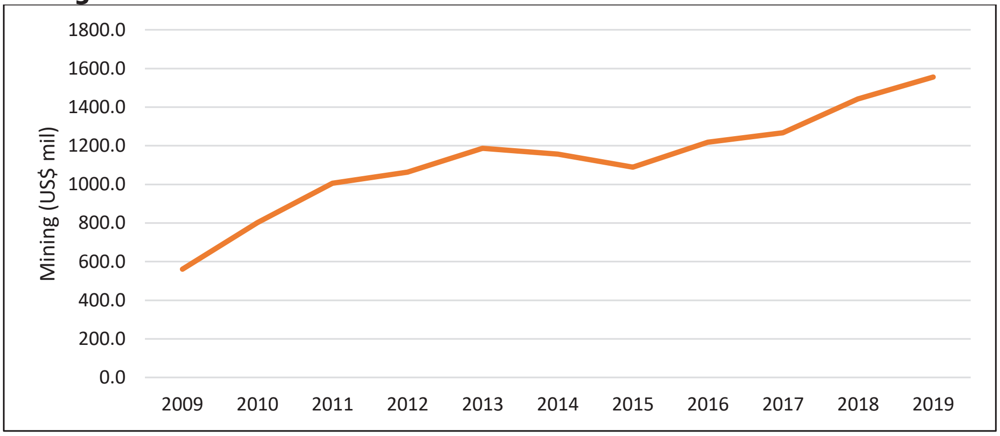
484. Support to the health sector will be complemented by the other interventions Government is making in roads, water and sanitation provision and food security, among others, which have a bearing on the health status of citizens.

NATURAL RESOURCE MANAGEMENT

Mining

485. The positive contributions of mining in terms of GDP, foreign generation, employment and other benefits from value chains have to be consolidated under the TSP and 2019 Budget.

Mining Contribution to Nominal GDP



486. In 2018 alone, foreign currency earnings from mining was US$2.3 billion for the first nine months and are expected to reach US$2.9 billion by year end.

487. In terms of employment, the sector is estimated to be providing slightly over 33,000 formal direct jobs with indirect jobs through upstream and downstream industries estimated at about 70,000 and approximately 500,000 Artisanal and Small-scale Mining (ASM) while slightly over a million people are dependent on the sub-sector.

488. While performances to September 2018 of key minerals such as diamond, nickel and PGMs point to better prospects for 2018, than previous year's forecast, the performance in gold, chrome and coal is expected to be below targets (see Annexure 7).

489. Gold production, which has been on the upbeat, following support to small scale producers, nosedived in October 2018 over crippling shortage of foreign currency, a situation that will weigh down our growth prospects for 2018.

490. Pursuant to this, the mining sector growth for 2018 has been further revised downwards from the initial revision of 26% to 13%.

491. In the outlook, the mining sector is projected to grow by 8.1% in 2019, subject to implementation of a number of measures that facilitate the viability of the sector.

Value Addition and Beneficiation

492. Realisation of our Vision of an upper middle-income economy with a per capita income of US$3 500 by 2030, is anchored on value addition of our mineral resources.

493. The thrust is to add value and beneficiate more, through processing and refining of minerals, and link processed and refined minerals to the manufacturing sector, in order to industrialise.

494. While some progress has been made in the value addition of diamonds, gold and platinum, more needs to be done to fully realise the benefits of this strategy, in terms of job creation and export earnings.

495. In this regard, Government is finalising the mineral value addition and beneficiation policy to improve domestic smelting and refining, to take advantage of the immediate scope for income and exports generation offered by minerals such as platinum, chrome, lithium, nickel, diamond, copper, gold and coal.

Platinum

496. Zimplats, has shelved the US$131 million refurbishment of its Selous Base Metals Refinery (BMR) to pave way for a national refinery which will have concentration, smelting and refining capabilities, including base metal and precious metal refineries which will be used by all miners, a move that has been welcomed by the Government as the country advances its beneficiation and value addition thrust to ensure optimal benefit from the country's natural resources.

497. This is coming at an opportune time when Karo Resources platinum mining project, in Mhondoro-Ngezi, is set to invest around US$4.2 billion to provide necessary feed stock into this refinery.

498. This facility will also help other players, for example, Mimosa mining company, who were finding it difficult to subject their platinum ore to smelter processes for further beneficiation, in line with National Beneficiation needs.

499. Therefore, the Budget will offer the support, including fiscal incentives, to ensure that this is set up within the proposed time frame.

Chrome

500. Lack of adequate machinery and financial resources is crippling the country's capacity to process its raw chrome before exporting.

501. Growth in chrome ore output is also projected to increase on account of a surge in the number of players in the sector, following the redistribution of claims surrendered by ZIMASCO to Government.

502. In response, African Chrome Fields invested over US$50 million in the alumino-thermic chrome processing plant in Kwekwe, with capacity to produce high grade chrome without using electricity.

503. The new ferrochrome process will increase the economic value of high grade chromite ore by removing large quantities of gangue minerals.

504. The 2019 Budget, therefore, pledges to support such initiatives.

Diamonds

505. Considerable support has been given to diamond production and this has seen significant capitalisation of ZCDC, resulting in boost in production volumes.

506. The diamond policy, which will be announced before year end will also pave way for more investments into the sector as this is going to see the unbundling of the ZCDC.

507. Government will also urgently pursue the setting up of a Diamond Industrial Park earmarked for Mutare, wherein, diamond cutting and polishing firms will also be established. This will see all the diamonds produced being processed into jewellery locally unlike the current arrangement, where most of the diamonds are being sent outside for processing, with only 10% being reserved for local cutting and polishing.

Surrender Requirements

508. Foreign currency supply has been a major challenge constraining importation of mining inputs, including consumables and spares. This has seen a number of large scale miners scaling down on production.

509. To rescue the struggling mines, the Reserve Bank has reviewed upwards the retention thresholds of foreign currency to 55% from the 30%, in a bid to avert a collapse of the sector.

510. Government is monitoring the situation, including developments on the international commodity markets, with a view of engaging the mining houses on any further required support to guarantee operations of these companies.

Amendments to the Mines and Minerals Act

511. The amendments to the Mines and Minerals Act are under going further review following Cabinet recommendations.

512. The amendments seek to align the old Act to the current developments and international standards and norms that attract investment. Specifically, the amendments will promote exploration and mining by revoking unutilised claims being held for speculative purposes and harmonise mining taxation laws, with the objective of guaranteeing viability of mining companies.

513. They also seek to recognise small-scale miners, as Government steps up efforts to grow the sector and boost mineral production.

514. The Government will, therefore, expedite the finalisation of the outstanding work and ensure that the Bill is passed into law.

Mining Cadastre Information System

515. Treasury has over the years, been funding the cadastre mapping systems meant to automate the Mining Cadastre Information, that way curbing double allocation of mining claims, allowing speedy resolution of numerous disputes on claims, boundaries and mining title and enhance revenue collection and accountability.

516. The automated Mining Cadastre Information System will also instil investor confidence on geological mapping of Zimbabwe and reduce incidents of corruption in awarding of mining titles.

517. In 2018, Government allocated US$1.7 million towards the programme, which however, could not be utilised owing to foreign currency constraints. Hence, in 2019, the Reserve Bank will be engaged to avail requisite foreign currency for the programme.

Resuscitation of Closed Mines

518. The Transitional Stabilisation Programme targets re-opening of previously closed mines with potential as quick-win projects that can bring benefits to the economy in the short term, such as jobs.

519. Already, Eureka Gold Mine in Guruve, with capacity to become the biggest gold mine in the country, producing 200 kgs of gold monthly and a total of 2.5 tons per year, has been re-opened.

520. A number of investors have shown interest in re-opening some of the closed mines, particularly in gold.

521. Targeted mines for resuscitation in 2019 include Shabanie and Mashaba Mines (SMM) where preliminary report indicates that at least US$20 million is needed to restart the two mines. Government, through the ZMDC has, therefore, started reprocessing of asbestos ore dump with the objective of raising funds to reopen Shabanie and Mashaba Mines (SMM).

522. Other mines being resuscitated include the Elvington Gold Mine, Chegutu, Jena Gold Mine and other ZMDC mines.

Multiplicity of Mining Taxes

523. Over the years, mining houses have been citing multiple taxes being levied as a factor compromising viability. Such taxes, apart from central government, include those being levied by, EMA, MMCZ, RDCs, who ordinarily require revenues for their operations.

524. In response to that, Government proposed the development of the new Mining Fiscal Regime, which seeks to determine the optimal taxation for the sector.

525. This matter has been pending for over a decade and the 2019 Budget pledges to implement this in line with Ease of Doing Business Reforms.

Mining Transparency

526. In order to move along with international best practices on achieving transparency in management of natural resources, the country is considering joining the Extractive Industries Transparency Initiative (EITI). The EITI is an international standard to promote open and accountable management of the extractive industry.

527. Under this initiative, the EITI standards require the disclosure of information along the extractive industry value chain, from the point of extraction to revenue realisation.

528. In this regard, the EITI seeks to strengthen public and corporate governance, promote understanding of natural resource management, and provide the data that guides reforms for greater transparency and accountability in the extractives sector.

529. Currently there are 51 implementing countries[2] and among these, 31 are compliant with EITI requirements. For both the EITI candidate and compliant countries, almost half (23) are from Africa.

530. In Zimbabwe, the now defunct version of EITI, the Zimbabwe Revenue Transparency Initiative (ZMRTI) was once set up in 2011. The ZMRTI comprised three stakeholders, namely:

- Government (including RBZ);
- Mining companies (ZMDC, MMCZ and the Chamber of Mines); and
- Civil society (Zimbabwe Environmental Law Association and Chiadzwa Community Development Trust and universities).

531. The main objective of the initiative was to overcome the mistrust between Government and civil society regarding transparency in management of mineral resources.

532. Government is, therefore, revisiting this initiative, with a view of moving along with other countries on promoting good governance in the mining sector.

2 Afghanistan, Albania, Armenia, Burkina Faso, Cameroon, Central African Republic, Chad, Colombia, Côte d'Ivoire, Democratic Republic of Congo, Dominican Republic, Ethiopia, Germany, Ghana, Guatemala Guinea, Guyana, Honduras, Indonesia, Iraq, Kazakhstan, Kyrgyz Republic, Liberia, Madagascar, Malawi, Mali, Mauritania, Mexico, Mongolia, Mozambique, Myanmar, Netherlands, Nigeria, Norway, Papua New Guinea, Peru, Philippines, Republic of the Congo, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Suriname, Tajikistan, Tanzania, Timor-Leste, Togo, Trinidad and Tobago, Ukraine, United Kingdom, Zambia.

Climate and Environmental Management

533. Climate change poses serious threats to human development, especially on food security, livelihoods, and education in Zimbabwe.

534. The 2017 Zimbabwe Human Development Report highlighted that there has been an overall decline in rainfall of 5% over the last century. The effects of climate change on the economy, are huge and farmers should adapt accordingly. Adopting appropriate agro-ecology and climate resilient agricultural practices, such as conservation agriculture and climate smart agriculture, to promote food security in the communal areas, should be prioritised.

535. Government, on its part, is developing green investment regulations and approaches for green technology transfer. This will entail giving appropriate incentives to the financial markets to make investments in green assets.

536. In addition, private players will be engaged in drought proofing the country from the negative effects of climate change. This will entail ensuring that all idle water bodies are developed into functional irrigation schemes, to ensure climate resilient communities.

537. Under the 2019 National Budget, IPEC will introduce a Weather-based Index Insurance framework. The focus of the product will be for insuring farmers against potential risks.

Environment

538. The country's constitution gives every Zimbabwean the right to an environment that is not harmful to their health and well-being.

539. The thrust is to deal with, rampant deforestation, with an estimated loss of 100 000 – 320 000 hectares of forests per year, solid waste management confronting urban authorities throughout the country, destruction of wetlands and many other risks to our environment.

540. The Budget, therefore, continues to capacitate the local authorities and the Environmental Management Agency (EMA) to manage pollution, waste and deforestation.

541. In addition, Treasury will continue to avail resources towards afforestation programmes. For example, part of the tobacco taxes will be re-invested in afforestation programmes in the tobacco growing areas.

542. Moreover, tree cutting permits will be de-centralised by the Forestry Commission to ensure sustainable harvesting of timber.

543. Furthermore, EMA will work closely with traditional leaders to enforce the proper management of forests and pasturelands country-wide.

544. Furthermore, Government will revitalise the Environment Fund which can be used to contain water pollution and solid waste management. To avert outbreaks like cholera and typhoid in the future the Environment

Fund will act as an early warning signal and assist local authorities and communities in disaster management.

545. Similarly, Treasury will ring-fence US$14.5 million in the 2019 National Budget, being a third of the proceeds from Carbon Tax revenue to be channelled towards environmental restoration activities, including monitoring of ambient air quality, toxic chemicals and waste imports, among others.

Administration of the Tobacco Levy

546. The administration of the Tobacco Levy by the Tobacco Industry and Marketing Board (TIMB) has not served its intended purpose of financing conservation initiatives in the country.

547. In terms of the Forestry Act [Chapter 19:05] and the Communal Land Forest Produce Act [Chapter 19:04], the Forestry Commission is mandated to:

- Conduct forestry extension services within communities countrywide;
- Promote tree seedling production;
- Tree planting;
- Conservation of trees and forests; and
- Enforcing forest legislation.

548. In this regard, it is proposed that 50% of the proceeds from the Tobacco Levy be transferred to the Forestry Commission to enable the parastatal undertake its programmes in line with the mandate.

Wildlife Management

549. Poaching and loss of habitat remain the greatest threat to the country's wildlife resources. Government is, therefore, strengthening institutions related to the wildlife industry such as Zim Parks, to deal with rogue operators who continue to bring the industry into disrepute internationally.

550. Individual farmers with low capacity for cropping especially in the southern regions can engage in wildfire ranching. These farmers will be assisted by Government to form joint ventures with private sector on wildlife projects.

Small Scale and Artisanal Miners Activities

551. In as much as the economy benefits from small scale and artisanal miners, some of their operations are also substantially contributing to environmental degradation.

552. Unsustainable mining methods that are used by small scale and artisanal miners also causes damage to public infrastructure and in some cases violates rights of other land holders such as farmers.

553. Without criminalising the small scale and artisanal miners, the 2019 Budget seeks to embrace interventions to reduce environmental, social

and health impact that arise from artisanal and small scale mining operations.

554. As such, the Mining Loan Fund as a key funding tool to primary and small scale producers, will embrace a component for a better and sustainable mining methods.

555. In addition, Government is engaging Fidelity Printers to come up with a mechanism that compels recipients of other loans to rehabilitate the environment.

Tourism

556. Tourism is high on the development agenda of the Transitional Stabilisation Programme (TSP). The major thrust is on increasing tourist arrivals into the country which will translate into generation of the much needed foreign currency and employment creation.

557. The Zimbabwe Tourism Authority is, therefore, working with the tourism industry in implementing programmes focusing on increasing tourist arrivals from targeted high value source markets and the improvement of tourism product offering to enhance destination competitiveness, through the following strategies:

International Marketing

558. Under the recently developed National Tourism Recovery and Growth Strategy – Vision 2025, Government seeks to regain lost market share in the traditional markets of Europe, America, Australia and Japan, penetrate new markets in Eastern Europe, China & India in Asia as well as growing the domestic market so as to enhance the contribution of tourism to the national economy.

559. The target is to increase tourist arrivals from the anticipated 2.7 million in 2018 to over 5.5 million by 2023 as well as growing tourism receipts from US$1 billion in 2017 to US$3.5 billion by 2023.

560. In the same vein the marketing efforts also target to increase average length of stay from 5 days 4 nights in 2015 to 9 days 8 nights by 2023, increase the share of overseas market from 20% in 2017 to 40% by 2023 and subsequently increase the contribution of tourism to employment creation from the current 200 000 (direct, indirect and induced employment) in 2016 to about 500 000 by 2023.

561. This will be achieved through our support for aggressive marketing and rebranding of destination Zimbabwe and the 2019 Budget is allocating US$4.8 million for this purpose.

Destination Branding and Communication

562. Destination brand is the most critical asset for tourism as it informs tourist's perceptions and actions in source markets. Having passed through a

sour past owing to the political and economic negatives experienced in nearly two decades, the destination brand Zimbabwe has been facing a spate of negativity and resistance in almost all source markets.

563. It is essential therefore to reposition destination Zimbabwe in all our major source markets especially informed by the current rejuvenated positivity and interest across the global divide.

564. As such, all possible tools and platforms to rebrand the destination including the engagement of brand endorsers will be harnessed to increase brand visibility.

Digital Marketing

565. Given the intensive digital marketing initiatives by other competing destinations in the region, there is a dire need for Zimbabwe to intensify the implementation of the digital marketing strategy that will enhance destination online presence and visibility.

566. It is critical that the tourism sector in Zimbabwe becomes more aware of the opportunities that the online world creates. We will invest more in championing digital marketing to manage and market the destination.

Review of Visa Requirements

567. For the destination to effectively benefit from the long-haul tourists who

are visiting more than one country in the region, Government is reviewing visa requirements for a number of countries including tourism source markets such as USA, Canada, Japan, South Korea, India and United Kingdom, among others.

568. Furthermore, improvement on facilitation at the ports of entry particularly Beitbridge border post and Kazungula is top priority on Government agenda on growing tourism.

569. The ease of doing business reforms have also a bearing on tourism and hence the numerous licenses required in tourism operations from various entities will be rationalised.

Repayment of IATA Airlines Debt

570. Government is aware of the amount that is owed to international airlines of about US$200 million for the repatriation of the ticket sales proceeds. This situation has seen some of the airlines suspending ticket sales in the domestic market using the RTGs and Bond notes, while preferring sales in US dollars.

571. Treasury is working together with the Reserve Bank to commit monthly foreign currency payments towards extinguishing this debt.

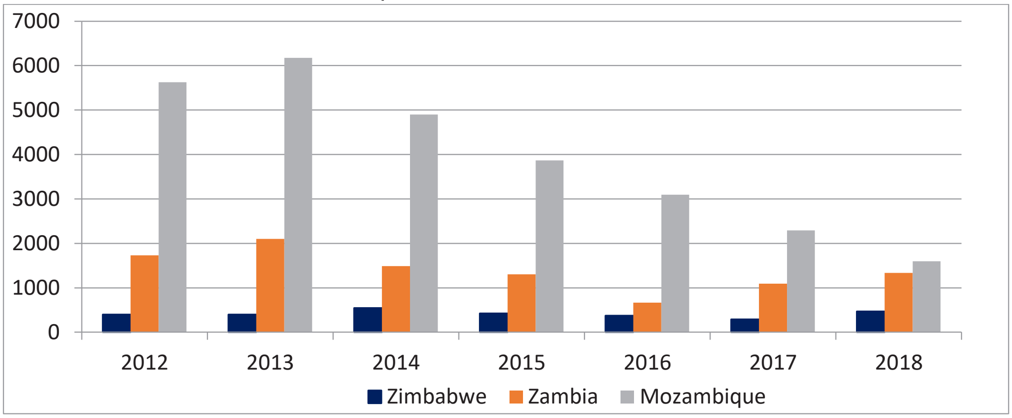
INCLUSIVE AND PRIVATE SECTOR LED GROWTH

572. Virtually, all sectors of the economy have potential and abundant capacity to contribute to economic growth and jobs creation. Critical for triggering this opportunity is harnessing and organising the requisite financial and human capital resources for this purpose.

Foreign Direct Investment

573. An aggressive investment drive has been prioritised by the New Government in line with the thrust *Zimbabwe is Open for Business.* In 2018, FDI is projected at only US$470 million against FDI inflows of about US$2.3 billion and US$1.1 billion received by our counterparts in the region - Mozambique and Zambia in 2017.

FDI Inflows in Millions US$

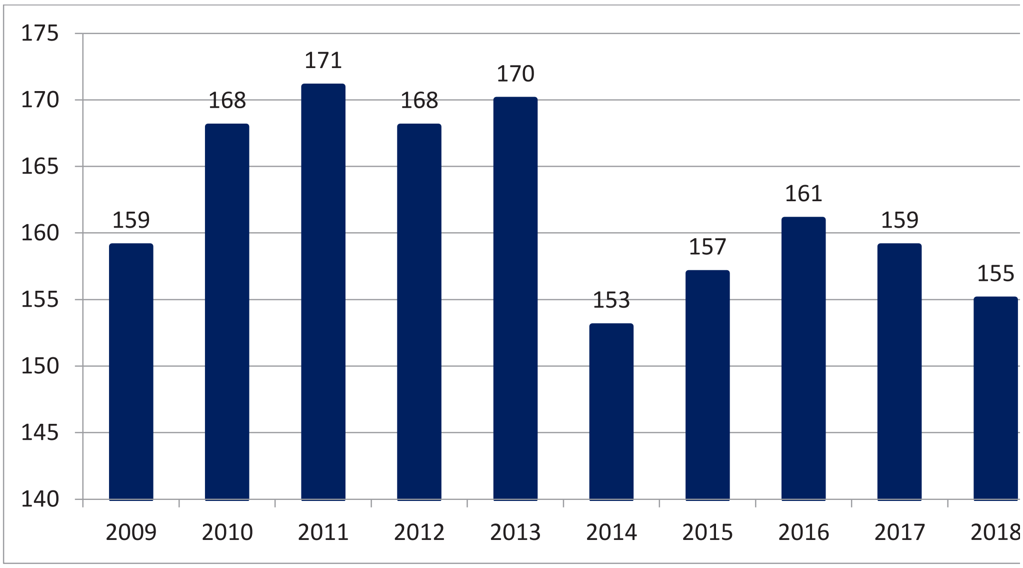


574. This necessitates enhanced efforts on reforming the business and investment environment, under the *Ease of Doing Business Reforms*.

Ease of Doing Business

575. Latest 2018 World Bank annual ratings rank Zimbabwe at 155 among 190 economies in the ease of doing business. This is an improvement from 159 of 2017.

World Bank Ease of Doing Business Ranking Index



576. Identified major weaknesses are in the areas of:

- Starting a business including licensing;
- Dealing with construction permits;
- Enforcing contracts;
- Getting electricity;
- Resolving insolvency; and
- Time taken and cost to import and export goods.

577. Government takes note of these short comings and has prioritised them under the Ease of Doing Business Reform Agenda with specific actions being instituted under 100 Day Rapid Results Plans.

Enhancing National Savings

578. Low domestic savings of 8% of GDP amidst high Government consumption of about 20% of GDP, and low FDI of US$470 million (2% of GDP) in 2018, renders the economy incapacitated for a sustainable take off and realisation of Vision 2030.

579. Government is, therefore, intensifying implementation of the Financial Inclusion strategy in order to enhance domestic savings.

580. This entails improving access to financial services through leveraging on information technology and providing a coordinated and responsive approach to building an inclusive financial system that provides a broad range of financial products and services to all economic agents.

581. In addition, Government will also promote value chain financing models by banks and other lenders to facilitate increased business opportunities for all sectors of the economy, together with development of prudential and regulatory incentives and facilitation of capacity building programmes for financial institutions to enable them to develop innovative and appropriate financial products and services.

582. Further efforts will be deployed towards financial and consumer education programmes that recognise the socio-economic diversity of Zimbabweans, promotion of the use of moveable assets as collateral to facilitate access to financial products such as credit and ensure availability, proximity and effective use of a broad range of appropriate financial services and products to the MSMEs both in the urban and rural areas.

Zimbabwe Investment and Development Agency

583. In April 2018, Cabinet approved the establishment of the Zimbabwe Investment and Development Agency (ZIDA), through amalgamation of investment agencies, namely:

- The Joint Venture Unit in the Ministry of Finance and Economic Development;
- Zimbabwe Special Economic Zones Authority; and
- The Zimbabwe Investment Authority.

584. The proposed ZIDA Act will repeal the existing statutes establishing the above entities, and create a one stop investment promotion and facilitation centre, under which all investors will be provided with high quality services under **One Roof**.

585. As part of implementing a roadmap towards ZIDA, Cabinet appointed the Interim Committee to operate as the One Stop Investment Services

Centre through the secondment of officials from different line ministries and agencies, with the mandate of processing investments under one roof.

586. The Interim Committee set out to establish the country's One Stop Investment Services Centre (OSISC) is a precursor to the Zimbabwe Investment and Development Agency (ZIDA).

587. The Interim Committee is vested with the mandate to spearhead both the discharge of investment functions under one roof and concurrently set in motion the processes for the institutional and regulatory reforms towards the establishment of ZIDA.

Status of Investment Projects

588. As of 31 October, 2018, the Interim Committee had received a grand total of fifty two (52) investment proposals with an aggregate value of US$57 billion for appraisal.

589. Out of the fifty two (52) investment projects cited above, eleven (11) of them have already been approved by Government, setting the stage for preparations towards commencing operations. The approved projects have a combined value of US$5.3 billion.

590. The bulk of the projects are work in progress and are at various stages of processing.

Progress towards Establishing ZIDA

591. To date, the ZIDA Bill principles have been approved by Government and the Bill are currently undergoing Cabinet approval processes. The Bill is expected to be enacted into law before the end of the year.

592. A key component provided in the ZIDA Bill is the advancement of the decentralisation principle as enunciated in our Constitution. In this regard, ZIDA will have representative offices across the countries' 10 provinces, geared to support project preparation, and their bankability thereof and market them to potential investors.

593. The process of establishing the organisational framework and making transitional arrangements towards ZIDA is being undertaken with assistance from the World Bank experts.

594. Considering significant milestones achieved to date, the consolidation and amalgamation of investment agencies is expected to be accomplished before the end of the year when the Act is expected to have been enacted into law.

595. The 2019 National Budget provisions, therefore, assume the disbandment of ZIA, ZIMSEZA and JVU, with the investment budget for ZIDA, being ring fenced under the Office of the President and Cabinet Vote.

596. Accordingly, the Budget makes a provision of US$41.8 million towards capital requirements for ZIDA projects. This allocation also takes into account the decentralisation principle being spearheaded under ZIDA.

597. All the merged investment agencies henceforth are expected to be reporting through the OSISC, which is the appointed precursor for ZIDA. The Chief Secretary to the Office of the President and Cabinet will continue to provide the necessary guidance in this regard.

Venture Capital Funding

598. Venture capital firms match financing to entrepreneurs with potentially viable good projects, thereby contributing to the success of investee companies. Consequently, upcoming firms grow and create jobs, increase overall innovation, productivity and growth at macroeconomic level is realised.

599. In order to promote investment diversity in Zimbabwe, particularly in upcoming small enterprises, Government will put in place enabling environment to attract investments through venture capital.

600. It is envisaged that such investments will complement Government efforts in turning around the economy.

601. Venture capital funds will support implementation of bankable prioritised national infrastructure projects, initially targeting sectors of agriculture, mining, transport and water.

Offshore Financial Services Centre (OFSC)

602. There is an emerging trend in Africa towards establishing offshore financial service centres, with Mauritius, Djibouti and the Seychelles as leading economies. Botswana, set up its International Finances Services Centre in 2003, facilitating easy transfer and repatriation of funds, whilst Ghana is contemplating the benefits of setting up its own offshore financial centres. Kenya announced in March 2018, that it was considering establishing the Nairobi International Financial Centre.

603. The OFSC allows companies and investment funds to operate internationally through use of derivative trading and joint ventures to invest money through mutual funds, usually stocks or bonds.

604. Furthermore, the OFSC reduces business costs and increases revenues through centralised group services within a multinational enterprise and facilitate efficient and effective movement of capital and resources and provide opportunities for global investment.

605. OFSC are vigorously governed in order to attract investment in the same manner as countries such as Switzerland and Luxembourg, with popular OFSC, yet rank low in terms of Transparency International's Corruption Perceptions Index and Money Laundering.

606. In line with the emerging trend, and in order to attract the much needed investment, Government is exploring ways of setting up an OFSC in Harare.

Tax Incentive for Jobs

607. Government has opened up consultations with the private sector, with a view of identifying strategies for promoting job creation in the economy. For its part, Treasury stands ready to put in place a taxation regime targeting job creation, especially incentivising investors, corporates and entrepreneurs.

608. Accordingly, the following are the elements of the provisional tax for jobs framework:

- Rebate will be on additional jobs created and will not apply on job replacement;
- The rebate claim should not be more than 50% of the bill paid;
- The employee covered should be in employment for at least 12 months;
- The rebate will also cover apprenticeship and employment of graduate trainees;
- The rebate system will be for a fixed amount for each job created; and
- The rebate will not be claimed in retrospect.

609. Treasury will finalise the incentive framework and other supportive job creation measures during the first quarter of 2019.

Industrial Development Fund

610. To facilitate the revival of some of our industries, Government will restructure the Industrial Development Corporation of Zimbabwe to revert to its core mandate of industrial development financing through the Industrial Development Fund as provided in terms of the Industrial Development Corporation Act.

611. The 2019 Budget allocate US$30 million as seed money for the Industrial Development Fund as Venture Capital. This allocation is in addition to the budgetary support we have provided through the Ministry of Industry and Commerce to capacitate the Industrial Development Corporation of Zimbabwe.

Labour Reforms

612. There is need to strike a balance between creating a conducive environment for investment and protecting workers' rights as enshrined in the country's constitution.

613. Therefore, following contestations from the business sector on the current labour law, Government is in the process of aligning the Labour Act with the Constitution and ILO Conventions.

Tripartite Negotiating Forum (TNF) Bill

614. Social dialogue has proved to be a key platform for addressing various social and economic challenges between the three social partners, namely, Government, Labour and Business.

615. The TNF is one such platform with the mandate to ensure consultation, cooperation and negotiation on core national social and economic issues by the three social partners.

616. In addition, the TNF is also an instrument for negotiating a social contract with the objective of enhancing the economic development process of the country and at the same time promote consensus building for the national good.

617. The TNF Bill, therefore, seeks to establish this social dialogue platform as a legal entity and to ensure greater accountability and effectiveness in the work of the TNF.

618. In 2019, the TNF Bill will be submitted to Parliament following Cabinet approval.

Public Enterprise Reforms

619. Implementation of public enterprise reform programme is now gaining implementation momentum with a total of 46 enterprises being earmarked for the reforms (see Annexure 8).

Reform Measure	Number of Enterprises
Restructuring	12
Liquidation	4
Privatisation	5
Partial Privatisation, Joint Ventures, Partnerships and listings	13
To be absorbed under ministries	7
Merger	5

620. As a key step, in 2019, at least 3 public enterprises will be privatised. Work is underway to identify transaction advisors to assist the Government with this task. In addition, turnaround strategies for at least 20 Public Enterprises are being supported by various development partners. The objective is to ensure that implementation of concrete reform plans is underway by June 2019.

Institutional Support for State Enterprises Reform and Delivery Project

621. Government, with Grant support from the African Development Bank amounting to US$4.2 million, is reforming the State Owned Enterprises, with the aim of strengthening governance and develop an integrated Results Management System.

622. The grant was approved in January 2017, with US$1 million having been disbursed to procure consultancy services for the parastatal performance review and assessment activities.

623. In 2019, a projected amount of US$1.8 million will be disbursed towards the project to complete development of the Parastatal Reform Strategy,

strengthen corporate governance and establish Transaction Advisory Services at some of the Parastatals.

Performance Monitoring Framework for State Enterprises and Parastatals

624. Government, with the support from the World Bank developed Performance Monitoring Guidelines to complement Public Entities Corporate Governance (PECG) Act implementation and compliance.

625. To date, implementation of the Guidelines has obtained the following results:

- Development of a baseline data for 2011-2015; and
- Adoption of performance agreements with SEPs CEOs.

626. In line with the PECG Act, performance monitoring will therefore provide justification for determining Board and executive compensation and basis for retaining board members and top executives.

SMEs Support and Women Empowerment

627. The ZIMSTAT surveys on Central Business Register Inquiry of 2012, reflect significant changes in the structure of the economy, with the SMEs and the informal sector making significant contribution to the economy.

628. Previous Budgets, consequently supported the establishment of empowerment banks as well as the respective empowerment funds in the Ministries of SMEs, Women and Youth.

629. This Budget, therefore, further allocates US$14.6 million in support of the capacity building initiatives on SMEs and women empowerment.

630. Development Partners are also complementing Government efforts in supporting SMEs through the Poverty Alleviation Project being financed by OPEC Fund for International Development through a US$7.6 million loan facility.

631. As at 30 September 2018, a total amount of US$0.3 million had been disbursed towards the project implementation of about 30 Micro, Small and Medium Enterprise projects, with a total value of US$1 million. The projects are selected from various sectors of the economy, including manufacturing, mining, and agriculture, among others.

The Spotlight Women Initiative

632. The Spotlight Women Initiative is a multi-million Euro Global initiative supported by the European Union (EU) and the United Nations (UN) to eliminate all forms of violence against women and girls.

633. Zimbabwe is one of the eight beneficiary countries in Africa, out of the 22 countries globally, under the Spotlight initiative. Its allocation under

the initiative, whose overall vision is to enable women and girls realise their full potential in a violence-free, gender-responsive and inclusive Zimbabwe, amounts to €21 million.

634. The programme will contribute to the elimination of violence against women and girls through the creation of a broad partnership with civil society, Government, private sector, media, among others, and build a social movement of women, men, girls and boys as champions and agents of change at the national, subnational and community levels.

635. The initiative will directly contribute to Zimbabwe's achievement of two of the country's prioritised Sustainable Development Goals (SDGs), namely:

- SDG 3 – to *'Ensure healthy lives and promote wellbeing for all at all ages'*; and
- SDG 5 – *'Achieve gender equality and empower all women and girls'*.

Youth Empowerment

636. Youth empowerment initiatives are being prioritised under the TSP, in recognition that young people must be an integral party of the mainstream economy.

637. As such, the 2019 Budget will support various youth empowerment interventions aiming at unlocking entrepreneurial value of youth as a strategy for employment creation and income generation.

638. The target is to create at least 25 000 jobs annually and US$2.2 million is being allocated to the Ministry of Youth, Sport, Arts and Recreation for support of youth entrepreneurship and employment creation.

Youth Financial Inclusion

639. The young entrepreneurs are facing serious financial exclusion, reflected through limited access to capital. Capitalising EmpowerBank, therefore, is key to achieving youth financial inclusion as the Bank's products and services are more inclined towards youth support. This is over and above various funds and facilities on offer to the youth and being run by Government and the banking sector.

640. Furthermore, Youth Focal Desks will be established in all Government line Ministries/Departments and operationalised so that youth have access to guidance and business information.

641. In addition, the existing 10 youth interact centres that are located in all the provinces will be upgraded so that they become more effective platforms for running life skills, career guidance and counselling programmes for the youth.

Vocational Skills Training and Development

642. Annually the formal school system is churning out +/-300 000 school leavers in addition to a significant number of drop outs and yet the formal

economy can only absorb 10% of that number. Also thousands are graduating from Universities and Tertiary Institutions annually and failing to secure employment in the formal sector due to lack of necessary skills to start and run their own enterprises.

643. The Ministry's training programmes are thus aimed at addressing the technical and entrepreneurial skills needs of the more than 70% of the out of school youth who would otherwise have no alternative career pathways for lack of the magical 5 'O' level passes as well as the unemployed graduates from tertiary institutions.

644. Currently the Ministry administers 72 Vocational Training Centres (VTCs) of which 51 are fully established while 21 are still to be developed on vacant land that has been allocated by Local Authorities.

645. The vision is to have at least a Vocational Training Centre in each district of the country as we endeavour to take vocational skills training to the people's door steps. Our annual output stands at 10 000 graduands comprising those trained in-situ and through conventional methods at VTCs.

646. The Budget, therefore, allocates US$8.5 million for VTCs.

Sport and Recreation Promotion and Development

647. There is a deliberate intention to resuscitate and or develop multipurpose Sport and Recreation facilities throughout the country to attain world

standards. This comes at a time when the nation is set to host the COSAFA and All Africa Games in 2019.

648. The resuscitation will target major sport facilities which include Chitungwiza Aquatic Complex and Khumalo Hockey Stadium as a priority as it cascades to other towns.

649. The Budget allocates US$9.1 million.

Arts and Culture Promotion and Development

650. Creative Cultural Industry practitioners require a conducive working environment to increase the quality of products needed to grow the export quota of Cultural and Creative goods and services. The target is to have at least one (1) Creative Culture Industry (CCI) space in the 73 Districts.

651. This will result in employment creation for youths and women, improved house hold income and welfare, developed infrastructure and most importantly increased contribution of arts and culture to National Gross Domestic Product.

652. The planned activities for 2019 Community Arts programmes centre around the National Arts and Culture Festivals and Exhibitions as these are platforms that enable the arts to be showcased and appreciated from Districts, Provinces and at National level. There is deliberate need to

develop and support platforms that afford artists and communities' with opportunities to interface, stimulate local economies, and drive domestic and cultural tourism.

653. Further to the above, establishment of an Arts Development Fund will help grow the creative and cultural industry and increase the sector's visibility by capacitating artists so that they initiate and implement viable projects.

654. The Budget allocates US$1.5 million.

INSTITUTIONS AND GOVERNANCE

655. Good governance backed by effective, responsive and progressive institutions is at the heart of a developing and prosperous country. In recognition of this, the New Dispensation has been promoting a series of political, economic, and social changes to transform all governance systems for a better Zimbabwe.

656. Among the most significant scores are:

- Political stabilisation and opening of spaces and voices;
- Successful conduct of peaceful harmonised elections in July 2018;
- More inclusive and consultative engagements by Government with different stakeholders such as business, youths, and academics,

including those in the diaspora;

- Representation and participation of Zimbabwe at the highest level in World Economic Fora; and
- Reforms in various sectors, including economic and security services, among others.

657. This momentum will be taken steps further in line with the fundamental values of our Vision 2030 which include, Rule of Law, Freedoms of Expression and Association, Respect for Human and Property Rights, and Zero Tolerance to Corruption, among others.

658. The 2019 Budget will, therefore, target capacitation of those Constitutional institutions mandated to promote democratic principles. These include the:

- Zimbabwe Electoral Commission;
- Zimbabwe Gender Commission;
- Zimbabwe Human Rights Commission;
- Zimbabwe Judiciary Service Commission; and
- National Peace and Reconciliation Commission, among others.

659. Accordingly, the 2019 Budget is allocating US$44.8 million to institutions mandated to promoting good governance. This is being complemented by support from cooperating partners.

Respect of Property Rights

660. Zimbabwe, being a signatory to a number of bilateral and international agreements, guarantees investment security to all investors. The following investment protection agreements have been signed:

- Overseas Investment Corporation (OPIC) and Multilateral Investment Guarantee Agency (MIGA).
- International Convention on Settlement of Disputes (ICSID).
- New York Convention on the Enforcement of Arbitral Awards.
- United Nations Convention on International Trade Law (UNCITRAL).

Improving Access to Justice

661. The Budget proposes to provide an allocation of US$77.8 million for the delivery of Justice. Of this amount, US$57.5 million is earmarked for operations and maintenance expenses for the Ministry of Justice, Legal and Parliamentary Affairs and Judicial Service Commission, including US$12 million for the Political Parties Grant and US$20.3 million to be expended towards capital development.

662. In addition, US$19.3 million will be mobilised through the retention fund towards rehabilitation and upgrading of courts facilities, completion of ongoing works at Chinhoyi Provincial Magistrates Court, as well as commencement of works in Chiredzi, Murehwa and Lupane Magistrates court in order to improve access to the justice delivery system.

663. The proposed broader allocation includes support towards the Zimbabwe Prisons and Correctional Services of US$45.6 million, against 2018 budget support of US$34.9 million, representing a 31% increase in support towards improving the welfare of inmates in correctional facilities and capital projects. Included in the allocation is a ring-fenced budget of US$9.6 million towards settlement of outstanding arrears to utility service providers.

664. Furthermore, US$244 000 is targeted towards supporting decentralisation of the legal aid services to Chipinge, Mutoko, Chiredzi, Kariba and Beitbridge districts to improve access to justice by all citizens.

Devolution

665. The 2019 National Budget commits 5% of Central Government revenue collections for distribution to Provincial and Local tiers, in line with the Constitutional provision under Chapter 14 on devolution. This constitutes US$310 million to be distributed upon the promulgation of an enabling Act of Parliament in 2019.

666. The devolution objective is to achieve growth and development that is equitable, shared and sustainable to the benefit of citizens at all levels.

667. The 2019 National Budget proposes an interim inter-governmental fiscal transfer Framework which allocates the resources, cognisant of socio-economic disparities across provinces and local authorities.

668. Such a framework takes account of provincial population size, poverty levels and infrastructure deficit in the areas of health and education, and economic disparities within and between provinces, among other relevant considerations.

669. In this regard, the Inter-governmental Transfers will comprise of capital and operational grants as follows:

- 5% of the total allocation to provincial and local tiers of Government be earmarked for operational grants for Provincial Councils.
- Local Authorities finance their operational requirements from own resources.
- The balance of 95% of the allocation should be earmarked for developmental expenditures with 20% being the provision for Provincial Councils, with Local Authorities getting 80%.

670. Detailed illustrations of the proposed framework of transfers are under Annexure 9

Proposed Vertical Share of Inter-governmental Transfers

Expenditure Class	Total Share	Government Tier		Total
		Provincial Councils	Local Authorities	
Proportions (%)				
Operational Grant	5.0%	100%		**100%**
Capital Grant	95.0%	20%	80%	**100%**
Total	**100.0%**			

Expenditure Class	Total Share	Government Tier		Total
		Provincial Councils	Local Authorities	
Amount Available for Allocation (US$)	**310,000,000**			
Actual Allocations (US$)				
Operational Grant	15,500,000	15,500,000		**15,500,000**
Capital Grant	294,500,000	58,900,000	235,600,000	**294,500,000**
Total	**310,000,000**	**74,400,000**	**235,600,000**	**310,000,000**

671. Whilst the administrative structures of Provincial Councils are yet to be set up, the 2019 Budget proposes the establishment of an interim administrative structure of the Provincial Council Secretariat to spearhead operationalisation of the Constitutional provision.

Corruption and Rent Seeking

672. The fight against corruption will be carried to a logical conclusion in order to remove impediments to investment, growth and jobs creation.

673. The 2019 Budget, therefore, allocates more than double the Zimbabwe Anti-Corruption Commission's non-wage support from US$1.8 million in 2018 to US$5 million to improve capacity of ZACC to combat corruption. The resources will enable the Commission to decentralise to other provinces besides Harare and Bulawayo.

VOICE AND ACCOUNTABILITY

674. The oversight role being played Parliament and other relevant institutions such as the Auditor General is essential in promoting good corporate governance, transparency and accountability over management of public resources.

675. Over the last years, both Parliament and the Auditor General have been visible, bringing out cases of public resource mis-appropriations. In support of this work, other non-governmental and private institutions have also added their voice and these include the media, NGOs, churches and civil society, among others.

676. Accordingly, the Budget is allocating US$91 million for the Parliament of Zimbabwe and US$3.1 million to the Auditor General for strengthening their oversight roles.

677. Government acknowledges support from the Government of People's Republic of China on construction of the Parliament building. Further, the African Development Bank under the Strengthening Institutions of Transparency and Accountability (SITA) Project has also contributing US$2.8 million towards capacity building of Parliament and Auditor General.

678. To date, the project has managed to procure ICT equipment for the Parliamentary Budget Office, build capacity of the previous Members

of Parliament under the Public Accounts Committee and internet connectivity at the Office of the Auditor General, among other notable achievements.

679. The project will be completed in March 2019.

Transparency and Accountability

680. Furthermore, Government is also improving the transparency and accountability in the whole budgeting process from planning to implementation and monitoring under the coordination of Office of the President and Cabinet.

681. This is in line with requirements of our Constitution and other international recommended best practices such as those of International Budget Partnership, which urges governments to make budget systems more transparent and accountable to ensure that public resources are used effectively in fighting poverty and promoting equitable and sustainable development.

GLOBALISATION

682. Zimbabwe has lost more than a decade of globalization dividends through international isolation. This deprived the country of the much needed access to international capital markets, technology, trade spin offs, among others, perpetuating low economic growth and standards of living, as well as poverty.

683. In order to catch up, Zimbabwe is leap frogging and doubling efforts towards rapprochement and re-engagement. The focus will be particularly on normalising all aspects of the country's relations with all countries including the West.

684. At the top of the agenda are the following:

Improving International Relations

685. During 2019, Government will intensify efforts to actively re-engage the international community on both political and economic fronts, particularly, paying more attention to promotion of investment, trade and tourism promotion by marketing Zimbabwe as a destination of choice.

686. In this regard, Government will craft and adopt domestic policy priorities that translate into foreign policy goals to facilitate re-engagement with the international community, especially the Commonwealth, United Nations and Western countries.

687. This is more so given the complexity of the country's debt challenges which require greater collaboration and cooperation with the international community, through normalising relations to enable amicable resolution.

688. Accordingly, for this purpose, Government is re-orienting Diplomatic Missions towards economic and trade diplomacy.

Bilateral Investment Promotion and Protection Agreements (BIPPAs)

689. Government remains committed to protecting investments that fall under Bilateral Investment Promotion and Protection Agreements (BIPPAs), as it forges ahead on protection of property rights.

690. Consequently, the two BIPPAs awaiting signature and twenty two BIPPAs under negotiation will go through both the approval and ratification processes in 2019.

Diaspora *Engagement*

691. The diaspora present a significant opportunity for contributing to the development of the economy. This, however, requires a clear policy that serves interests of both diasporans and Government.

692. The Diaspora Policy is in its implementation phase and an implementation matrix is in place which states clearly the responsibilities of the different ministries and agencies in order to realise the diaspora opportunities.

693. Diaspora engagement programs are ongoing through scheduled external visits to ensure that the Diaspora’s needs and expectations are known and embraced in the country’s economic development agenda.

694. Therefore, I am allocating US$56.1 million to Ministry of Foreign Affairs and International Trade promotion activities.

PEACE AND SECURITY

695. Government is cognisant of the need to capacitate the Zimbabwe Security Forces to enable them effectively carry out their mandate of maintaining peace and security in the country. Such a peace dividend allow citizens to engage in their various socio-economic activities under a secure environment, free of threats and disturbances.

696. Critical requirements for security services include equipment, decent accommodation, medical facilities, transport and food rations, among other needs.

697. Over and above security services, this Budget also recognises the various developmental activities and programmes being undertaken by our security forces during this period of peace. These projects relates to sectors of health, education, rural development, construction and rescue missions during disasters.

698. In light of this, Treasury, therefore, allocates non-wage budget of US$160 million and US$86.2 million for Ministries of Defence, Security and War Veterans, and Home Affairs and Cultural Heritage, respectively, to cater for:

- Maintenance of equipment and facilities;
- Training and development;

- Re-equipment, refurbishment and upgrading of facilities;
- Research and development; and
- Economic empowerment.

CHAPTER 6: REVENUE MOBILISATION

699. The Transitional Stabilisation Programme recognises the role of domestic resource mobilisation in financing the transformation of the Zimbabwean economy towards upper middle income status by 2030, complemented by bilateral and multilateral financial injections. This requires review and development of a much less complicated tax system.

700. While compliance with fiscal and customs law remains critical to the economic development of Zimbabwe, nurturing a competitive business environment will require support and innovation in the design and administration of taxation policies, including simplified tax structures for micro, small and medium enterprises.

701. Underpinning the thrust of the Transitional Stabilisation tax policy is movement towards sustainable taxation, reduced penalties and interest, also nurturing business to comply with tax law, enhance capacity to pay their tax dues, and remaining operational in order to produce export and create employment.

702. Furthermore, the programme also targets eradication of corruption which is a major source of leakages to public revenues and also a major cost to various productive activities.

703. The tax policy thrust is, thus, to enhance domestic resource mobilisation through tax and non-tax revenue measures, which requires innovation in tax policy design and administration.

704. The targeted areas include the following, among others:

- Design a tax structure that supports business growth and nurtures a competitive business environment;
- Develop simplified tax structures for micro, small and medium enterprises;
- Review penalties and interest, whilst nurturing business to enhance capacity to pay their tax dues;
- Facilitate automation of ZIMRA systems to enhance efficient revenue collection; and
- Institute strong measures to plug revenue leakages arising from corruption at ports of entry, smuggling, money laundering, tax evasion and unethical procurement procedures.

Revenue Measures

705. The revenue measures that I am proposing seek to consolidate gains realised by the productive sectors through extension of existing support facilities, increase productive capacity, exports and import substitution levels, provide relief to taxpayers, as well as enhance revenue through efficiency in tax administration.

706. The proposals further seek to institute demand management measures, with a view to redirect use of the scarce foreign currency to productive industries.

Support to Industry

707. Government has, over the years, provided targeted support to the agriculture, energy, manufacturing, mining, tourism and transport industries. The support which has been availed through a *Rebate of Duty Facility* enabled companies to import capital equipment and raw materials without payment of customs duty and Value Added Tax.

708. The *Facility* has, thus, assisted companies to reduce the cost of inputs, thereby stimulating production.

709. Government also implemented measures intended to level the playing field between imported and locally produced goods.

710. The interventions have enabled resuscitation of some industries, enhanced capacity utilisation and competitiveness of locally produced goods, created backward and forward linkages, thereby increasing employment.

711. During the period 2015 to October 2018, the value of goods imported duty free through availed facilities amount to about US$1.14 billion as shown on the Table below:

Value of Goods Imported Under Rebate for Selected Sectors (US$)					
Name of Rebate	**2015**	**2016**	**2017**	**2018**	**Total**
National Project Status	207,022,241	164,859,297	164,605,592	55,867,372	592,354,502
Rebate of Duty on Capital Equipment	-	68,562,681	83,346,315	47,404,710	199,313,705
Specified Mining Development Operations	48,483,787	51,049,971	42,714,476	38,772,498	181,020,732
Suspension of Duty on Powdered Milk	17,136,242	8,975,081	13,398,079	8,314,619	47,824,021
Tourism Rebate	3,648,219	15,981,376	2,772,620	12,942,994	35,345,209
Clothing Manufacturers Rebate	9,898,953	5,938,316	7,588,623	7,225,547	30,651,440
Printing and Packaging Rebate	-	487,797	6,645,520	9,232,931	16,366,248
Rebate of Duty on Ciders, Spirits and Wines	4,498,761	3,333,263	2,007,606	1,536,116	11,375,746
Pharmaceutical Manufacturers Rebate	582,374	2,454,904	3,737,455	4,084,483	10,859,216
Furniture Manufacturers Rebate	-	2,005,643	3,537,055	3,431,626	8,974,324
Other Rebates	951,142	597,268	3,885,366	2,587,596	8,021,372
Total	**292,221,719**	**324,245,597**	**334,238,706**	**191,400,492**	**1,142,106,514**

712. As a result of the support interventions, Government has forgone revenue of about US$285.5 million during the same period.

713. In order to consolidate the gains realised by local industry, Government will renew facilities that have expired, subject to set conditions and, in some cases, expand the list of inputs and beneficiaries of *Rebate Facilities* as follows

Clothing Manufactures Rebate

Large Scale Manufacturers

714. Due to the labour intensive nature of the clothing industry and capacity for employment, Government has assisted large scale manufacturers

to acquire inputs into production duty free, through the *Clothing Manufacturers Rebate*.

715. However, due to the diversity range of fabrics demanded by the market, the Budget proposes to include additional fabrics that are not locally produced, under the *Clothing Manufacturers Rebate*, as provided in Annexure 10.

Micro, Small and Medium Enterprises

716. Honorable Members would be aware that Government, in 2013, introduced the *Clothing Manufacturers Rebate,* as part of the policy measures to anchor the revival and sustainable growth of the clothing industry.

717. This policy intervention has enhanced competitiveness of the industry on both the local and export market, created additional employment, facilitated additional investment into plant and machinery and increased capacity utilization levels.

718. Whereas large scale enterprises have benefited from the rebate, micro, small and medium enterprises, however, are not able to meet the requirements.

719. These benefits have, however, predominantly been recorded by large scale enterprises, since micro, small and medium enterprises are not able to meet requirements for accessing the Rebate.

720. Micro, small and medium enterprises are, however, becoming major drivers of economic growth, with a potential to generate a significant number of job opportunities that can contribute towards poverty alleviation.

721. In line with the *Transitional Stabilisation Programme* thrust of supporting sustainable micro, small and medium enterprises growth and development, the Budget proposes to avail a *Ring-Fenced Manufacturer's Rebate Facility.*

722. Approved enterprises will access ring-fenced quantities of raw materials through *Bonded Stores*, operated by established merchants.

723. In order to qualify under the *Facility*, beneficiaries should meet the following conditions:

- Possess a valid *Tax Clearance Certificate*;
- Be a member of an association registered with the Ministry of Small and Medium Enterprises and Cooperative Development;
- Maintain stock-book displaying particulars of receipts and disposals of goods;
- Fall within the definition of micro, small and medium enterprise as provided in the Small and Medium Enterprises Act [Chap 24:12]

724. These measures take effect from 1 January 2019 for a period of twelve months.

Dairy Industry

725. Government extended the suspension of duty facility for a period of twenty four months beginning January 2018, in order to augment insufficient domestic production of raw milk.

726. Domestic production of raw milk, however, remains lower than the requirements of the local dairy industry, hence the need to increase the ring-fenced milk powder requirements for 2019 as shown in Annexure 11.

Baking Industry

727. In order to reduce the cost of production, thereby minimizing price escalation, particularly on bread, which is a basic household commodity, the Budget proposes to provide the following raw materials duty free under a *Manufacturers Rebate* as shown on Annexure 12, with effect from 1 January 2019.

Agriculture Industry

Customs Duty on Fertilized Eggs

728. Honourable Members would be aware that the country was, in 2017, affected by an outbreak of Avian Influenza (AI) resulting in the destruction of over 180,000 breeding hens, so as to contain the spread of the disease.

729. Consequently, the supply of broiler day old chicks was reduced by more than 60% of national requirements.

730. The decline in broiler chick production has negatively affected the availability and price of poultry products, as well as downstream industries such as milling and stock feeds.

731. In order to mitigate against potential shortage of poultry products and restore viability of the industry and, the Budget proposes to ring-fence duty free importation of fertilized eggs for the year 2019 as shown in Annexure 13.

732. This measure takes effect from 1 January 2019.

Motor Industry

733. In support of initiatives to improve the condition of cross border luxury buses, Government in 2018, ring-fenced importation of 25 luxury buses at a reduced rate of 5% for a period of twelve months beginning 1 January 2018.

734. However, luxury bus operators have not been able to utilise the facility, due to foreign currency challenges.

735. I, therefore, propose to extend the ring-fenced suspension of duty on the outstanding quota of luxury buses by a further 1 year.

736. Furthermore, the Budget proposes to ring-fence importation of 100 public service buses of a sitting capacity of at least 60 passengers at a reduced customs duty rate of 5%, in order to ease the transport challenges.

737. In order to ensure equity in the management of the *Facility*, beneficiaries will be limited to a maximum of two units.

738. This *Facility* will be availed for 12 months beginning 1 January 2019.

Wine Manufacturing Industry

739. Local production of raw wine is still insufficient to meet domestic distillers' demand.

740. In order to supplement supply of locally produced raw wine Government suspended excise duty on imported raw wine, under a ring-fenced facility for approved manufacturers, for a period of one year beginning 1 January, 2018.

741. In view of growth in production volumes of domestic distillers, the Budget proposes to increase the excise duty free ring-fenced import quota from

90 000 litres to 175 000 litres for a period of 12 months beginning 1 January 2019.

Fertiliser Manufacturing Industry

742. Despite sufficient capacity of fertilizer producers to meet local demand, a larger share of the market is still dominated by imports.

743. In order to enhance competiveness of locally manufactured fertilizer, the Budget proposes to ring-fence duty free importation of raw materials as shown in Annexure 14.

744. This measure takes effect from 1 January 2019 for a period of twelve months.

Customs Duty on Ammonium Nitrate Fuel Oil Fertiliser

745. Ammonium Nitrate Fuel Oil (ANFO) fertiliser, which consists of 94% *Porous Prilled Ammonium Nitrate,* is one of the inputs used in the mining industry.

746. However, this product, which is sorely used in mine blasting operations, attracts customs duty of 25%, hence adds to the cost of production.

747. In order to reduce the cost of inputs into production, the Budget proposes to ring-fence importation of 10 000 tons of *Ammonium Nitrate Fuel Oil* fertiliser under suspension of duty for a period of twelve months beginning from 1 January 2019.

748. For purposes of transparency and accountability, utilization of the *Facility* will be limited to *Mining Houses* that are a*pproved* in consultation with the Chamber of Mines.

Furniture Manufacturers

749. The *Rebate of Duty Facility* that Government has availed to the furniture manufacturing industry has resulted in increased capacity utilization from 45% in 2015 to 70% in 2018. The industry has also experienced growth in employment from 3 000 to 5 000 during the same period.

750. The *Rebate Facility* support has attracted investment from the region, hence, the Budget proposes to include additional beneficiaries under the Facility.

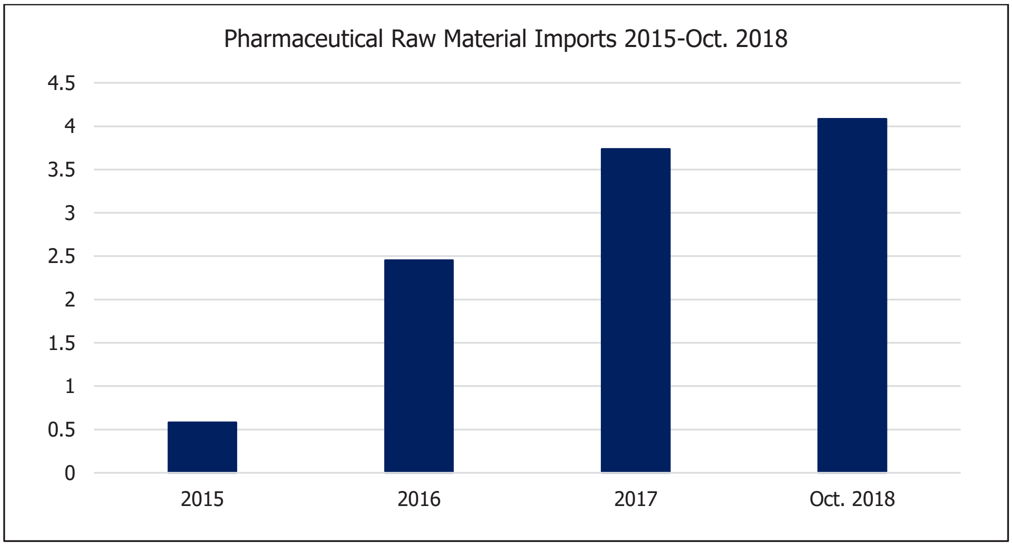
751. Furthermore, in view of the increase in the product range, the Budget proposes to include additional raw material as shown in Annexure 15.

752. This measure takes effect from 1 January 2019.

Pharmaceutical Manufacturers

753. In recognition of the significance of the pharmaceutical manufacturing industry, Government has already provided for a rebate of duty facility on essential raw materials imported for manufacture by the industry.

754. During the period 2015 to October 2018, the Pharmaceutical Manufacturing Industry imported raw materials under the Facility valued at US$10.8 million, as shown on the Graph below:



755. The *Facility* has, thus, assisted in the promotion of linkages with the packaging, distribution and marketing industries, thereby, boosting employment.

756. The industry is in the process of registering new products, hence, the Budget proposes to expand the list of essential raw materials for manufacture under rebate of duty as shown in Annexure 16, with effect from 1 January 2019.

757. Notwithstanding assistance availed to the industry, retail prices of pharmaceutical products, in particular, drugs for treatment of chronic

ailments, have increased and are either quoted in United States Dollars, or four times the same amount, if payment is through electronic funds transfer or bond notes.

758. The unscrupulous profiteering at the expense of patients who cannot afford is inhumane, catastrophic and deprives citizens of basic human rights as enshrined in the Constitution.

759. Government will, thus, continue to prioritise allocation of foreign currency for purchase of raw materials, in order to ensure availability of critical drugs.

760. As a quid pro quo, pharmaceutical manufacturers shall be required to publish the *Maximum Recommended Retail Price* agreed among manufacturers, wholesalers and retailers.

761. Whilst this measure is intended to provide transparency in the pricing of essential drugs, it should, thus, not be misconstrued as price control.

762. Government will, however, provide an oversight role, in order to ensure that the above conditions are adhered to.

Transparency and Accountability in Utilization of Rebate Facilities

763. Beneficiaries of the *Rebate Facilities* availed by Government will be required to submit to the Minister, an annual report on the benefits achieved including but not limited to the following parameters:

- Incremental employment levels;
- Capacity utilisation levels;
- Value of new investment;
- Growth in output; and
- Research and Development initiatives.

764. Failure to observe the above, the facility will be withdrawn forthwith and the rebated duty becomes due and payable.

Tourism Industry

Suspension of Customs Duty on Specified Buses: Tour Operators

765. Tour operator services are an important element of the tourism industry, which guarantees that tourists are transported safely and comfortably.

766. It is, thus, pertinent that the fleet operated by tour operators match the modern and international standards of competing markets.

767. In order to assist *Tour Operators* capitalise their fleets, the Budget proposes to extend suspension of duty on 75 new buses of a carrying capacity of 8 to 55 passengers, including the driver.

768. *Tour Operators* that benefit under this *Facility* should meet the following conditions:

- Valid *Tax Clearance Certificate* issued ZIMRA;
- Should have operated for a minimum period of two years;
- Be registered with the Zimbabwe Tourism Authority;
- A maximum of 5 buses per *Operator*; and,
- Provide returns on an annual basis detailing turnover and investment undertaken.

769. Failure to observe the above, the facility will be withdrawn forthwith and the rebated duty becomes due and payable.

770. The *Facility* will be availed for a period of twelve months beginning 1 January 2019.

Revenue Enhancing Measures

Excise Duty on Cigarettes

771. The current excise duty rate of US$20 per 1 000 sticks was last reviewed with effect from 1 December 2014.

772. The specific rate of excise duty does not, however, relate to market developments, since the price of cigarettes has, in some cases, increased by about 30%.

773. In order to maintain the effective tax rate, the Budget proposes to review excise duty on cigarettes to US$25 per 1000 sticks, with effect from 1 December 2018.

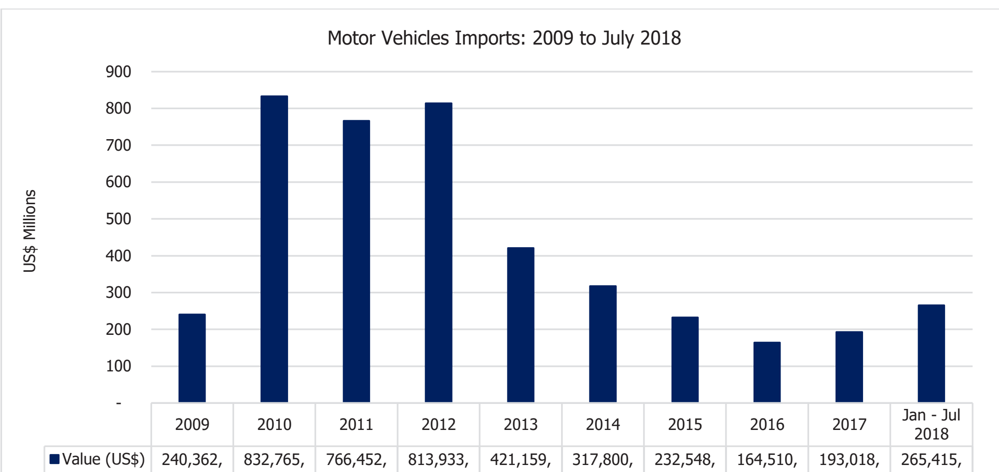
Customs Duty on Motor Vehicles

774. Honourable Members would be aware that Government has, over the years, implemented demand management measures with a view to redirect usage of the scarce foreign currency to productive industries. Such measures include adjustments to the customs duty regime and control of imported goods through the licensing system.

775. Despite some success, Government has, during the course of 2017 and 2018, witnessed a surge in the importation of non-productive goods, particularly motor vehicles.

776. During the period January to July 2018, the value of imported motor vehicles, which attract customs duty rates of between 40% to 60% exclusive of surtax, amounted to about US$265 million or 23% of total imports, compared to US$112 million during the same period in 2017.

777. The Graph below shows motor vehicle imports for the period 2009 to July 2018:



778. In order to redirect use of scarce foreign currency to the productive sectors of the economy, the Budget proposes that customs duty and all other taxes on imported motor vehicles be levied in foreign currency acceptable as legal tender, with effect from 23 November 2018.

779. This measure will, however, not apply on imports of commercial motor vehicles and vehicles for use by the physically challenged.

780. Furthermore, payment of customs duty in foreign currency will also apply on *Designated Goods* as shown on Annexure 17.

781. However, on compassionate grounds, a transitional mechanism will be put in place to cater for motor vehicles and *Designated Goods* that were purchased on or before 22 November 2018 and consigned within a maximum period of six weeks.

782. The exemption will be granted on the basis of recommendation by ZIMRA and approval by Treasury.

Payment of Tax in the Currency of Trade

783. Government is aware that some companies transact using a three tier pricing mechanism comprised of United States dollars, bond notes or electronic payments platforms.

784. This pricing system implies that companies trading exclusively in United States dollars are also collecting Value Added Tax (VAT) in the same currency.

785. However, such companies are not remitting VAT in the currency of trade, hence take advantage of the arbitrage opportunities on the informal market to exchange United States dollars at a premium, and thereafter settle their VAT obligations using alternative forms of payment such as bond notes or RTGS.

786. This is notwithstanding that such companies are appointed as agents that collect revenue on behalf of Government.

787. In order to contain practices that serve to benefit registered operators mandated to collect VAT, the Budget proposes to compel companies to remit VAT using the same mode of payment.

788. Furthermore, ZIMRA will, among other measures, establish platforms to facilitate information sharing with consumers where payment would have been made through United States Dollars or other currencies, in order to ensure compliance with this policy proposal.

789. Companies that fail to adhere to this measure shall be liable to a penalty equivalent to 100% of the value of turnover on an amended assessment.

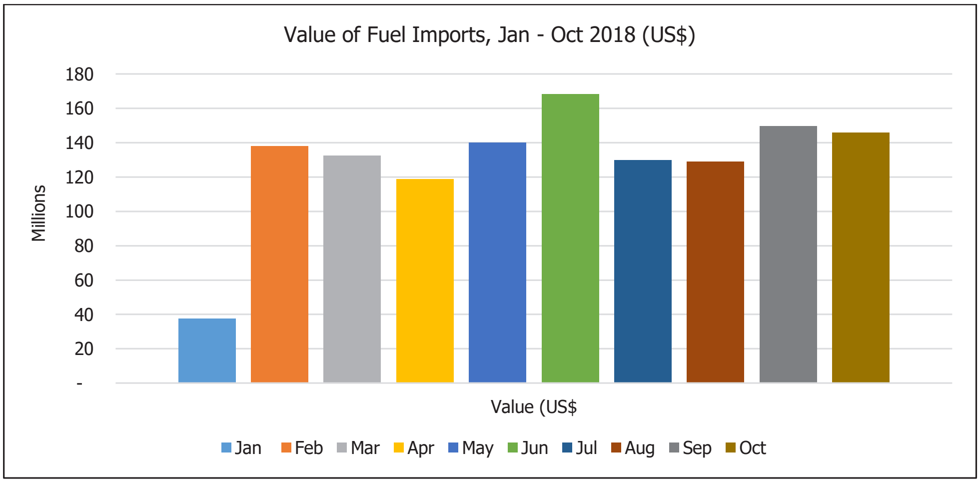
790. This measure will apply on all other taxes.

Excise Duty on Fuel

791. Current market developments have also distorted the fuel market. The country's fuel has become relatively cheaper compared to prices obtaining in the region, creating an arbitrage opportunity for local consumers and transiting traffic to export.

792. This arbitrage opportunity has partly contributed to the increase in consumption of fuel products, with volumes for the period January to October 2018, amounting to US$1.29 billion.

793. The Graph below shows monthly fuel consumption over the period January to October 2018:



794. The above consumption pattern is clearly unsustainable, considering that the available foreign currency reserves have to be shared among other critical priorities.

795. I, therefore, propose to increase excise duty by 7 cents per litre on diesel and paraffin and 6.5 cents on petrol to reduce the arbitrage opportunities.

796. This measure takes effect from 1 December 2018.

Tax Debts of Voluntarily Wound Up Companies

797. Taxation remains one of the key sources of domestic resource mobilisation, particularly under the current circumstances where access to cheaper offshore financing is limited. Efforts to mobilise domestic resources have, however, been hampered by the ballooning tax debt.

798. The stock of tax debts amounted to US$4.5 billion as at 31 October 2018 compared to US$1.19 billion in 2015, representing a phenomenal growth of 278%.

799. While some taxpayers have been constrained by economic challenges, others have deliberately chosen to evade or defer payment of taxes. In some cases, taxpayers have voluntarily wound up companies and registered new establishments, in order to avoid settling the outstanding tax obligations.

800. What is also apparent is that, company directors are deliberately violating their fiduciary responsibility, hence are contributing to the accumulation of unpaid tax obligations. Such actions constitute negligence, fraud and abuse of authority.

801. It is, thus, necessary to institute measures to promote tax compliance as well as curtail errant behavior by directors and company public officers.

802. I, therefore, propose that directors or shareholders of a company that wound up voluntarily in order to avoid payment of the taxes be jointly and severally liable for the tax liability.

803. This measure takes effect from 1 January 2019.

Deemed Income Provision: Satellite Broadcasting Services

804. Technological advancements have enabled foreign companies, particularly satellite broadcasters and e-commerce platforms to provide local residents with services from offshore sources. These service providers, who transact through locally domiciled agents or directly with the consumers, are paid out of funds originating from local sources.

805. This income is subject to tax and the activity generating the income is actually paid from a source within Zimbabwe.

806. For the avoidance of doubt and in order to broaden the tax base, I propose to deem income earned by such non-resident service providers to be from a source within the country and liable to tax.

807. This measure takes effect from 1 January 2019.

Tax Relief Measures

Personal Income Tax

808. In order to raise aggregate demand for goods and services, the tax-free threshold was reviewed from the US$250 to US$300 with effect from 1 January 2015, in order to increase taxpayers' disposable incomes and consequently, aggregate demand for goods and services.

809. The tax bands were also widened to begin at US$301 and end at US$20,000, above which income is taxed at the highest tax rate of 50%.

810. The marginal tax rate of 50% was necessitated by the need to address unsustainable profligacy by some top level management in both private and public companies.

811. The high rates of tax have, however, generally undermined the ability of local companies to attract the critical pool of human capital required to support the country's development ambitions. In addition, the country has been rendered uncompetitive against other tax jurisdictions in its quest to host regional offices for multinational companies.

812. In order to attract and retain skilled human capital and also cushion low income taxpayers against rising prices of basic goods, the Budget

proposes to review the tax-free threshold from the current US$300 to US$350 and further widen the tax bands from US$351 to US$20,000, above which income is taxed at the highest marginal tax rate of 45%, as shown on the Table below:

Tax Band (US$)	Tax Rates (%)
0 - 350	0
351 – 1,500	20
1,501 – 5,000	25
5,001 – 10,000	30
10,001 – 15,000	35
15,001-20,000	40
Above 20,000	45

813. The above measure takes effect from 1 January 2019.

Intermediated Money Transfer Tax

814. Following decision to reduce borrowing, Government reviewed the *Intermediated Money Transfer Tax* from 5 cents per transaction to 2 cents per dollar transacted with a view to finance inescapable expenditures without recourse to debt creating instruments such as Treasury Bills.

815. The tax is ideal as a potential source of revenue that spreads the burden across the generality of the transacting public, including those in the informal sector, whose contribution to the fiscus remains minimal.

816. Government took opportunity of the National Budget consultations to solicit for views on adjustments that can be made to the tax, so that it does

not reverse the gains that have already been made in promoting the use of electronic platforms for transacting, or inhibit financial intermediation, investment and payment of taxes, among others.

817. Consultations with stakeholders indicate the need to fine tune the transaction tax, with a view to ease the cost of doing business.

818. In this regard, the Budget proposes to further provide exemptions as follows, with effect from 1 January 2018:

- Transfer of funds between an individual's mobile wallet and or bank accounts;
- Claims Settlement to Medical Service Providers from Medical Aid Societies;
- Transfer of insurance premiums by brokers to insurance companies and subsequent transfers to reinsurers, asset managers and retrocessionnaires;
- Transfer of funds from *Mobile Money Trust Funds* for purchase of electricity;
- Transfer of funds to mining houses by the Minerals Marketing Corporation of Zimbabwe.

Export Tax on Un-Beneficiated Platinum

819. Honourable Members would be aware that Government introduced a 15% tax on the exportation of un-beneficiated platinum, with a view to compel

mining companies to expeditiously transition towards beneficiation of the mineral.

820. Cognisant of the investment that had already been made by some mining houses towards attaining milestones in the agreed road map, the export tax was reduced from 15% to staggered rates with effect from 1 January 2019 as follows:

Level of Beneficiation	Export Tax (%)
PGM Concentrate	5
White Matte	2.5
PGM and Base Metal	1
Precious Metal Refinery	0

821. It is also important to note that further progress towards the intended goal has been registered by some of the mining houses as follows:

Level	Stage	Metallurgical Plant	Unki	Mimosa	Zimplats
1	Concentration to produce concentrates	Concentrator	Done	Done	Done
2	Smelting to produce Matte	Smelter (Matte)	Done	Outstanding	Done
3	Base Metal refining-recovery of base metals	Base Metal Refinery	Outstanding	Outstanding	Outstanding
4	Precious Metal Refining	Precious Metal Refinery	Outstanding	Outstanding	Outstanding

822. PGM producers have already shown commitment towards the beneficiation plan, hence, are in the process of establishing a joint national processing facility.

823. The PGM Association has, thus, committed to beneficiation plans as follows:

- Techno-economic feasibility study to set up a common base metal and platinum metal refinery by December 2019;
- Setting up a base metal refinery by December 2021; and,
- Setting up a precious metal refinery by December 2024.

824. In view of the progress and commitments made towards beneficiation, the Budget proposes that the export tax be postponed to 1 January 2022.

Export Tax on Raw Hides

825. The export of primary products has been identified as one of the key hindrances to the rapid growth and development of the economy. In order to address this obstacle, Government has pursued a deliberate strategy to promote value addition, particularly within the agriculture and mining industry.

826. In pursuance of this objective, Government launched the *Leather Strategy* aimed at transforming the leather value chain from the production and export of raw materials and partly processed products to the production and export of value added products such as finished leather, footwear and other leather garments.

827. Implementation of the *Strategy* was complemented by an export tax of US$0.75 per kg on raw hides.

828. Despite a supportive framework to enhance the value addition capacity of local industry, depressed local and international markets for wet blue hides has resulted in the supply of raw hides outstripping demand by local tanneries.

829. This has been exacerbated by low quality hides mainly due to poor husbandry practices and improper flaying techniques, as well as to an inadequate collection and storage system.

830. Furthermore, the *Leather Industry* lacks capacity to coordinate abattoirs, hide collectors and tanneries in the provision of statistics to allow the export of excess hides.

831. In order to generate foreign currency from the prevailing global export market opportunities, thereby maximizing the value of excess raw hides, the Budget proposes to exempt from export tax, the sale of projected excess raw hides on a bi-annual basis, with effect from 1 January 2019, as shown in Annexure 18.

832. The relief granted shall not exceed the prescribed quantities for each *Approved Exporter*.

Customs Duty on Sanitary Wear

833. Honourable Members would be aware that Government suspended customs duty on sanitary wear to enable the less privileged to access affordable products, whilst allowing local companies ample time to invest.

834. The suspension of duty was, however, lifted and substituted by modest duty rates of 15-20%, following the entry of new local sanitary wear manufacturers.

835. Furthermore, in order to enhance competitiveness of locally produced sanitary wear products, thereby promoting growth of the industry, Government provided duty free importation of raw materials under *Manufacturers Rebate*.

836. Whereas the local industry has capacity to supply sanitary wear and has already invested into capital equipment, it, however, faces a major challenge in accessing foreign currency required for sourcing raw materials. This has resulted in shortage of sanitary wear, which is augmented by imported products.

837. In order to cushion underprivileged women and girls in the interim, whilst the local supply sanitary wear improves, the Budget proposes to suspend customs duty for a period of 12 months beginning 1 December 2018.

838. Furthermore, the Budget proposes to exempt imports of sanitary ware from Value Added Tax.

Suspension of Duty on Goods for use by Physically Challenged Persons

839. In order to improve mobility of physical challenged persons, Government availed a duty free facility for importation of passenger and light commercial motor vehicles.

840. Government further provided duty free importation of sunscreen lotions, hearing aids, braille computers and embossers and also VAT zero rating of wheel chairs, literature products, braille computers and braille watches, among others.

841. The concessions are part of Government initiatives to comply with the United Nations Convention on the Rights of Persons with Disabilities (UN CRPD) of 2008 which promotes decent and dignified lives for such persons to achieve their full potential.

842. In line with this thrust, the 2019 Budget proposes to suspend customs duty on goods used by the physically challenged persons as indicated in Annexure 19.

843. I, further propose, to zero rate for VAT purposes, *Mobility White Canes* used by the physically challenged.

844. These measures takes effect from 1 January 2019.

Duty Free Importation of Motor Vehicles under the Senior Public Servants Loan Scheme

845. Consistent with the overall expenditure management strategy intended to curtail wasteful expenditure, Government reviewed the vehicle scheme applicable to senior public servants.

846. Consequently, the majority of public servants have been moved from condition of service to loan scheme vehicle.

847. Under the scheme, the beneficiaries are allowed to acquire a vehicle of their choice, subject to the prescribed limit on the loan amount.

848. In order to assist senior public servants, whose input is invaluable under very difficult circumstances, it is proposed to provide for duty free importation of vehicles under the scheme, subject to prescribed conditions.

849. This measure takes effect from 1 January 2019.

Value Added Tax on Statutory Medical Regulatory Authorities

850. A number of *Statutory Medical Bodies* such as the Nurses Council of Zimbabwe, Pharmacists Council of Zimbabwe and Health Professions Authority of Zimbabwe, among others, have accrued *Value Added Tax* liabilities for the period 2009 to 2018, due to failure to account for VAT on subscriptions and fees, in line with current legislative provisions.

851. Recovery of the tax debt would, however, require Treasury to allocate funds for that purpose as these statutory institutions rely on Budget support.

852. I, therefore, propose to exempt *Medical Statutory Bodies* from the requirement to charge and remit *Value Added Tax* for the period 2009 to 30 November 2018.

853. *Medical Statutory Bodies* would, however, be required to adhere with current legislative provisions, with effect from 1 December 2018.

Withholding Tax on Contracts

854. The Income Tax Act provides for withholding of 10% of the contract value where a payee fails to furnish a paying officer with a valid *Tax Clearance Certificate.*

855. An audit by the Zimbabwe Revenue Authority revealed that many schools were not requesting for Tax Clearance Certificates from their suppliers in order to assess their liability to the 10% withholding tax. As a consequence, the schools accumulated huge tax debts for failure to withhold tax from suppliers that may not have had *Tax Clearance Certificates.*

856. Recovery of the tax would, however, require schools to increase fees for current students, which is not sustainable, considering the current economic environment.

857. Since the audit by the tax administration authorities, schools have begun complying with the requirements to withhold tax where the supplier of goods or services does not produce a valid Tax Clearance Certificate.

858. In order to provide relief to the schools that have accumulated tax arrears from failure to withhold tax, the Budget proposes to provide an exemption from withholding *Tax on Contracts* in retrospect for a period of six years ending 31 December 2017.

859. Within the same context, the Reserve Bank of Zimbabwe was also not withholding tax from investors that fail to produce a valid *Tax Clearance Certificate* at the time of payment of accrued income on *Treasury Bills*.

860. I, therefore, propose to exempt the Reserve Bank of Zimbabwe from the requirement to withhold 10% of amounts payable in cases where the recipient of interest accruing from *Treasury Bills* failed to produce a tax clearance certificate during the period 1 February 2009 to 30 November 2018.

861. The Reserve Bank of Zimbabwe will be required to withhold 10% from any recipient of interest who fails to produce a valid *Tax Clearance Certificate*, with effect from 1 December 2018.

Exemption of Non-Residents from Withholding Tax

862. A non-resident person is obliged to furnish the payer with a Tax Clearance Certificate where they enter into a contract with a registered taxpayer. This is notwithstanding the obligation on the payer to withhold other taxes, in order to mitigate potential loss of revenue.

863. Furthermore, non-resident persons cannot obtain a *Tax Clearance Certificate* since they are not compelled to register for tax purposes.

864. I, therefore, propose to exempt payments to non-residents individuals from the 10% withholding tax since non-resident persons are not compelled to file returns.

865. This measure takes effect from 1 January 2019.

Road Accident Levy

866. The high incidence of accidents on the country's roads, which have resulted in serious injury and, in some instances, carnage, are a major concern to Government.

867. The accidents, which in most cases have claimed the lives of bread winners, place a huge financial burden on the injured victims, relatives as well as the State.

868. Whereas the minimum requirement is that all motor vehicles should be covered under a *Third Party Insurance*, the benefits are, however, restricted to compensation of the third party's vehicle, hence remain obscure with a relatively low claims ratio.

869. Consequently, premiums have largely been retained for the benefit of insurance companies.

870. An opportunity for *Third Party Insurance* to also contribute towards expenses for accident victims, thus, exists.

871. I, therefore, propose to redirect 5% of *Third Party Insurance Cover* to an Accident Compensation Fund, with effect from 1 December 2018.

872. Modalities of the Fund will be announced in due course.

Fees and Charges

Standard Scale of Fines

873. Road traffic offenses are classified under levels 1 to 3 of the *Standard Scale of Fines*. The *Standard Scale of Fines*, in particular, levels 1 to 3, was last reviewed in January 2017.

874. Notwithstanding the recent review, the current fines, which should act as a deterrent to criminal behavior, have not assisted in reducing such malpractices, mainly due to the low monetary values.

875. Most of the carnage that is witnessed on the country's roads are a result of human error arising from failure to observe road traffic regulations.

876. Some unlicensed motorists, in particular, public service vehicle drivers continue to risk the lives of passengers and other motorists due to negligent driving.

877. The most common offences committed include, proceeding against a red robot, overtaking over solid line, in particular, at robots, encroaching onto oncoming traffic to avoid congestion, dropping passengers at undesignated points, driving without head or side lights, cutting corners when turning right and failing to stop when instructed to do so by the police, among others.

878. These traffic offenses, which have contributed to the high levels of carnage, attract fines up to a maximum of Level 3, with a monetary value of US$30.

879. In order to promote road safety culture by adhering to road traffic regulations, the Budget proposes that any person who commits such offenses be liable to fines of levels 8 to 10, which attract a maximum fine of US$700 and imprisonment for a period not exceeding 12 months.

880. In addition, security forces will be deployed to assist in the enforcement of traffic regulations, thereby taming the jungle that currently exists.

881. These measures take effect from 1 January 2019.

Legislative Amendments

Sequencing of VAT Payments

882. The sequencing of liquidation of tax debt, in terms of the Value Added Tax Act is that penalties and interest should be liquidated before payment of principal debt.

883. This results in accumulation of debt since the principal amount continues to accrue interest. Consequently, some taxpayers have not been able to take advantage of the *Tax Amnesty*, which requires that the principal amount should be liquidated before taking advantage of the amnesty.

884. In order to reduce the burden of perpetual interest charges on taxpayers, the Budget proposes to amend the order of liquidation of VAT debts so that priority is given towards settlement of the principal tax liability followed by penalty and interest, with effect from 1 January 2019.

Transfer Pricing

885. In order to enhance the effectiveness of transfer pricing rules, Government amended legislation to provide taxpayers with sufficient guidance on the tax treatment of transactions between related parties.

886. In order to promote compliance with the *Transfer Pricing* legislative requirements, the Budget proposes to introduce the following measures:

- Amend legislation to provide for penalties, on a graduating scale, for failure to adhere to stipulated requirements;
- Require taxpayers to submit annual returns showing transactions entered between controlled and/or associated enterprises;
- Provide for *Transfer Pricing Documentary Requirements,* which will act as a guide to associated enterprises in the recording of transactions, in compliance with the *Arm's Length Principle*; and,
- Provide for *Transfer Pricing Guidelines* which will assist in the application and interpretation and simplification of transfer pricing legislation.

887. These measures take effect from 1 January 2019.

Tax Exemption of Interest Income Accruing from Treasury Bills

888. Government has over the years issued *Treasury Bills* to finance the fiscal gap arising from revenue shortfalls.

889. The tax exempt status enhances the attractiveness of the *Treasury Bills* to potential individual and institutional investors.

890. Whereas interest accruing to individual investors from *Treasury Bills* is currently exempt from tax, financial institutions are liable to tax on the same income.

891. I, therefore, propose to regularise the tax exemption on income accruing on tax exempt *Treasury Bills* bought by financial institutions.

Allowable Deductions in Respect of Two or More Mining Locations

892. The Income Tax Legislation provides for mining entities to claim expenses in respect of two or more mining locations where ZIMRA is satisfied that the mining operations conducted on the mining locations are inseparable or substantially interdependent.

893. In order to safeguard revenue, the Budget proposes to amend the legislation to provide clarity regarding the interpretation of the concept of "inseparable or substantially interdependent".

Conditions for Allowing Input Tax Claim

894. The VAT legislation prescribes a period of 12 months within which to offset input tax against output tax levied on taxable supplies in the determination of tax payable.

895. Some taxpayers, have however, due to circumstances beyond their control, failed to offset the correct amount of input tax within the prescribed period of 12 months, resulting in the disallowance of the input tax claim.

896. A disallowed input tax claim imposes an excessive tax burden on the taxpayer, which in some cases, may bankrupt a company.

897. I, therefore, propose that the tax administration authorities be granted discretionary power to allow input tax claims beyond the prescribed 12 months period, where the correct output tax would have been declared.

898. For purposes of transparency and accountability, the Zimbabwe Revenue Authority will publish the criteria for application of the relief.

Payment Basis for Value Added Tax

899. The Value Added Tax legislation compels registered operators to account for tax on an invoice or payment basis. Registered operators that account for tax on an invoice basis are required to account for VAT accruing from both cash and credit sales after an invoice, which indicates time of supply, has been issued.

900. In order to delay accounting for VAT on credit sales, some registered operators deliver goods or perform services without issuing an invoice, thereby circumventing the fact that a supply has been made.

901. Registered operators, thus, deliver goods on the basis of delivery notes, thereby avoiding payment of output tax, notwithstanding that the same can be used to claim input tax.

902. In order to facilitate accounting for VAT at the time of delivery of goods or services, the Budget proposes to amend the definition of time of supply to include the time goods or services are made available to the recipient.

Additional Routes for Electronic Cargo Tracking

903. Honourable Members would be aware that Government implemented an electronic cargo tracking system that uses electronic seals and transmitters to monitor transit cargo, in order to mitigate the adverse effects of transit fraud.

904. The routes over which vehicles fitted with electronic cargo tracking devices carrying goods transiting through country have been gazetted.

905. I, therefore, propose to gazette the additional routes, in order to facilitate movement of petroleum products.

906. This ensures that traffic adheres to gazetted routes for ease of administration of the Electronic Cargo Tracking System.

Maximum Transit Period

907. The Customs and Excise legislation provides that goods cleared for transit purposes should exit the country within 3 days from the date of entry for removal. This reduces the chances of offloading transit goods on the local market.

908. Trucks carrying abnormal loads, however, are, in most cases, not able to transit within the given timeframes, due to low speed and other regulations that restrict the movement of trucks carrying abnormal loads during the night.

909. I, therefore, propose to extend the transit timeline for trucks carrying abnormal loads from 3 to 5 days from date of arrival at the port of entry, with effect from 1 December 2018.

Penalty for Failure to Pre-clear Goods

910. In an effort to manage congestion at ports of entry and exit, Government, with effect from 1 February 2018, introduced pre-clearance of commercial cargo transported by road.

911. Notwithstanding the legislative provisions, commercial cargo transporters and agents have, however, not been complying, hence some ports of entry have faced serious traffic congestion.

912. I, therefore, propose to levy a fine equivalent to level 12 of the *Standard Scale of Fines* on importers or agents that fail to pre-clear goods transported by road.

913. This measure takes effect from 1 December 2018.

Power of Customs Officers to Inspect Residential Property

914. The Customs and Excise legislation empowers ZIMRA officers under a search warrant, to conduct searches on business premises, as well as examine records or structures.

915. This authority has, however, not been extended to residential premises, which are increasingly being used for business operations in order to reduce costs and, in some cases, evade payment of taxes, especially where goods are smuggled.

916. I, therefore, propose to amend legislation to authorise officers to access residential property for purposes of undertaking searches, where there is reasonable grounds to believe that a residential property is utilised for business purposes.

917. This measure takes effect from 1 January 2019.

Tax Administration

Whistle Blower Facility

918. Government in 2001 introduced the *Whistle Blower Facility* to enable informants to share information on such practices as tax avoidance and evasion by individuals and companies that compromised tax revenue collections.

919. Under the facility, persons who submitted information leading to the recovery of undeclared tax revenue were entitled to a reward equivalent to 10% of the amount recovered.

920. Although this initiative has resulted in the recovery of substantial amounts of tax revenue, challenges have been experienced regarding the nature

of information that should be acceptable for purposes of rewarding an informant.

921. I, therefore, propose to review the *Whistle Blower Facility* to provide, among other measures, clarity on the nature of information that informants must supply before being entitled to a reward.

Penalty Loading Model

922. The arbitrary and inconsistent application of the discretionary authority by ZIMRA in the imposition and remission of penalties chargeable for failure to comply with tax legislation has largely contributed to the huge tax debts being attributable to penalties.

923. In order to promote transparency in the administration of penalties for non-compliance, the Budget proposes to publish, a *Penalty Loading Model* which informs taxpayers on the level of penalties, with effect from 1 January 2019.

Permissible Deductions in Respect of Input Tax

924. The VAT legislation compels VAT registered operators to obtain and retain any of the documentary proof listed on the schedule of appropriate documentation as confirmation that they are entitled to zero rate supplies of goods and services, in order to facilitate refund of VAT input tax.

925. The discretion has created an opportunity whereby registered operators, particularly those in the export business, submit stamped *Bills of Entry*, and some of the documents listed as proof of export, despite overwhelming evidence that the goods were not exported.

926. In order to minimise abuse of the VAT system, the Budget proposes to compel registered operators to obtain and retain all the documentary proof prescribed in the regulations as confirmation that they are entitled to zero rate their supplies.

Tax Administration Assessment Tool

927. The Zimbabwe Revenue Authority plays a strategic role of revenue collection and trade facilitation, which is pivotal to the growth of the economy.

928. As part of the reform process, the International Monetary Fund, through the IMF Tax Administration Assessment Tool (TADAT) initiative, conducted an assessment of the Tax Administration system with a view to identify its strengths and weaknesses.

929. The results of the assessment identified areas for improvement which include the following, among others:

- Sub-optimal IT system for tax administration;
- Absence of an interface of IT systems with other Government

Agencies such as Registrar General, Deeds Registrar and ZIMSTAT, among other key Institutions;

- Inadequate and inaccurate taxpayer registration database since the taxpayer information held in the registration database is not adequate to support effective interactions with taxpayers and their intermediaries;
- Lack of systematic initiatives to identify unregistered taxpayers;
- Underperforming e-services platform;
- Weak on-time filing and payment compliance;
- Deficient processes for managing manual returns;
- Inefficient VAT refund process;
- Absence of a compliance risk management framework;
- Absence of an annual audit program and centralized risk based case selection process;
- Multi-layered dispute resolution process, which causes delays in solving tax disputes; and,
- Absence of a tax incentives monitoring and evaluation framework (tax holidays, losses carried forward and VAT refund levels).

930. In order to address the above weaknesses, thereby enhancing efficiency in tax administration, the Zimbabwe Revenue Authority will be required to undertake the following initiatives:

- Enhance ZIMRA Information Technology Systems to ensure that information held in the taxpayer registration database is accurate, adequate and reliable.
- In order to ensure accuracy, reliability and traceability of taxpayers, by the first half of 2019, the ZIMRA systems should be linked to the National Registration Database, Company Registration Database, Deeds Office, ZIMSTAT, National Social Security Authority, Investment Agency and ZIMDEF, among others;
- Put in place a Compliance Risk Management Framework to enable the detection of sectors of the economy with greatest risk of non-compliance, in order to ensure that commensurate tax administration effort is applied;
- Carryout routine activities to identify unregistered tax payers; and,
- Develop a tax incentives monitoring and evaluation framework to facilitate the management of timed tax expenditures as well as to inform *Cost Benefit Analysis* of tax expenditures by Treasury, on an annual basis, with effect from 1 January 2019.

931. Government stands ready to avail the necessary institutional and financial support to facilitate implementation of these measures.

CONCLUSION

932. This Budget is going to be key in our national development agenda as it is going to set the tone for the country's growth trajectory for the coming 12 months and the TSP implementation period (2018-2020).

933. There is no doubt that Government needs to implement radical economic reform measures, especially on the fiscal and monetary front. It is the expectation that some pain will be experienced as there is no reform without pain.

934. We cannot continue with the economic management culture of '*stop starts*' as this will frustrate attainment of Vision 2030.

935. I, therefore, commend this Budget to the House of Assembly and fellow Zimbabweans at large.

ANNEXURES

Annexure 1: Development Partner Support (US$)

Development Partner	2018 Jan – Sep Actual	Exp Outturn by Dec 2018	2019 Proj
Bilateral			
USA	192,825,861	192,825,861	194,370,751
UK	69,257,500	113,224,800	121,429,100
European Union	47,173,240	51,547,211	25,562,792
Sweden	35,983,667	35,983,667	33,000,000
Australia	3,607,299	4,050,000	5,274,240
China	-	31,900,000	52,398,167
Japan	9,353,639	17,201,545	10,672,870
Germany	4,326,437	6,868,243	4,634,211
Netherlands	2,312,679	2,974,071	1,083,172
Switzerland	7,732,285	8,824,400	8,515,140
France			570,500
Sub - total	**372,555,382**	**465,073,512**	**453,436,964**
Multilateral			
Global Fund	121,598,274	157,919,891	74,883,485
UNICEF	8,304,495	8,849,553	8,849,553
AfDB	9,759,000	14,864,000	44,850,000
FAO	312,106	559,024	500,000
IFAD	1,766,772	3,463,397	10,635,213
UNDP	3,137,107	2,977,207	6,672,886
UNFPA	1,816,640	3,162,106	2,751,057
WHO	1,928,235	3,556,711	3,556,711
ILO	128,994	258,619	304,992
ITU	108,000	198,456	198,456
UNESCO	35,772	238,211	238,211
Sub - total	**148,895,777**	**193,069,968**	**153,252,670**
GRAND TOTAL	**526,691,777**	**659,279,480**	**606,709,634**

Sectoral Disbursements

Sector	2018 Jan – Sep Actual	Exp Outturn by Dec 2018	2019 Proj
Health	318,993,250	379,350,401	280,985,765
Humanitarian	59,437,871	72,035,317	52,274,240
Agriculture	15,960,473	29,229,222	31,447,473
Capacity Building	18,462,001	26,550,480	43,572,667
Governance	42,664,786	66,770,562	75,434,067
Water Supply & Sanitation	6,976,567	10,427,031	17,634,755
Education	17,633,735	22,969,325	25,594,293
Basic Social Services	32,177,837	43,936,646	25,497,879
Transport	3,853,079	7,012,777	37,319,396
Multi - Sector	5,291,178	2,838,726	6,457,861
Power/Energy	-	-	5,471,238
TOTAL	**526,691,777**	**659,279,480**	**606,709,634**

Annexure 2: Targeted Irrigation Schemes

NAME OF PROJECT	PROVINCE	DISTRICT	POTENTIAL HECTARAGE	2019 BUDGET ALLOCATIONS			
				FISCAL RESOURCES	DEVELOPMENT PARTNER SUPPORT	LOAN	TOTAL
National Accelerated Irrigation Rehabilitation Programme							
Bulawayo Kraal	Mat North	Binga	190	650,000			650,000
Bubi-Lupane	Mat North	Lupane	200	350,000			350,000
Famona	Mat North	Bubi	30	190,000			190,000
PeterPan	Mat North	Bubi	30	120,000			120,000
MpoloMpolo	Mat North	Bubi	30	150,000			150,000
Redwood	Mat North	Umuguza	30	190,000			190,000
Phaphamani	Mat North	Umuguza	30	190,000			190,000
Mlibizi	Mat North	Binga	225	500,000			500,000
Tembanani-Vusanani	Mat North	Umuguza	82	350,000			350,000
Arda Transau	Manicaland	Mutare	200	400,000			400,000
Upper Lessapi	Manicaland	Makoni	300	650,000			650,000
Chiduku Tikwiri	Manicaland	Makoni	219	180,000			180,000
Mutunha	Manicaland	Buhera	20	150,000			150,000
Bwerudza	Manicaland	Chipinge	50	150,000			150,000
Mpudzi	Manicaland	Mutare	70	150,000			150,000
Ruti	Manicaland	Buhera	100	150,000			150,000
Romsley	Manicaland	Makoni	100	50,000			50,000
Hamamaoko	Manicaland	Mutare	28	100,000			100,000
Laverstork/Ena Vante	Manicaland	Mutasa	120	200,000			200,000
Mudzindiko/Mataka	Manicaland	Mutasa	80	150,000			150,000
Nyanyadzi	Manicaland	Chimanimani	67	400,000			400,000
Dorowa	Manicaland	Buhera	40	150,000			150,000
Mutawatawa	Mash East	Uzumba	100	500,000			500,000
Eladale	Mash East	Seke	100	200,000			200,000
Hanarul	Mash East	Seke	100	160,000			160,000
Marsala	Mash East	Goromonzi	140	200,000			200,000
Chibvi	Mash East	Uzumba	40	300,000			300,000
Bonchance	Mash East	Marondera	120	150,000			150,000
Sussex	Mash East	Marondera	80	350,000			350,000
Tabudirira	Mash East	Mutoko	100	350,000			350,000
Bita	Mash East	Hwedza	140	200,000			200,000
Mhakwe	Mash East	Hwedza	60	120,000			120,000
Sommerset	Mash East	Murehwa	10	200,000			200,000
Nyamutsahuni	Mash East	Mutoko	40	350,000			350,000
Nyazvikatsi	Mash East	Mutoko	90	300,000			300,000
Kudzwe	Mash East	Mudzi	50	280,000			280,000
Nyambiri	Mash East	Seke	60	300,000			300,000
Chigara BBH	Mash East	Chikomba	40	250,000			250,000
Fraskati	Mash East	Goromonzi	40	250,000			250,000
Svisva	Mash East	Goromonzi	40	250,000			250,000
Wadlove	Mash East	Marondera	10	190,000			190,000
Chikwezvero	Mash East	Chikomba	20	200,000			200,000
Chipoli D	Mash Central	Shamva	106	210,000			210,000
Masembura	Mash Central	Bindura	20	80,000			80,000
Velvekia	Mash Central	Guruve	100	190,000			190,000
Nyamuseve	Mash Central	Guruve	100	150,000			150,000
Gwingwizha	Mash Central	Mazowe	20	150,000			150,000
Nyarumwe	Mash Central	Mazowe	100	250,000			250,000
Kanyemba	Mash Central	Mbire	200	150,000			150,000
Everton	Mash Central	Mt Darwin	80	220,000			220,000
Mazowe Bridge	Mash Central	Mazowe	20	150,000			150,000
Chimhanda Extension	Mash Central	Rushinga	30	150,000			150,000
Eben	Mash Central	Shamva	200	150,000			150,000
Kachuta	Mash Central	Guruve	10	100,000			100,000
Maparo	Mash Central	Bindura	180	200,000			200,000
Vuka	Mash West	Hurungwe	140	200,000			200,000

NAME OF PROJECT	PROVINCE	DISTRICT	POTENTIAL HECTARAGE	2019 BUDGET ALLOCATIONS			
				FISCAL RESOURCES	DEVELOPMENT PARTNER SUPPORT	LOAN	TOTAL
Nyambudzi	Mash Central	Mbire	80	150,000			150,000
Chinehasha	Mash Central	Mazoe	20	200,000			200,000
Mutange	Midlands	Gokwe South	134	150,000			150,000
Chimwe Chegato	Midlands	Mberengwa	64	250,000			250,000
Chemahororo	Midlands	Gokwe South	60	200,000			200,000
Chaora block	Midlands	Mberengwa	244	350,000			350,000
Milsonia	Midlands	Kwekwe	20	180,000			180,000
Makwikwi	Midlands	Shurugwi	20	150,000			150,000
Igogo	Midlands	Kwekwe	84	80,000			80,000
Igogo Takawira	Midlands	Kwekwe	52	150,000			150,000
Ruchanyu	Midlands	Shurugwi	27	50,000			50,000
HamaMavhaire	Midlands	Chirumhanzu	103	300,000			300,000
Mbembeswana	Midlands	Gweru	100	180,000			180,000
Mambanjeni	Midlands	Gweru	90	250,000			250,000
Musena Youth	Midlands	Chirumhanzu	20	150,000			150,000
Mabwematema	Midlands	Zvishavane	52	120,000			120,000
Nyaje	Midlands	Gokwe South	10	80,000			80,000
Mola	Mash West	Kariba	120	180,000			180,000
Millanwood	Mash West	Sanyati	150	180,000			180,000
Gowe	Masvingo	Bikita	50	80,000			80,000
Mahute	Masvingo	Bikita	84	180,000			180,000
Muzvezve Block 8	Mash West	Ngezi	100	250,000			250,000
Muzvezve Village 13/Soteck	Mash West	Kadoma	100	190,000			190,000
Portelet	Mash West	Makonde	200	200,000			200,000
Kutama	Mash West	Zvimba	10	180,000			180,000
Nyabango	Mash West	Chegutu	100	200,000			200,000
Dalkeith	Mash West	Zvimba	100	250,000			250,000
Madhodha	Mash West	Ngezi	50	250,000			250,000
Riversdale	Mash West	Chegutu	130	250,000			250,000
Temperly	Mash West	Makonde	100	350,000			350,000
Nyamuvanga	Mash West	Zvimba	25	350,000			350,000
Seke sanyati	Mash West	Sanyati	20	80,000			80,000
Kwalu	Mat South	Beitbridge	45	150,000			150,000
Valley	Mat South	Matobo	45	200,000			200,000
Silalabuhwa	Mat South	Insiza	45	200,000			200,000
Smith Block	Mat South	Mangwe	120	1,000,000			1,000,000
Bambanani	Mat South	Mangwe	60	350,000			350,000
Makwe	Mat South	Gwanda	200	350,000			350,000
Mtshabezi	Mat South	Gwanda	150	700,000			700,000
Bengura	Masvingo	Bikita	40	150,000			150,000
Nyahombe	Masvingo	Chivi	150	30,000			30,000
Nhema	Masvingo	Zaka	40	300,000			300,000
Murefu	Masvingo	Masvingo	5	100,000			100,000
Gororo	Masvingo	Chivi	10	200,000			200,000
Manyuchi	Masvingo	Mwenezi	-	250,000			250,000
Bengura	Masvingo	Bikita	150	150,000			150,000
Dendere	Mash Central	Muzarabani	40	150,000			150,000
Nyika	Masvingo	Masvingo	40	250,000			250,000
Mufusirwa	Masvingo	Bikita	40	300,000			300,000
Gororo(Block A and B)	Masvingo	Chivi	140	350,000			350,000
Lowlands	Masvingo	Gutu	15	200,000			200,000
Lapache	Masvingo	Mwenezi	100	200,000			200,000
Mushaya	Masvingo	Zaka	50	300,000			300,000
Manyuchi/Mangoma	Masvingo	Mwenezi	20	350,000			350,000
Chilonga	Masvingo	Chiredzi	40	190,000			190,000
St Joseph	Masvingo	Chiredzi	40	200,000			200,000
Total			**9,031**	**25,800,000**	**-**	**-**	**25,800,000**
Other Irrigation Support							
Zhove irrigation	Mat South	Beitbridge	2,520	1,000,000		2,200,000	3,200,000
Muzhwi	Masvingo	Masvingo	800	2,000,000			2,000,000

NAME OF PROJECT	PROVINCE	DISTRICT	POTENTIAL HECTARAGE	2019 BUDGET ALLOCATIONS			
				FISCAL RESOURCES	DEVELOPMENT PARTNER SUPPORT	LOAN	TOTAL
Smallholder Irrigation Revitalisation Programme	Masvingo, Midlands, Mat South and Midlands		6,100	800,000	2,642,000	4,433,000	7,875,000
Operation and maintenance	All provinces	All districts		1,000,000			1,000,000
Upgrading of Fels Demonstration Centre				700,000			700,000
Upgrading and rehabilitation of irrigation demonstration plots				400,000			400,000
Technical performance evaluation				300,000			300,000
Project Management & Capacity building				2,000,000			2,000,000
Plant & Equipment				3,000,000			3,000,000
Sub Total			**9,420**	**11,200,000**	**2,642,000**	**6,633,000**	**20,475,000**
Grand Total			**18,451**	**37,000,000**	**2,642,000**	**6,633,000**	**46,275,000**

Annexure 3: The 2019 Road Development Programme

Project Name	Province	Implementing Agency	Current status	Project Scope	Funding Source	2019 Funding
Road Dualisation						
Harare - Gweru - Bulawayo Road	Mashonaland West	DOR	On-going	Dualisation of 20km road section from Serui Bridge to Selous Roundabout	Budget	**22,000,000**
Mbudzi Traffic Interchange	Mashonaland East	DOR	New	Construction of interchange at Mbudzi Roundabout.	Budget	**20,000,000**
Harare - Mutare Road	Mashonaland East	DOR	On-going	Dualisation of 14km road section from Broomely to Surrey Abatour	Budget	**15,400,000**
Harare - Masvingo - Beitbridge Road	Mash East, Midlands, Masvingo, Mat South	DOR	New	Rehabilitation and partial dualisationof road from Beitbridge to Harare and compansation of affected properties	Road Fund/GOZ	**150,000,000**
Makuti - Chirundu upgrading	Mashonaland West	DOR	New	Upgrading of 6.5km stretch between Marongora - Helsgate through provision of overtaing lanes on the Chirundu-Makuti highway.	Japan	**21,000,000**
Bulawayo - Beitbridge	Matabeleland South	DOR	New	Dualisation of 4.3km road section to the Beitbridge Border Post	Budget	**13,000,000**
Roads Rehabilitation and Upgrading						
Ngundu - Tanganda	Manicaland	DOR	On-going	Rehabilitation of 55km	Budget	**3,500,000**
Rusape - Nyanga	Manicaland	DOR	On-going	Rehabilitation and upgrading of 80km	Budget	**3,000,000**
Murambinda-Birchenough	Manicaland	DOR	On-going	Reconstruction of 119km	Budget	**9,000,000**
Nyanga - Ruwangwe	Manicaland	DOR	On-going	Construction and Low cost surfacing for 80km	Budget	**5,600,000**
Odzi-Marange- Zviripiri	Manicaland	DOR	On-going	Construction and Low cost surfacing for 28km	Budget	**3,500,000**
Bindura - Matepatepa	Mashonaland Central	DOR	On-going	Rehabilitation of 2km road section	Budget	**6,000,000**
Guruve - Kanyemba	Mashonaland Central	DOR	On-going	Reconstruction of 141km	Budget	**8,000,000**
Mt Darwin-Mukumbura	Mashonaland Central	DOR	On-going	Reconstruction for 119km	Budget	**8,000,000**
St Alberts - Dotito	Mashonaland Central	DOR	On-going	Construction and low cost surfacing of 40km	Budget	**6,000,000**
Muzarabani - Mahuwe	Mashonaland Central	DOR	On-going	Construction and Low cost surfacing for 42km	Budget	**5,000,000**
Rushinga-Chimhanda	Mashonaland Central	DOR	New	Construction and low cost surfacing of 3km	Budget	**1,500,000**
Beatrice - Mubaira	Mashonaland East	DOR	On-going	Road widening & surfacing of 26km	Budget	**-**
Landas - Mahusekwa	Mashonaland East	DOR	On-going	Upgrading	Budget	**2,000,000**
Hwedza - Sadza - Murambinda	Mashonaland East	DOR	On-going	Construction and Low cost surfacing for 70km	Budget	**5,400,000**
Marondera - Musami	Mashonaland East	DOR	New	Upgrading and low cost surfacing of 25.5km	Budget	**3,000,000**
Murehwa - Macheke	Mashonaland East	DOR	On-going	Upgrading and low cost surfacing of 48km	Budget	**4,000,000**
Murehwa - Mutawatawa	Mashonaland East	DOR	On-going	Low cost surfacing of 52km	Budget	**3,000,000**
Mushandirapamwe - Hwedza	Mashonaland East	DOR	On-going	Low cost surfacing of 53KM	Budget	**3,500,000**
Zaire - Chigondo	Mashonaland East	DOR	On-going	Low cost surfacing for 35km	Budget	**3,500,000**
Alaska - Copper Queen	Mashonaland West	DOR	On-going	Low cost surfacing for 168km	Budget	**3,500,000**
Golden Valley Sanyati	Mashonaland West	DOR	On-going	Low cost surfacing for 81km	Budget	**14,000,000**
Kirkman Road	Mashonaland West	DOR	On-going	Construction and Low cost surfacing for 12.5km	Budget	**1,300,000**
Makuti - Kariba	Mashonaland West	DOR	On-going	Resealling of 10km	Budget	**5,000,000**
Skyline - Mubaira - Chegutu	Mashonaland West	DOR	On-going	Road widening and Low cost surfacing for 93km	Budget	**5,000,000**
Harare-Chirundu	Mashonaland West	DOR	On-going	Rehabilitation of failed sections along the highway.	Budget	**5,000,000**
Chartsworth - Gutu	Masvingo	DOR	On-going	Reconstruction of 9km road section	Budget	
Gutu - Buhera	Masvingo	DOR	On-going	Construction and Low cost surfacing for 63km	Budget	**3,500,000**
Kapota - Zimuto	Masvingo	DOR	On-going	Low cost surfacing for 30km	Budget	
Mandamhandwe - Chivi - Tokwe	Masvingo	DOR	On-going	Low cost surfacing of 48km	Budget	**6,000,000**
Rutenga - Zvishavane	Masvingo	DOR	On-going	Low cost surfacing of 93km	Budget	**2,500,000**
Rutenga- Boli- Chicualacuala	Masvingo	DOR	On-going	Construction and Low cost surfacing for 87km	Budget	**2,500,000**

Project Name	Province	Implementing Agency	Current status	Project Scope	Funding Source	2019 Funding
Chivi Turnoff - Shurugwi	Masvingo	DOR	On-going	-	Budget	
Binga - Sengwa	Matabeleland North	DOR	On-going	Low cost surfacing of 105km	Budget	**2,000,000**
Bulawayo - Nkayi	Matabeleland North	DOR	On-going	Road Construction from 43km peg to 65km peg	Budget	**2,100,000**
Bulawayo - Tsholotsho	Matabeleland North	DOR	On-going	Low cost surfacing of 95km	Budget	**6,000,000**
Lupane - Nkayi	Matabeleland North	DOR	On-going	Low cost surfacing of 120km	Budget	**8,000,000**
Tsholotsho - Lupane	Matabeleland North	DOR	On-going	Upgrading of 120km road	Budget	**4,000,000**
Tsholotsho - Plumtree	Matabeleland North	DOR	On-going	Low cost surfacing of 60km	Budget	**4,000,000**
Ingwingwisi Bridge Approaches	Matabeleland North	DOR	On-going	Construction of bridge approaches	Budget	
Bulawayo -Maphisa	Matabeleland South	DOR	On-going	Upgrading	Budget	**3,000,000**
Gwanda - Maphisa	Matabeleland South	DOR	On-going	Construction and Low cost surfacing for 59km	Budget	**6,000,000**
Gwanda-Guyu- Manama- Tuli	Matabeleland South	DOR	On-going	Construction and Low cost surfacing for 67km	Budget	**2,500,000**
Mapisa - Mphoengs	Matabeleland South	DOR	On-going	Low cost surfacing for 103km	Budget	**3,500,000**
Plumtree - Maitengwe	Matabeleland South	DOR	On-going	Low cost surfacing of 90km	Budget	**5,000,000**
Plumtree - Tsholotsho	Matabeleland South	DOR	On-going	Low cost surfacing of 60km	Budget	**3,500,000**
West Nicholson -Mberengwa	Matabeleland South	DOR	On-going	Low cost surfacing of 52km	Budget	**6,000,000**
Gokwe - Suyabuwa	Midlands	DOR	On-going	Construction and Low cost surfacing for 133km	Budget	**3,500,000**
Kwekwe - Nkayi	Midlands	DOR	On-going	Construction and Low cost surfacing for 50km	Budget	**3,500,000**
Kwekwe - Gokwe Road	Midlands	DOR	On-going	Resealing of 141km	Budget	**6,000,000**
Mberengwa - Mataga	Midlands	DOR	On-going	Low cost surfacing for 71km	Budget	**3,500,000**
Mberengwa-West Nicholson	Midlands	DOR	On-going	Construction of 48km road	Budget	**3,500,000**
Bridge Construction						
Rwenya bridge	Mashonaland East	DOR	New	Reconstruction of bridge	Budget	**4,500,000**
Melfort Bridge	Mashonaland East	DOR	New	Bridge Designs and construction on Harare - Mutare Road	Budget	**4,000,000**
Chigoya bridge	Mashonaland West	DOR	New	Construction of bridge	Budget	**2,500,000**
Chikuti Bridge	Mashonaland West	DOR	New	Bridge Rehabilitation (Harare-Chirundu)	Budget	**2,500,000**
Serui River Bridge	Mashonaland West	DOR	New	Bridge Designs and construction on Harare - Bulawayo Road	Budget	**6,000,000**
Munyati Bridge	Mashonaland West	DOR	New	Construction of bridge	Budget	**2,500,000**
Chilonga Bridge	Masvingo	DOR	New	Construction of approaches for a two lane high level crossing across Pembi River	Budget	**1,000,000**
Nkayi-Lupane Shelverts	Matabeleland North	DOR	New	Re-construction	Budget	**5,000,000**
Other Road Projects						
Central Laboratory Refurbishment	Mashonaland West	DOR		Refurburshment of the Department of Roads Central and Provincial Laboratories	Retained Funds	**500,000**
Road Construction equipment	National	DOR		Procurement of road construction equipment and supervision vehicles	Retained Funds	**3,000,000**
Simon Mazorodze Flyover	Mashonaland East	DOR		Feasibility studies and remedial work-NLB	Retained Funds	**2,000,000**
Planning activities	National	DOR		Carrying out project preparatory activities	Retained Funds	**500,000**
Road inspection equipment		DOR		Purchase of Falling Weight Deflectometer	Retained Funds	**1,000,000**
Furniture and equipment		DOR		Procurement of equipment and furniture	Retained Funds	**500,000**
IT Equipment		DOR		Procurement of IT equiment and licences and software	Retained Funds	**200,000**
Training Center		DOR		Refurburshment of Transport Training Center	Retained Funds	**500,000**
ZINARA ROAD FUND						

Project Name	Province	Implementing Agency	Current status	Project Scope	Funding Source	2019 Funding
Regional Trunk Roads (DoR)	National	DOR	On-going	Rehabilitation and maintenance of trunk roads	Road Fund	**47,000,000**
Rural Feeder Roads (DDF)	National	DDF	On-going	Rehabilitation, upgrading and maintenance of rural feeder roads	Road Fund	**30,000,000**
Urban Local Authorities Roads	National	Urban Local Authorities	On-going	Rehabilitation, upgrading and maintenance of the 11 334 km urban road network	Road Fund	**52,000,000**
Rural District Councils Roads	National	Rural District Councils	On-going	Rehabilitation, upgrading and maintenance of the 40 206 km rural road network	Road Fund	**38,000,000**
Other Projects					Road Fund	
DBSA Facility		ZINARA	On-going		Road Fund	**44,000,000**
Special Projects		ZINARA	New		Road Fund	**13,000,000**
Emergency Projects		ZINARA	New		Road Fund	**13,000,000**
VID New Weighbridges		ZINARA	New		Road Fund	**8,000,000**
Tollgates		ZINARA	New		Road Fund	**15,000,000**
Grader Maintenance		ZINARA			Road Fund	**3,000,000**
Outstanding Obligations		ZINARA			Road Fund	**6,000,000**
Project Monitoring		ZINARA			Road Fund	**4,000,000**
						758,000,000

Annexure 4: 2019 Housing Development Programmes

NAME OF PROJECT	ENTITY	LOCATION	PROJECT SCOPE	STATUS	2019 BUDGET FUNDING MATRIX				
					BUDGET US$	Own Resources US$	Beneficiary Contrib. US$	Loan Financing US$	Total Resources US$
Sakubva	MLPW&NH	Mutare	Construction of 2 blocks of flats		2,000,000				2,000,000
Dombotombo	MLPW&NH	Marondera	Construction of 1 block of flats (16x2 bedroom units)		1,000,000				1,000,000
Mbire	MLPW&NH	Mbire	Completion of 4 F14 housing units		80,000				80,000
Beitbridge re-development	MLPW&NH	Beitbridge	Completion of a) 4x3 storey 3 bedroomed flats b) 2x3 storey 2 bedroomed flats c) 4 garden flats and d) 6 duplex flats.		2,000,000				2,000,000
Marimba	MLPW&NH	Highfields	Construction of 2 blocks of flats		2,000,000				2,000,000
Spitzkop	MLPW&NH	Gwanda	Construction of 1 block of flats		1,000,000				1,000,000
Crownlands	MLPW&NH	Chinhoyi	Servicing of 999 stands.	At tendering stage.	3,500,000				3,500,000
Mkoba 21	MLPW&NH	Gweru	Servicing of 641 high density residential stands	Internal water and sewer reticulation complete. Road opening in progress.	1,000,000				1,000,000
Nemanwa	MLPW&NH	Masvingo	Servicing of 223 high density stands	Water 90% complete, Roads works in progress	1,500,000				1,500,000
Tshovani	MLPW&NH	Chiredzi	Servicing of 200 high density stands	Designs complete. At tender stage.	1,280,000				1,280,000
Manressa Estate Development	UDCORP	Harare	Phase II-Construction of 4 storey block of 128 student apartments					12,000,000	12,000,000
Knockmalloch Housing Development	UDCORP	Hartley	Complete the servicing of 400 hectares of land for 2200 housing stands and construction of offsite infrastructure and housing units under phase 2					20,000,000	20,000,000
Chirundu Housing Development	UDCORP	Chirundu	Servicing of 60.65 hectares for the development of 639 housing stands as well as development of Chirundu Central Business District					8,000,000	8,000,000
Plumtree Flats	UDCORP	Plumtree	Construction of 4 storey apartments comprising of 192 two and three bedroomed apartments					12,000,000	12,000,000
Chinotimba	CBZ	Victoria Falls	Servicing of 1309 high and medium density stands						
Mkhosana Buffer	CBZ	Victoria Falls	Servicing of high and medium density stands						
Nehosho	CBZ	Gweru	Servicing of 1087 high density housing stands						
Mtausi Park	CBZ	Gweru	Servicing of 368 low density stands						

NAME OF PROJECT	ENTITY	LOCATION	PROJECT SCOPE	STATUS	2019 BUDGET FUNDING MATRIX				
					BUDGET	Own Resources	Beneficiary Contrib.	Loan Financing	Total Resources
					US$	US$	US$	US$	US$
Mahatshula East	CBZ	Bulawayo	Servicing of 670 medium density stands						
Labor of Longlands	CBZ	Marondera	Servicing of 3843 high, medium and low density stands						
Reitport of Georgic	CBZ	Harare	Servicing of 31 agro-residential stands						
Mbizo 21	CBZ	Kwekwe	Servicing of 445 high density stands						
Mazowe	CBZ	Mazowe	Servicing of 163 low density stands						
Brockdale	Homelink	Bindura	Servicing of 625 housing stands			15,000,000			
Strathmore	Homelink	Harare	Servicing of 3000 housing stands			121,000,000			
Malborough Flats	Homelink	Harare	Servicing of 13 housing stands			3,000,000			
Willsgrove	Homelink	Bulawayo	Servicing of 190 housing stands			10,000,000			
Rioville Project	NMB	Marlborough	Construction of 26 cluster units			4,000,000			
St. Ives	POSB	Chinhoyi	Servicing of 103 high and medium density stands			1,000,000			
South Mews	POSB	Harare South	Servicing of 150 high and medium density stands			1,500,000			
TOTAL					15,360,000	155,500,000	-	52,000,000	67,360,000

Annexure 5: 2019 Institutional Housing Projects

PROJECT TITLE	Location	2019 Planned Works	2019 Allocation (US$)
Composite Offices			
Lupane composite office blocks	Matebeland South	Completion of Phase 1 (Blocks A,B,C and D), civil works and ancillary services	**3,300,000**
Hwedza District Composite Office	Mashonaland East	Completion of the composite office block	**2,000,000**
Mutoko District Composite Office	Mashonaland Central	Completion of the works from first floor deck	**4,700,000**
Siakobvu District Composite Office	Matebeleland North	Completion of superstructure for the composite office block	**1,500,000**
Mbire District Composite Office	Mashonaland Central	Designs, tendering and construction of the substructure.	**1,200,000**
Sub-Total			**12,700,000**
Housing Development			
Beitbridge Redevelopment	Mashonaland South	Completion of construction of 4*3 storey 3 bedroomed flats, 2*3 storey 2 bedroomed flats, 4 garden flats and 6 duplex flats.	**2,000,000**
Mbire Civil Service Housing	Mashonaland Central	Completion of 4 F14 housing units	**50,000**
Lupane Civil Service Housing	Matebeleland North	Completion of 19 F14 houses which are at various stages.	**150,000**
Marimba Civil Service Houses	Harare	Completion of blocks of flats	**2,000,000**
Spitzkop Civil Service Housing	Marondera	Completion of of blocks of flats	**1,000,000**
Crownlands Home Ownership scheme	Harare	Complete servicing of 999 stands	**3,500,000**
Mkoba Home Ownership Scheme	Harare	Complete servicing for sewer, water, roads and storm water drains for 641 high density residential stands.	**800,000**
			9,500,000
Zimbabwe Revenue Authority			
Chirundu staff houses	Chirundu	Construction of 3 four roomed houses including electrification and connections of water and sewer services.	**325,000**
Kazungula staff houses	Hwange	Construction of 3 four roomed houses including electrification and connections of water and sewer services.	**260,000**
Beitbridge blocks of flats	Beitbridge	Excavations of foundations for 2 blocks of flats and development on-site services infrastructure such as sewer, water conveyance and roads	**550,000**
Forbes staff houses	Mutare	Construction of 4 four bedroomed houses to completion with all services	**910,000**
Nyamapanda staff houses	Mudzi	Construction of 2 four bedroomed houses with on-site and off-site services such as water and sewer conveyance systems, electricity and roads for future planned developments	**100,000**
Victoria Fall Staff house upgrade	Victoria Falls	Complete refurbishment of 8 units of flats	**250,000**
Umguza Canine Project	Umguza	Complete construction of dog kennels, guardroom, fencing, offices and staff houses	**500,000**
Kurima House Upgrade	Harare	Partitioning and floor tiling for the ground floor, 3rd, 4th and 6th floors	**360,000**
Forbes Truck Park & Redeployable Office	Mutare	Development of trucks parking area and setting-up of deployable office	**3,350,000**
Mlambapele Offices and fencing	Plumtree	Complete construction of offices, clearing hall and staff accommodation as well as fencing	**500,000**
Cashel Valley earthworks and redeployable office	Chimanimani	Excavations of foundations and installation of a deployable office	**1,250,000**
Kanyemba Redeployable Office	Hurungwe	Complete construction of deployable offices	**250,000**

PROJECT TITLE	Location	2019 Planned Works	2019 Allocation (US$)
State Warehouse Shelving	Various	Complete installation of shelves in state warehouses and installation of the e-warehousing systems	600,000
Mlambapele electrification	Plumtree	Construction of offices, clearing hall	300,000
Fire Suppression system	Various	Designing and installation of fire suppression systems.	960,000
Nyamapanda sewer	Mudzi	Completion of sewer plant	1,500,000
Chirundu sewer and water works	Chirundu	Complete automation of water treatment plant and water reticulation system upgrade	735,000
Cashel Valley Access Road	Chimanimani	Complete construction of access road to the border post	800,000
Search bays	Various	Complete construction of search bays	100,000
Sub-Total			13,600,000
Training Centres			
Toronto Training Centre	Manicaland	Construct classroom block and equip the classrooms	100,000
Domboshava Training Centre	Mashonaland Central	Refurbishment of buildings	100,000
Elangeni Training Centre	Bulawayo	Complete refurbishment of buildings	70,000
Mrewa Training Centre	Mashonaland East	Complete Administration Block and installation of equipment	50,000
Chinhoyi Training Centre	Mashonaland West	Complete drilling of 2 boreholes including reticulation	30,000
Rowa Training Centre	Manicaland	Complete installation of water tanks and stands	10,000
Domboshava Training Centre	Mashonaland East	Complete rehabilitation and upgrading of infrastructure	100,000
Totonto Training Centre	Manicaland	Complete rehabilitation and upgrading of infrastructure	100,000
ZIPAM	Mashonaland West	Complete rehabilitation and upgrading of targeted facilities	100,000
Alvord Training Centre	Masvingo	Complete repair of gutters, fissure boards and construction of computer laboratory	100,000
Sub-Total			560,000
Other Institutional Accommodation			
State Residences			
Mandara Residence	Harare	Complete rehabilitation of main house, guardrooms, offices, storeroom, garage, servants quarters and barrack	1,151,300
State House	Harare	Complete Ceiling, carpeting, tiling, gutter repairs, installation of quadrant, plastering, coniine fixing, skimming of walls, painting, sanitary fittings repairs	353,000
Zimbabwe House	Harare	Complete repair of electricals, carpentry, plumbing, tiling, carpeting, painting, landscaping and driveways	1,323,800
Baringa Guest House	Harare	Complete upgrading of landscaping, driveways, electricals , bathrooms and toilets	293,500
Chinhoyi Guest house	Chinhoyi	Complete renovation of targeted buildings	625,700
Masvingo Residence	Masvingo	Start construction of Masvingo State Residence	800,500
Kariba Residence	Kariba	Start construction of Kariba State Residence	402,200
Sub_Total			4,950,000
Social Welfare			
Northcot Children's Home	Mashonaland West	Complete repair water system and erection of durawall	70,000
Chambuta Children's Home	Masvingo	Complete rehabilitation of buddings	70,000
John Smale Children's Home	Bulawayo	Complete works in progress	50,000

PROJECT TITLE	Location	2019 Planned Works	2019 Allocation (US$)
Luveve *Girls* Training Institute	Bulawayo	Complete construction of girls ablution facilities and procurement of kitchen equipment	**50,000**
Percy *Ibbston* Children's Home	Bulawayo	Complete rehabilitation of targeted buildings	**30,000**
Blue Hills Children's Home	Midlands	Complete construction of a durawall, boys toilets and tiling	**50,000**
Beatrice Rehabilitation Centre	Mashonaland East	Complete refurbishment of Superintendent's House	**70,000**
Beitbridge Reception Centre	Matabeleland South	Refurbishment of buildings, retooling and equipment	**40,000**
Plumtree Reception Centre	Matabeleland South	Refurbishment of buildings, retooling and equipment	**50,000**
Hupenyu Hutsva Children's Home	Harare	Complete construction of girls dormitory and administration block	**100,000**
Mutare Probation & Remand Home	Manicaland	Complete construction outside toilets, durawall, install solar panels and geysers	**100,000**
Makombe Labour Office	Harare	Refurbishment of offices	**50,000**
ARLAC	Harare	Construction of hostels, refurbishments of buildings and equipping the Centre	**350,000**
Ruwa National Rehabilitation Centre	Mashonaland East	Complete refurbishment of buildings, retooling and equipment	**150,000**
Kadoma Training Institute	Mashonaland West	Water and sewer works, refurbish the administration block, and girls' wing kitchen	**150,000**
Labour Migration Information Centre	Matabeleland South	Purchase of stand, fence, fit flood lights and construct office block	**50,000**
Lowden Lodge	Manicaland	Rehabilitation of facilities	**250,000**
Zimbabwe National League of the Blind	Bulawayo	Complete construct and equipping of resource Centre	**100,000**
Sub_Total			**1,780,000**
Other Institutional Accommodation			
Training *School*	Harare	Complete construction of ongoing buildings	**7,000,000**
Chanceries	Various	Rehabilitation and construction of targeted chanceries	**5,500,000**
National Museums and Monuments-Accommodation facilities		Rebuilding of 3 accommodation lodges at Great. Zimbabwe and refurbishment of Restaurant.	**123,000**
Rehabilitation and Upgrading of Bulawayo and Harare Registry Centres		Complete installation of security, digitalisation & air-conditioning	**600,000**
Highfield District Office	Harare	Complete refurbishment of buildings, retooling and equipment	**80,000**
New Parliament Building	Mashonaland West	Completion of ring road and permanent water supply	**3,000,000**
Mbire District Office	Mashonaland Central	Complete construction of office block and installation of equipment	**70,000**
Sub-Total			**16,373,000**
Total			**59,463,000**

Annexure 6: Support for Research and Development

Institution	Amount US$ mil
Scientific and Industrial Research and Development Centre	17.7
Research Council of Zimbabwe	8.1
Zimbabwe National Army	0.06
ZEPARU	0.38
Crop Research	9.6
Livestock Research	9
Specialist Research Services	8.5
Agriculture Research Council	0.672
Veterinary Services	1.8
Health and Child Care Research and Development	4.4
Government Analyst Laboratory	2
National Institute of Health Research	2
Medical Research Council	0.65
Higher & Tertiary Education, Science and Technology Research and Development	30
Education Promotions and Research	0.06
Research and Development	0.01
Total	**95**

Annexure 7: Mining Output

	2017 Sept	2018 Sept	2018 Proj.	2019 Proj.
Chrome	1 963 326	1 367 324	1 700 000	2 000 000
Coal	2 378 108	2 678 588	3 500 000	4 000 000
Gold	18 332	29 524	33 000	35 310
Nickel	12 475	13 351	17 300	17 500
Palladium	8 363	9 129	11 830	12 400
Platinum	10 125	10 995	14 300	15 500
Diamond	2 016 282	2 477 999	3 500 000	4 200 000

Source: Ministry of Mines, Chamber of Mines and ZIMSTAT

Mining output 2017-2019

	2017	2018 Aug	2018 Oct	2019 Aug	2019 Oct
Overall Growth	**8.0**	**26.0**	**13**	**16.1**	**8.1**
Black Granite \t	177	182	182	184	184
Chrome \t	1674	2000	1700	2200	2000
Coal \t	3074	4500	3500	4800	4000
Cobalt \t	445	500	500	520	520
Copper \t	8839	9500	9500	9700	9700
Gold \kg	26495	40000	33000	50000	35310
Graphite \t	1577	5700	5700	5800	5800
Iridium \t	619	620	620	625	625
Nickel \t	16617	17300	17300	17500	17500
Paladium \kg	11822	11830	11830	12400	12400
Phosphate \t	60094	60095	60095	61000	61000
Platinum \kg	14257	14300	14300	15500	15500
Rhodium \kg	1283	1285	1285	1500	1500
Ruthenium \kg	1102	1105	1105	1200	1200
Diamonds	2508	3500	3500	4200	4200

Annexure 8: State Enterprises and Parastatals Reform

Reform Measure	Name of Enterprise
Restructuring 12 Entities	• Cold Storage Commission (CSC) • Grain Marketing Board • Agriculture and Rural Development Authority (ARDA) • Civil Aviation Authority of Zimbabwe (CAAZ) • National Railways of Zimbabwe (NRZ) • Zimbabwe Electricity Supply Authority (ZESA) • Zimbabwe National Road Administration (ZINARA) • Allied Timbers • Agribank • Small and Medium Enterprises Development Corporation (SMEDCO) • Forestry Commission • ZISCO Steel
Liquidation 5 Entities	• Chitungwiza Garment Factory • National Glass Industries • Motira • Zimglass • Kingstons (Pvt) Ltd
Privatisation 5 Entities	• The National Handicrafts Centre • Allied Insurance • Surface Investment • Zimbabwe Grain Bag • Ginhole Investments
Partial Privatisation, joint Ventures, partnerships and listings 13 Entities	• National Handling Services • Petrotrade • ZIMPOST • POSB • 17 ZMDC Subsidiary Mines: Jena, Sabi, Elvington, Golden Kopje, Alaska Mine, Mhangura, Sanyati, Kamativi, Lutope, Kapata, Sandawana, Lynx, Mumburume, Shabanie, Gaths Mine, Mbungu and Gwayi • Infrastructure Development Bank of Zimbabwe (IDBZ) • Road Motor Services (RMS) • Tel-One, Net-One and Telecel • ZUPCO • Willowvale Mazda Motor Industry • Chemplex Corporation • Deven Engineering • G & W Minerals
To be absorbed under Ministries 8 Entities	• New Ziana • National Indigenisation and Economic Empowerment Unit • National Arts Council • National Library and Documentation Services • National Liquor Licencing Authority • Board of Censors • Lotteries and Gaming Board • National Competitiveness Commission
Merger 5 Entities	• SMEDCO and Empower Bank and Women's Microfinance Bank • Powertel, Zarnet and Africom
	• Postal and Telecommunication Regulatory Authority of Zimbabwe (POTRAZ) and Broadcasting Authority of Zimbabwe (BAZ) • The Boxing and Wrestling Boards • Special Economic Zones Authority, the Zimbabwe Investment Authority, Zimtrade and the Joint Venture Unit

Annexure 9: Devolution

Proposed Vertical Share of Intergovernmental Transfers

Expenditure Class	Total Share	Government Tier		Total
		Provincial Councils	Local Authorities	
Proportions (%)				
Operational Grant	5.0%	100%		**100%**
Capital Grant	95.0%	20%	80%	**100%**
Total	**100.0%**			
Amount Available for Allocation (US$)	**310,000,000**			
Actual Allocations (US$)				
Operational Grant	15,500,000	15,500,000		**15,500,000**
Capital Grant	294,500,000	58,900,000	235,600,000	**294,500,000**
Total	**310,000,000**	**74,400,000**	**235,600,000**	**310,000,000**

Annexure 10: Additional Raw Materials: Clothing Manufacturers Rebate

Tariff Code	Woven Fabrics of Synthetic Filament Yarn
5407.10.10	Woven fabrics obtained from HT yarn of nylon, canvas weighing not less than 340g/m2
5407.10.90	Woven fabrics obtained from HT yarn of nylon, other
5407.20.10	Woven fabrics obtained from strip, canvas weighing not less than 340g/m2
5407.20.90	Woven fabrics obtained from strip, other
5407.30.90	Fabrics specified in note 9 of Section XI, other
5407.41.90	Woven fabrics, 85% or more of filaments of nylon or other polymides, unbleached , bleached
5407.42.90	Woven fabrics, 85% or more of filaments of nylon or other polymides, dyed
5407.43.90	Woven fabrics, 85% or more of filaments of nylon or other polymides, of yarns of different colours
5407.44.90	Woven fabrics, 85% or more of filaments of nylon or other polymides, printed
5407.51.90	Woven fabrics, 85% or more textured polyester filaments, unbleached, bleached
5407.52.90	Woven fabrics, 85% or more of textured polyester filaments, dyed
5407.53.90	Woven fabrics, 85% or more of textured polyester filaments, of yarns of different colours
5407.54.90	Woven fabrics, 85% or more of textured polyester filaments,printed
5407.61.90	Woven fabrics, 85% or more of non-textured polyester filaments
5407.69.90	Woven fabrics, 85% or more of non-textured polyester filaments, other
5407.71.90	Woven fabrics, 85% or more of synthetic filaments, unbleached, bleached
5407.72.90	Woven fabrics, 85% or more of synthetic filaments , dyed
5407.73.90	Woven fabrics, 85% or more of synthetic filaments, yarns of different colours
5407.74.90	Woven fabrics, 85% or more of synthetic filaments, printed
5407.81.90	Woven fabrics, 85% or less of synthetic filaments, unbleached, bleached
5407.82.90	Woven fabrics, 85% or less of filaments, dyed
5407.83.90	Woven fabrics, 85% or less of synthetic filaments, yarns of different colours.
5407.84.90	Woven fabrics, 85% or less of synthetic filaments , printed
5407.91.90	Woven fabrics, other , unbleached, bleached
5407.92.90	Woven fabrics, other , dyed
5407.93.90	Woven fabrics, other, yarns of different colours
5407.94.90	Woven fabrics, other , printed
5408.10.00	Woven fabrics, obtained from HT yarn of viscose rayon
5408.21.10	Canvas weighing not less than 340g/m2, unbleached, bleached

5408.21.90	Other, unbleached, bleached
5408.22.90	Other, dyed
5408.23.10	Canvas weighing not less than 340g/m2, yarns of different colours
5408.23.90	Other, yarns of different colours
5408.24.90	Other, printed
5408.31.90	Other woven fabrics, unbleached, bleached, other
5408.32.90	Other woven fabrics, dyed, other
5408.33.90	Other woven fabrics, yarns of different colours, other
5408.34.90	Other woven fabrics, printed, other

Annexure 11: Dairy Industry Ring-fenced Milk Powder Requirements for 2019

Name of Company	Full Cream Milk Powder (Kgs)	Skimmed Milk Powder (Kgs)
Alpha Omega Dairy	100 000	50 000
Carnethy Estate (Private) Limited	30 000	-
Competitive Brand Shapers, T/A CBS	40 000	-
Dairibord Zimbabwe (Private) Limited	1 500 000	1 800 000
Dendairy (Private) Limited	1 500 000	530 000
Gouda Gold, T/A Yomilk	90 000	30 000
Kefalos Cheese Products	150 000	100 000
Kershelmar Dairies	40 000	20 000
Milkzim (Private) Limited	10 000	5 000
Machiareer Investments (Private) Limited, T/A Mr Brands	50 000	-
Nestle Zimbabwe (Private) Limited	-	500 000
Probrands (Private) Limited	80 000	-

Annexure 12: Raw Material under the Baking Industry Manufacturers' Rebate

Tariff Code	Description
1109.00.00	Wheat Glutten, whether or not dried
1517.90.00	Other (Bakers' Fats)
2106.90.90	Other (Seed mix)
2915.50.00	Propionic acid, its salts and esters (Calcium Propionate)
2915.70.00	Palmitic acid, stearic acid, their salts and esters (Sodium Stearate Lactylate)
2936.27.00	Vitamin C and its derivatives (Ascorbic acid)

Annexure 13: Ring-fenced Duty Free Importation of Fertilized Eggs for 2019

Name of Breeder	2019 Ring-Fenced Quota (Number of Fertilised Eggs)
Irvine's Zimbabwe (Pvt) Ltd	12,400,000
Hukuru Chicks (Pvt) Ltd	1,000,000
Charles Stewart Day Old Chicks (Pvt) Ltd	1,000,000
Sondelani Ranching Co. (Pvt) Ltd T/A Hamara	1,000,000
Kudu Creek Farm (Pvt) Ltd	1,000,000
Twowork Enterprises T/A Supachick	4,000,000
ZimAvian (Pvt) Ltd	3,000,000
Doctor Henn Investment (Pvt) Ltd	1,000,000
Chinyika Day Old Chicks (Pvt) Ltd	500,000
Sunset Marketing (Pvt) Ltd	500,000
East Tip Chicks P/L Eastip Poultry Abattoir & Hatchery	600,000

Annexure 14: Raw Materials for the Manufacture of Fertiliser

Tariff Code	Description	Ring-fenced Quantity (metric tonnes) per Annum
2809.20.00	Phosphoric acid and polyphosphoric acids (	30 000
2814.10.00	Anhydrous ammonia	25 000
2833.25.00	Other sulphates of copper	200
2833.29.00	Other sulphates	500
2840.19.00	Other (Sulphate Sulphur, sulphur-tiger 90…)	4 000
2841.70.00	Sodium Molybdates	200
2847.00.00	Hydrogen peroxide, whether or not solidified with urea (low biuret urea)	400
3101.00.00	Animal or vegetable fertilisers…	400
3102.60.00	Double salts and mixtures of calcium nitrate and ammonium nitrate (nitrabor)	300
3104.90.00	Other mineral or chemical fertiliser, potassic (potassium nitrate)	2 300
3105.60.00	Mineral or chemical fertilisers containing the 2 fertilising elements, phosphorous and potassium (monopotassium phosphate)	300
3105.90.00	Other (kynopop, wheat oemff, veggie oemff, maize oemff, soya oemff and green goldthirty)	1 560

Annexure 15: Additional Raw Materials: Furniture Manufacturers Rebate

Tariff code	Description
3910.00.00	Silicones in primary forms, Amine, A1 Catalyst
3815.90.00	Stannous octoate T9(additive form manufacture)
3402.90.10	Organic surface active agents(ecxl soaps)
3402.90.90	Organic surface active agents(ecxl soaps)
3909.50.00	Polyuthranes in primary form
3506.10.00	Binder flow bin
3208.90.00	Other paints and vanishes (tint for foam coloring) ,paints and varnishes (polishes)
3916.90.00	Of other plastic sheeting, plyprop, plastic pellets for beg legs)
3506.99.00	Non-flammable foam, Non-flammable foam adhesive, prepared glue & other adhesives
3926.30.00	casket corner block
3921.90.90	Other plates, sheets, film, foil and strip of plastics for use in the furniture manufacturing (pvc foils)
4001.29.00	Plate, sheets , strips, rods, profile shapes of cellular rubber
4004.00.90	Scrap foam for vairacon mattresses
4408.10.10	Sheets for veneering of a thickness not exceeding 6mm
4418.79.00	coffin handles
4412.99.00	high gloss boards
4411.14.00	superwood
4412.94.00	Block board
4811.90.20	Paper foil for use in the manufacture of furniture
4821.10.00	Paper or paperboard, labels of all kinds, whether or not printed
4811.90.20	Paper foils for use in the manufacture of furniture
5503.30.00	Modacrylic fibre
5509.99.00	unicurl – polyester loose fibre – yarn (other than sewing thread) of synthetic staple fibres, not put up for retail sale
5507.00.00	– artificial staple, dacron – artificial staple fibres, carded, combed or otherwise processed for spinning
5515.99.00	Other woven fabrics of synthetic fibres
5603.12.00	Non-wovens of manmade filaments, weighting >25mg/m2but>70mg/m2 (spunbond)
5903.90.00	PU textile fabrics impregnated, coated, covered or laminated with plastics.
6805.20.00	Sanding paper
7318.29.00	screws, bolts & nuts
7019.40.00	Glass fibre (incl. glass wool) and articles thereof (eg yarn woven fabrics) thin sheets, webs
4808.10.90	Other Corrugated paper & paperboard or not perforated Cardboard sheets
7318.15.00	Other screws and bolts, whether or not with their nuts or washers.
7317.00.00	Nails, tack staples
7318.12.00	Other wood screws
7419.99.00	Plasma Handles
7009.92.00	Mirror Swivels
7307.22.00	Shelf sleeves
7326.90.10	Complete Chair bases
9403.40.00	Basket pull-out pantry units
7610.90.00	Aluminium rails, rod holders and end sockets
8302.42.00	Other mounting fittings and similar articles suitable for use on furniture, wrap around bar plated gold, other furniture fittings
8302.10.00	hinges
8305.20.00	Upholstery staples
8302.10.00	Hinge Piano brass plated
8301.30.90	Drawer locks

Annexure 16: Additional Raw Materials: Pharmaceutical Manufacturers Rebate

Tariff Code	Description
1302 1200	Liquorice Extract Dried
1302 2000	Pectin, Slow Set
1505 0000	Hydrous Wool Fat
1701 1300	Sucrose Bp
2710 9900	Light Mineral Oil
2829 9000	Potassium Iodate
2831 1000	Diclofenac Sodium
2909 1100	Ether Anaesthetic
2915 2900	Sodium Acetate Bp
2915 7000	Polyethlene 40 Stearate Bp
2916 3900	Propyl Hydroxy Benzoate Bp
2918 1500	Sodium Citrate Dihydrate
2918 2300	Sodium Citrate Bp
2924 2190	Imidurea
2925 1100	Sodium Saccharin Bp
2933 3990	Pethidine Hcl
2937 2100	Prednisolone Bp
3006 2000	Iron Polymaltose
3301 5000	Thymol Bp
3505 1010	Prepared Culture Media
3823 1200	Oleic Acid
3824 9990	Nipasept
3907 2000	Lutrol Bp (Macrogrol 400/4000)
3912 9000	Hpmc (Hypomellose)
3923 2100	Infusion Bags -Pvc/Pp
3935 9000	Sulphamethoxazole Bp,Superamide Bp, Furosemide Bp, Glibenclamide Bp, Sulphadoxine Bp

Annexure 17: Goods to Attract Duty in Foreign Currency

Tariff Code	Description
0406.10.00	Fresh (un-ripened or uncured)cheese, incl. whey cheese and curd
0406.20.00	Grated or powdered cheese, of all kinds
0406.30.00	Processed cheese, not grated or powdered
0406.40.00	Blue-veined cheese and other cheese containing veins
0406.90.00	Cheese, nes
0806.10.00	Fresh grapes
1202.42.00	Other groundnuts not roasted or cooked, shelled whether or not broken
1517.10.00	Margarine (excl. liquid)
1602.32.00	Prepared/preserved meat, offal/blood of fowls of species gallus domesticus
1602.39.00	Preparations of poultry(excl. turkey/of fowls of species gallus domesticus)
1602.41.00	Preparations of swine, hams and cuts
1602.49.00	Preparations of swine meat, including mixtures, nes
1602.50.00	Preparations of meat of bovine animals
1602.90.00	Preparations of meat (incl. preparations of blood of any animal), nes
1604.11.10	Potted or tinned salmon
1604.11.90	Salmon not tinned, whole or in pieces but not minced
1604.13.10	Salt water potted or tinned sardines, sardinella ,brisling and sprats
1604.13.90	Sardines... sprats not tinned, whole or in pieces but not minced
1604.16.00	Prepared or preserved anchovies (excl. minced)
1604.19.10	Potted or tinned prepared or preserved fish ...nes
1604.19.90	Fish, nes, not tinned, whole or in pieces but not minced
1604.20.21	Other prepared or preserved fish nes, in tins, salt water
1604.20.29	Other prepared or preserved fish nes, not tinned, salt water
1604.20.90	Other prepared or preserved fish of fresh water, incl minced
1604.31.00	Caviar
1604.32.00	Prepared or preserved caviar substitutes of salt water
1605.10.11	Crab potted or tinned, of salt water.
1605.10.90	Prepared or preserved crab (excl tinned salt water crab)
1605.21.11	Potted or tinned salt water shrimps and prawns not in air tight containers
1605.21.19	Other not potted or tinned salt water shrimps and prawns not in air tight containers
1605.21.90	Shrimps and prawns of fresh water not in air tight containers
1605.51.11	Oysters of salt water potted or tinned
1605.52.19	Scallops incl. queen scallops of salt water (excl. potted or tinned)
1605.52.90	Scalliops, incl. queen scallops of fresh water
1605.53.11	Mussels of salt water, potted or tinned

Tariff Code	Description
1605.53.19	Mussels of salt water, not potted or tinned
1605.54.19	Cuttle fish and squid of salt water , not potted or tinned
1605.54.90	Cuttle fish and squid of fresh water
1605.56.11	Clams, cocklets and ark shells of salt water potted or tinned
1605.56.19	Clams, cocklets and ark shells of salt water (excl. potted or tinned)
1605.58.19	Snails, other than sea snails of salt water(excl. potted or tinned)
1704.10.00	Chewing gum
1704.90.00	Sugar confectionery (incl. white chocolate), not containing cocoa, nes
1806.20.00	Chocolate, etc, containing cocoa, in blocks, slabs or bars >2kg
1806.31.00	Chocolate, etc, containing cocoa, in blocks, slabs or bars, filled
1806.32.00	Chocolate, etc, containing cocoa in blocks, slabs or bars, not filled
1806.90.00	Chocolate, etc, containing cocoa, not in blocks, slabs or bars, nes
1901.20.00	Mixes and doughs for preparation of bakers' wares of 19.05
1901.90.10	Food preparations of flour meal starch or malt extract for infant foods
1901.90.20	Food preparations of flour for dietetic or culinary purposes, exc puddings & cake powder
1901.90.90	Other food preparations of flour nes. (excl 19019010 and 19019020)
1902.11.00	Uncooked pasta containing eggs not stuffed
1902.19.00	Uncooked pasta, not containing eggs, not stuffed
1902.20.00	Stuffed pasta, whether or not cooked or otherwise prepared
1902.30.00	Other pasta, nes
1904.10.10	Corn snacks and puffs
1904.10.20	Other corn snacks and puffs
1904.20.00	Prepared foods obtained from unroasted cereal flakes mixtures unroasted/rstd
1904.90.00	Other prepared cereals in grain form (excl. maize)
1905.10.00	Crisp bread
1905.20.00	Gingerbread and the like
1905.31.00	Sweet biscuits
1905.32.00	Waffles and wafers
1905.40.00	Rusks, toasted bread and similar toasted products
1905.90.20	Plain buns and rolls
2001.10.00	Cucumbers and gherkins, preserved by vinegar or acetic acid
2001.90.00	Other vegetables,(incl onions), fruits, etc, preserved by vinegar or acetic acid, nes
2002.10.00	Tomatoes, whole or in pieces, preserved other than by vinegar, etc
2002.90.00	Tomatoes, preserved otherwise than by vinegar or acetic acid, nes
2003.10.00	Mushrooms of the genus Agricus, preserved otherwise than by vinegar or acetic acid
2003.90.00	Other mushrooms prepared or preserved otherwise by vinegar or acetic acid.
2004.10.00	Potatoes, preserved not by vinegar/acetic acid frozen excl prods of 2006)

Tariff Code	Description
2004.90.00	Vegetables nes preserved not by vinegar etc frozen exc prods of 2006)
2005.10.00	Homogenized vegetable, preserved other than by vinegar, etc, not frozen
2005.20.00	Potatoes, preserved other than by vinegar or acetic acid, not frozen
2005.40.00	Peas, preserved other than by vinegar or acetic acid, not frozen
2005.51.00	Shelled beans, preserved other than by vinegar, etc, not frozen
2005.59.00	Beans, unshelled, preserved other than by vinegar, etc, not frozen
2005.60.00	Asparagus, preserved other than by vinegar or acetic acid, not frozen
2005.70.00	Olives, preserved other than by vinegar or acetic acid, not frozen
2005.80.00	Sweetcorn, preserved other than by vinegar or acetic acid, not frozen
2005.99.00	Other vegetables and mixtures of vegetables nes
2006.00.00	Vegetables fruit nuts fruit peel, other parts of plants preserved by sugar
2007.10.00	Jams, fruit jellies, marmalades, etc, homogenized
2007.99.00	Other jams, fruit jellies, marmalades, etc, being cooked preparations
2008.11.00	Ground-nuts, preserved
2008.20.00	Pineapples, prepared or preserved (excl. those of 20.06 and 20.07)
2008.30.00	Citrus fruit, prepared or preserved (excl. those of 20.06 and 20.07)
2008.40.00	Pears, prepared or preserved (excl. those of 20.06 and 20.07)
2008.50.00	Apricots, prepared or preserved (excl. those of 20.06and 20.07)
2008.60.00	Cherries, prepared or preserved (excl. those of 20.06 and 20.07)
2008.70.00	Peaches,(incl nectarines) prepared or preserved (excl. those of 20.06 and 20.07)
2008.80.00	Strawberries, prepared or preserved (excl. those of 20.06 and 20.07)
2008.91.00	Palm hearts, prepared or preserved (excl. those of 20.06 and 20.07)
2008.92.00	Mixtures of fruit, prepared or preserved (excl. 20.06 and 20.07)
2008.99.00	Other fruit, etc, prepared or preserved, nes
2009.12.00	Unfrozen orange juice, unfermented, not containing added spirit, of a Brix value <20.
2009.19.00	Unfrozen orange juice, unfermented, not containing added spirit of a Brix value >20
2009.29.00	Unfermented grapefruit juices, not containing added spirit, of a Brix value>20
2009.31.00	Single citrus fruit juices(excl orange and grapefruit)unfermented of a Brix value<=20
2009.39.00	Other single fruit juices (excl grapefruit and orange) unfermented
2009.41.00	Pineapple juices, unfermented, not containing added spirit, of a Brix value<=20
2009.49.00	Other pineapple juices, unfermented
2009.50.00	Tomato juice, unfermented, not containing added spirit
2009.61.00	Grape juice(incl grape must)unfermented, not containing added spirits of a Brix value<=30
2009.69.00	Other grape juices(incl grape must) unfermented
2009.71.00	Apple juice, unfermented, not containing added spirit, of a Brix Value <=20
2009.79.00	Other apple juices, unfermented

Tariff Code	Description
2009.80.00	Juice of other single fruit or vegetable fruit, unfermented, not containing added spirit
2009.90.00	Mixtures of juices, unfermented, not containing added spirit
2203.00.99	Other clear beer made from malt nes
2204.10.19	Sparkling wine >14% not wholly produced in ZW
2204.10.99	Sparkling wine =< 14% not wholly produced in Zimbabwe
2204.21.12	Wine (not sparkling), >14% AA, in containers <=2L, not wholly prod. in ZW
2204.21.19	Grape must...add. of alcohol, >14% AA, =<2L containers, not wholly ZW
2204.21.92	Wine (not sparkling), =<14% AA, =<2L containers, not wholly produced in ZW
2204.21.99	Grape must...addition of alcohol, =<14% AA, =<2L, not wholly prod. in ZW
2204.29.12	Wine (not sparkling), >14% AA, >2L containers, not wholly produced in ZW
2204.29.19	Grape must... addition of alcohol, >14% AA, >2L, not wholly produced in ZW
2204.29.92	Wine (not sparkling), =<14% AA, >2L containers, not wholly prod. in ZW
2204.29.99	Grape must... addition of alcohol, =<14% AA, >2L, not wholly prod. in ZW
2204.30.00	Other grape must, nes
2205.10.19	Vermouth...substances, >14% AA, =<2L containers, not wholly prod. in ZW
2205.10.99	Vermouth...substances, <=14% AA, <=2L containers, not wholly prod. in ZW
2205.90.19	Vermouth...substances, >14% AA, >2L containers, not wholly prod. in ZW
2206.00.10	Cider
2206.00.52	Sparkling wine >14%AA not wholly produced in ZW
2206.00.59	Sparkling wine <=14% not wholly produced in ZW
2206.00.72	Other wine, >14%AA not wholly produced in ZW
2206.00.79	Other wine, <=14%AA not wholly produced in ZW
2206.00.90	Other fermented beverages ... nes
2208.20.11	Brandy containing <=33.33% of imported spirit
2208.20.19	Brandy containing more than 33 1/3% of imported spirit
2208.20.90	Other spirits from distilled grape wine or marc excl brandy
2208.30.10	Whisky, containing <= 33.33% of imported spirit
2208.30.90	Whisky excluding 22083010
2208.40.11	Rum containing <40% of imported spirit
2208.40.19	Other rum, nes
2208.40.90	Tafia
2208.50.19	Other gin, nes
2208.50.90	Geneva
2208.60.90	Other vodka, n.e.s
2208.70.10	Liqueurs and cordials contain not more than 33.33.. % of imported spirit
2208.70.90	Other liqueurs and cordials nes...
2208.90.29	Other bitters

Tariff Code	Description
2208.90.99	Other spirits & spirituous beverages, nes
2402.10.00	Cigars, cheroots and cigarillos containing tobacco
2402.20.10	Cigarettes containing tobacco weighing <910 grams per 1000
2402.20.20	Cigarettes cont. tobacco weighing >910g/1000 but =<1000g/1000
2402.20.40	Cigarettes cont. tobacco weighing 1135g/1000 but =<1225g/1000
2402.20.90	Cigarettes containing tobacco weighing >1225g/1000
2403.11.20	Pipe tobacco specified in subheading note 1 to this chapter
2403.19.10	Other cigarette tobacco, nes
2403.19.90	Smoking tobacco whether or not containing tobbacco substitutes in any proportions, nes
2403.91.90	Other homogenised or reconstituted tobacco
2403.99.10	Cigarette tobacco substitutes
2403.99.30	Tobacco extracts and essences
2403.99.90	Other manufactured tobacco...nes
3303.00.00	Perfumes and toilet waters
3304.10.00	Lip make-up preparations
3304.20.00	Eye make-up preparations
3304.30.00	Manicure or pedicure preparations
3304.91.00	Powders, whether or not compressed, for cosmetic/toilet use
3305.10.00	Shampoos
3305.20.00	Preparations for permanent waving or straightening
3305.30.00	Hair lacquers
3305.90.00	Preparations for use on the hair, nes
3307.10.00	Pre-shave, shaving or after-shave preparations
3307.30.00	Perfumed bath salts and other bath preparations
3307.49.00	Preparations for deodorizing rooms, nes
3307.90.90	Other perfumery, cosmetic or toilet preparations excl 33011000 to 33074900
4201.00.00	Saddlery and harness for any animal, of any material
4202.11.00	Trunks, suit-cases..., etc, with outer surface of leather
4202.12.00	Trunks, suit-cases..., etc, with outer surface of plastic or textiles
4202.19.00	Trunks, suit-cases..., etc, nes
4202.21.00	Handbags with outer surface of leather, or composition or patent leather
4202.22.00	Handbags with outer surface of plastic sheeting or textile materials
4202.29.00	Handbags, nes
4202.31.00	Articles normally carried in pocket or handbag, of leather or patent leather
4202.32.00	Articles normally carried in pocket or handbag, of plastics or textiles
4202.39.90	Articles normally carried in pocket or handbag, nes
4203.10.00	Articles of apparel of leather

Tariff Code	Description
4203.21.00	Gloves, mittens and mitts for use in sports, of leather
4203.29.00	Protective gloves, mittens and mitts, nes, of leather
4203.30.00	Belts and bandoliers of leather or composition leather
4203.40.00	Clothing accessories of leather or composition leather, nes
4205.00.00	Articles of leather or of composition leather, nes
4818.20.00	Handkerchiefs and cleansing or facial tissues of paper...
4818.30.00	Tablecloths and serviettes of paper
4818.50.00	Articles of apparel and clothing of paper, cellulose wadding...
6301.10.00	Electric blankets
6302.40.00	Table linen, knitted or crocheted
6302.51.00	Table linen of cotton (excl. knitted or crocheted)
6302.53.00	Table linen of man-made fibres (excl. knitted or crocheted)
6302.59.00	Table linen of other textiles, nes (excl. knitted or crocheted)
6302.60.00	Toilet linen and kitchen linen, of terry fabrics, of cotton
6302.91.00	Toilet linen and kitchen linen of cotton, nes
6302.93.00	Toilet linen and kitchen linen of man-made fibres, nes
6302.99.00	Toilet linen and kitchen linen of other textiles, nes
8703.10.00	Vehicles for travelling on snow; golf cars, etc,
8703.21.10	Motor Vehicle for racing...driver only, spark-ignition engine, capacity =<1000cc
8703.21.90	Other vehicles with spark-ignition engine of cylinder capacity =<1000cc
8703.22.10	Motor Vehicles constructed for racing purposes spark-ignition eng., capacity >1000 =<1500cc
8703.22.90	Other vehicles with spark-ignition engine of ... capacity >1000 =<1500cc
8703.23.11	Motor Vehicle for racing...driver only...spark-ignition...capacity >1500 =<2000CC
8703.23.19	Other Motor Vehicle with spark-ignition engine of cylinder capacity >1500 =<2000cc
8703.23.91	Motor Vehicle for racing driver only...spark-ignition ..capacity >2000 =<3000cc
8703.23.99	Other Motor Vehicle with spark-ignition engine of cylinder capacity >2000 =<3000cc
8703.24.10	Motor Vehicle for racing...driver only, spark ignition engine, capacity >3000cc
8703.24.90	Other vehicles with spark-ignition engine of cylinder capacity >3000cc
8703.31.90	Other vehicles with diesel... engine of cylinder capacity =<1500cc
8703.32.11	Motor Vehicle for racing, driver only, diesel engine, capacity >1500 =<2000cc
8703.32.19	Other vehicles with diesel...engine of cylinder capacity >1500 =<2000cc
8703.32.91	Motor Vehicle for racing, driver only, diesel engine, capacity >2000 =<2500cc
8703.32.99	Other vehicles with diesel... engine of cylinder capacity >2000 =<2500cc
8703.33.10	Motor vehicles for racing , driver only, diesel engine , capacity >2500cc
8703.33.90	Other vehicles with diesel... engine of cylinder capacity >2500cc
8703.90.90	Other motor vehicles for the transport of persons, n.e.s

Tariff Code	Description
8704.21.20	Motor vehicles for the transport of goods being double cab vehicles
8704.31.20	Double cab/twin cab petrol engined
9504.20.00	Articles/accessories for billiards of all kinds
9504.30.00	Other games, operated by coins, banknotes, bankcards, tokens or by other means of payment et
9504.40.00	Playing cards
9504.90.00	Articles for funfair, table or parlour games, nes

Annexure 18: Ring-Fenced Exports of Raw Hides by Approved Exporters

Name of Company	Number of Hides	Weight (kgs)
Meggertop Enterprises	40,000	920,000
Global Tanners (Pvt) Ltd	20,000	460,000
Bellevue Abattoir (Pvt) Ltd	22,021	506,483
Bulawayo Abattoir	31,000	713,000
Surrey Abattoirs (Pvt) Ltd	4,040	92,920
MC Meats (Pvt) Ltd	37,320	858,360
Koala Park Abattoir	57,608	1,324,984
ER York (Pvt) Ltd	14,300	328,900
Outback Safaris	10,122	232,806

Annexure 19: Suspension of Duty on Goods for Use by Physically Challenged Persons

Tariff Code	Description
4905.91.00	… in book form (published in braille)
4905.99.00	Other (published in braille)
6602.00.00	Mobility White Cans
8470.29.00	Talking Calculator
8713.10.00	Ordinary Wheelchair
8713.90.00	Electric Wheelchair
9001.30.00	Contact lenses
9001.40.10	Refractive lenses of a kind used for sight correction of glass
9001.50.10	Refractive lenses of a kind used for sight correction of other materials
9003.11.10	Frames for corrective spectacle lenses
9003.19.10	…frames for corrective spectacle lenses of other materials
9004.90.10	Refractive lenses of a kind used for sight correction of other materials
9101.11.10	Braille Watches
9101.19.10	Braille Watches
9101.21.10	Braille Watches
9101.29.10	Braille Watches
9101.91.10	Braille Watches
9102.11.10	Braille Watches
9102.19.10	Braille Watches
9102.21.10	Braille Watches
9102.29.10	Braille Watches
9102.91.10	Braille Watches
9102.99.10	Braille Watches
9021.1000	Orthopaedic or fracture appliances
9021.39.00	Other artificial parts of the Body