ZIMBABWE

TRANSITIONAL STABILISATION PROGRAMME

REFORMS AGENDA

October 2018 – December 2020

“Towards a Prosperous & Empowered Upper Middle Income Society by 2030”

05 October 2018
Harare
PREFACE

The holding of a free, fair, credible and peaceful election on 30 July 2018, ushered in the Second Republic, allowing me to constitute its first Government. Our immediate task is walking the talk with regards to fulfilling the electoral promises and commitments we made during campaigns for office.

First and foremost, is embarking on the implementation of national development policy initiatives and programmes to transform our economy to realise Vision 2030, the UN Sustainable Development Goals, and the AU Agenda 2063.

This is a reflection of the collective determination and aspiration of the people of Zimbabwe for a Prosperous and Empowered Upper Middle Income Society by 2030.

This Transitional Stabilisation Programme, over October 2018 – December 2020, prioritises fiscal consolidation, economic stabilisation, and stimulation of growth and creation of employment.

Adoption and implementation of prudent fiscal and complementary monetary policies will anchor return of investor confidence lost over the past two decades, stabilising the macro-economic environment, which is conducive for opening up to more business.

The Transitional Stabilisation Programme outlines policies, strategies and projects that guide Zimbabwe’s social and economic development interventions up to December 2020, simultaneously targeting immediate quick-wins and laying a robust base for economic growth for the period 2021-2030.

The Economic growth envisaged during the Programme period will inevitably be driven by the private sector, with Government facilitating a supportive macro-economic and business environment.
Focus will be on value addition and beneficiation, to realise higher value exports, and cushioning the economy from the vagaries of international commodity price fluctuations associated with over-dependence on export of raw commodities.

The success of the Programme will not depend on Government efforts alone, but on a coordinated collaborative multi-stakeholder approach.

This is critical if we are to overcome and redress the underlying challenges arising from economic fragility, joblessness, inequality and poverty.

This Programme, therefore, recognises the need for empowerment of women and youths, while also bringing to the fore key issues that improve the welfare of the historically marginalised groups, including people facing physical challenges.

I am, therefore, making a strong appeal to all stakeholders that we all put the Elections behind us, and collaboratively participate fully in the reconstruction of our economy.

On my part, I undertake to provide the political will needed to ensure full implementation of the Programme, mindful that this will entail pain and need for sacrificing short term gains for longer term prosperity.

Everyone has a responsibility in this economic reconstruction endeavour. This includes the academia, faith based and civil society organisations, embracing their grassroots structures and advocacy towards complementing Government efforts, and the media, central to the dissemination of information and general citizenry awareness.

Also critical will be our people in the Diaspora, whose participation in economic transformation initiatives goes beyond contribution through remittances and philanthropic work, and is targeted to include skills transfer and involvement in arising domestic investment opportunities.
Our Cooperating Partners will also be critical as efforts by my Government to re-engage the world gather momentum, including re-establishment of relations with the international financial community, critical to complementing domestic efforts to mobilise resources and build up development capacity.

Most importantly, the need for transparency and accountability by all stakeholders and citizens will be key for the transformation of the economy and realising the aspirations of Vision 2030.

I, therefore, commend the Transitional Stabilisation Programme for October 2018 – December 2020 to the people of Zimbabwe, and I urge all stakeholders to fully support its implementation.

I thank you.

Emmerson Dambudzo Mnangagwa

President of the Republic of Zimbabwe

05 October 2018
Harare
ACRONYMS

AfDB : African Development Bank
ARDA : Agricultural and Rural Development Authority
AREX : Agriculture and Rural Extension
ASYCUDA : Automated Systems for Customs Data
AU : African Union
BAZ : Broadcasting Authority of Zimbabwe
BEAM : Basic Education Assistance Module
BIT : Bilateral Investment Treaty
BOOT : Build Own Operate Transfer
BOT : Build Operate Transfer
BT : Build and Transfer
CAAZ : Civil Aviation Authority of Zimbabwe
CMED : Central Mechanical and Equipment Department
COMESA : Common Market for Eastern and Southern Africa
COTTCO : Cotton Company of Zimbabwe
CSC : Cold Storage Company
DA : District Administrator
DDF : District Development Fund
DFID : Department for International Development
DSIB : Domestic Systemically Important Banks
ECD : Early Childhood Development
E-GP : Electronic Government Programme
EIB : European Investment Bank
EMA : Environmental Management Agency
ERRP : Emergency Road Rehabilitation Programme
ESAP : Economic Structural Adjustment Programme
EU : European Union
FDI : Foreign Direct Investment
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>FINTECH</td>
<td>Financial Technology</td>
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<tr>
<td>FM</td>
<td>Frequency Modulation</td>
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<tr>
<td>GA</td>
<td>Government Authority</td>
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<tr>
<td>GATD</td>
<td>Government Authority to Drive</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GMB</td>
<td>Grain Marketing Board</td>
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<tr>
<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
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<tr>
<td>HPC</td>
<td>High Performance Computer</td>
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<tr>
<td>HSCT</td>
<td>Harmonised Social Cash Transfers</td>
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<tr>
<td>ICT</td>
<td>Information Communication Technology</td>
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<tr>
<td>ICSID</td>
<td>International Centre for Settlement of International Disputes</td>
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<tr>
<td>IDBZ</td>
<td>Infrastructure Development Bank of Zimbabwe</td>
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<tr>
<td>IDC</td>
<td>Industrial Development Corporation</td>
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<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
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<td>IFC</td>
<td>International Finance Corporation</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>IPEC</td>
<td>Insurance and Pensions Commission</td>
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<td>JSC</td>
<td>Judicial Services Commission</td>
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<tr>
<td>KV</td>
<td>Kilovolt</td>
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<tr>
<td>MOU</td>
<td>Memorandum of Understanding</td>
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<tr>
<td>MMCZ</td>
<td>Minerals Marketing Corporation of Zimbabwe</td>
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<tr>
<td>MSMEs</td>
<td>Micro, Small and Medium Enterprises</td>
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<tr>
<td>MTP</td>
<td>Medium Term Plan</td>
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<td>MW</td>
<td>Megawatt</td>
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<tr>
<td>NBS</td>
<td>National Building Society</td>
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<td>NFIS</td>
<td>National Financial Inclusion Strategy</td>
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<td>NRZ</td>
<td>National Railways of Zimbabwe</td>
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<td>NSSA</td>
<td>National Social Security Authority</td>
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<tr>
<td>OFID</td>
<td>OPEC Fund for International Development</td>
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<tr>
<td>OPEC</td>
<td>Organisation of the Petroleum Exporting Countries</td>
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</tbody>
</table>
OPIC : Overseas Private Investment Corporation
PFMS : Public Finance Management System
PGM : Platinum Group of Metals
POSB : People’s Own Savings Bank
POTRAZ : Postal and Telecommunications Regulatory Authority of Zimbabwe
PPP : Public Private Partnerships
PRAZ : Procurement Regulatory Authority of Zimbabwe
PSMAS : Premier Service Medical Aid Society
RDC : Rural District Council
RMS : Road Motor Services
RRI : Rapid Results Initiative
RTGS : Real Time Gross Settlement System
SACCO : Savings and Credit Cooperative Organisation
SADC : Southern African Development Community
SDGs : Sustainable Development Goals
SECZ : Securities and Exchange Commission of Zimbabwe
SEP : State Enterprises and Parastatals
SEPD : State Enterprises and Parastatal Development Committee
SGR : Strategic Grain Reserve
SI : Statutory Instrument
SIRDC : Scientific and Industrial Research and Development Centre
SIRESS : SADC Integrated Regional Electronic Settlement System
SME : Small and Medium Enterprises
SMEDCO : Small and Medium Enterprises Development Corporation
STEM : Science, Technology, Engineering, and Mathematics
STERP : Short Term Emergency Recovery Programme
TBs : Treasury Bills
TOR : Terms of Reference
TV : Television
UDCORP : Urban Development Corporation
UN : United Nations
UNIDO : United Nations Industrial Development Organisation
VAT : Value Added Tax
WTO : World Trade Organisation
ZARNET : Zimbabwe Academic and Research Network
ZCDC : Zimbabwe Consolidated Diamond Mining Corporation
ZESA : Zimbabwe Electricity Supply Authority
ZIA : Zimbabwe Investment Authority
ZIANA : Zimbabwe Inter Africa News Agency
ZIDA : Zimbabwe Investment and Development Agency
ZIMASSET : Zimbabwe Agenda for Sustainable Socio-Economic Transformation
ZIMCORD : Zimbabwe Conference on Reconstruction and Development
ZIMFUND : Zimbabwe Multi-Donor Trust Fund
ZIMPREST : Zimbabwe Programme for Economic and Social Transformation
ZIMRA : Zimbabwe Revenue Authority
ZIMREF : Zimbabwe Reconstruction Fund
ZIMSTAT : Zimbabwe Statistics Agency
ZIMTRADE : Zimbabwe National Trade Development and Promotion Organisation
ZIMURA : Zimbabwe Musicians Rights Association
ZINARA : Zimbabwe National Roads Administration
ZINWA : Zimbabwe National Water Authority
ZISCO : Zimbabwe Iron and Steel Company
ZMDC : Zimbabwe Mining Development Corporation
ZPC : Zimbabwe Power Company
ZRA : Zambezi River Authority
EXECUTIVE SUMMARY

1. The Transitional Stabilisation Programme over October 2018 to December 2020 draws its policy thrust from Vision 2030.

2. The Programme will focus on:
   - Stabilising the macro-economy, and the financial sector.
   - Introducing necessary policy, and institutional reforms, to transform to a private sector led economy.
   - Launching quick-wins to stimulate growth.

3. In crafting this Programme, inputs of various stakeholders, who include business, labour, civic society, development partners, and other groups were taken on board.

   Vision 2030

4. The aspirations of Vision 2030 are anchored by the following values and objectives:
   - 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.
   - An aggressive fight against all forms of Corruption.
5. The realisation of Vision 2030 will be through the implementation of the following Strategic Programmes, supported by appropriate National Budgets:

- A two and a quarter year “Transitional Stabilisation Programme” to run from October 2018 to December 2020.
- Two Five-Year Development Strategies, with the first one running from 2021-2025, and the second covering 2026-2030.

Reform Initiative

6. The Transitional Stabilisation Programme acknowledges policy reform initiatives of the New Dispensation to stimulate domestic production, exporting, rebuilding and transforming the economy to an Upper Middle Income status by 2030.

7. Much of the reform initiative was outlined in various policy pronouncements by the President, His Excellency E. D. Mnangagwa, starting from his Inaugural Address on 24 November 2017, as well as the National Budget Statement outlined to Parliament on 7 December 2017.

8. Furthermore, Government also had opportunity to reinforce the core values and developmental agenda of the New Dispensation towards an Upper Middle Income Economy by 2030 on 19 April 2018 at the World Bank on the side-lines of the Spring Meetings of the IMF and World Bank in Washington DC.

9. Cooperating partner representation included the senior management of the IMF, World Bank, the African Development Bank, as well as the bilateral partners constituting major shareholding in the AfDB, World Bank and IMF.

Sacrifice & Perseverance

10. The realisation of the Transitional Stabilisation Programme short term quick-wins for the economy will be underpinned by adoption of, and strict adherence to, macro-economic stabilisation policies that require painful trade-off, and sacrifice.
11. This is necessary to address fundamental economic challenges besetting the economy over the immediate term, targeted over October 2018 to December 2020, with signs of green shoots already emerging, in response to the goodwill arising from political, governance and economic reforms introduced by the New Dispensation that were being worked on prior to the 30 July 2018 Harmonised Elections.

12. This should also allow for setting up the necessary foundation for an effective launch of Zimbabwe’s developmental programmes and projects, with the first set to be outlined in the National Development Strategy for 2021-2025.

*Opening the Economy for Business*

13. In order to attain the desired growth rate trajectory, Government will undertake significant reforms, such as improving the ease of doing business, improving competitiveness, and opening the country to international investors and financiers.

14. This will focus Government more on policy design, institutional efficiency and regulation, that way facilitating the private sector to play a major role in running businesses.

15. Harnessing the digital economy and digital entrepreneurship has the potential of creating jobs for the youth, often at low cost.

16. This will entail implementation of concrete plans to create an enabling environment for the digital economy to thrive, including supporting the availability of faster and reliable internet connection.

*Rule of Law, Human & Property Rights*

17. This will further be reinforced by governance reforms, fairness in application of the rule of law, as well as upholding of human and property rights.
Programme Highlights

18. As alluded to above, the Programme targets quick-win initiatives, through respective growth stimulation packages, as well as instituting supportive adjustment measures, which address various existing internal and external macro-economic and financial sector imbalances, and thereby, providing a foundation for robust economic growth and development beyond 2020.

19. The introductory Section of the Programme outlines the fundamental quick-win macro-economic targets to be realised over October 2018 and December 2020.

20. The targets relate to Per Capita Income, and the required Economic Growth Rates aimed at creating employment, and poverty reduction.

Part I: Policies Dealing with Macro-Economic Imbalances

21. This Section identifies key macro-economic challenges, highlighting opportunities and proffering strategies to address them.

22. The major challenge relates to the unsustainable and prolonged fiscal deficits that perpetuate uncontrolled domestic borrowing, and feeding into vulnerabilities for the financial sector and the rest of the economy, and thereby, posing macro-economic instability.

23. The Programme, therefore, first and foremost, targets strengthening fiscal responsibility and management of Government expenditures in order to create an appropriate environment for increased Budget development expenditures that enable and enhance the economy’s overall productive activities.

24. Treasury will preside over a Fiscal and Financial Stabilisation Committee to coordinate and monitor adherence to the fiscal and monetary targets outlined by the Transitional Stabilisation Programme.
25. Focus will also be on innovation in the design and administration of taxes, to include simplified tax structures for micro, small and medium enterprises.

26. Furthermore, the Programme targets eradication of corruption, which is a major source of leakages to public revenues, and also a major cost to various productive activities. Therefore, the Programme will institute strong measures to plug these leakages.

27. Targeted areas include, among others:
   • Unethical Corrupt practices at Ports of Entry and Exit.
   • Tax Evasion and Avoidance practices.
   • Smuggling and Money Laundering.
   • Unethical Procurement practices.

28. In addition, the Programme will also institute measures that seek to strengthen the economy’s balance of payments, particularly with regards to enhancing exports, currency competitiveness, improving capital inflows, as well as managing over-dependency on imports.

29. The macro-economic and fiscal projections for 2018 to 2020 are outlined in the Table below.
<table>
<thead>
<tr>
<th>Overall Performance</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP at market prices (US$ million)</td>
<td>25774.6</td>
<td>28927.6</td>
<td>32766.1</td>
</tr>
<tr>
<td>Gross Capital Formation</td>
<td>4331.0</td>
<td>5343.4</td>
<td>6287.5</td>
</tr>
<tr>
<td>% of GDP</td>
<td>16.8</td>
<td>18.5</td>
<td>19.2</td>
</tr>
<tr>
<td>Real GDP Growth (%)</td>
<td>6.3</td>
<td>9.0</td>
<td>9.7</td>
</tr>
<tr>
<td>Inflation (Annual Average) %</td>
<td>4.0</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Per Capita Income</td>
<td>1720.1</td>
<td>1883.4</td>
<td>2081.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Government Accounts</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues (including Retained Revenue)</td>
<td>5736.9</td>
<td>6411.5</td>
<td>7259.4</td>
</tr>
<tr>
<td>% of GDP</td>
<td>22.3</td>
<td>22.2</td>
<td>22.2</td>
</tr>
<tr>
<td>Expenditures &amp; Net Lending (US$ million)</td>
<td>8060.8</td>
<td>7915.5</td>
<td>8391.8</td>
</tr>
<tr>
<td>% of GDP</td>
<td>31.3</td>
<td>27.4</td>
<td>25.6</td>
</tr>
<tr>
<td>Recurrent Expenditures</td>
<td>5195.0</td>
<td>5823.9</td>
<td>6225.3</td>
</tr>
<tr>
<td>% of GDP</td>
<td>20.2</td>
<td>20.1</td>
<td>19.0</td>
</tr>
<tr>
<td>Employment Costs</td>
<td>3759.6</td>
<td>3908.0</td>
<td>3973.0</td>
</tr>
<tr>
<td>% of GDP</td>
<td>14.6</td>
<td>13.5</td>
<td>12.1</td>
</tr>
<tr>
<td>Capital Expenditure &amp; Net lending</td>
<td>2865.8</td>
<td>2091.6</td>
<td>2166.5</td>
</tr>
<tr>
<td>% of GDP</td>
<td>11.1</td>
<td>7.2</td>
<td>6.6</td>
</tr>
<tr>
<td>Overall Balance</td>
<td>-2323.9</td>
<td>-1504.0</td>
<td>-1132.4</td>
</tr>
<tr>
<td>% of GDP</td>
<td>-9.0</td>
<td>-5.2</td>
<td>-3.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Balance of Payments Accounts</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports (US$ million)</td>
<td>5075.5</td>
<td>5653.2</td>
<td>6428.6</td>
</tr>
<tr>
<td>% of GDP</td>
<td>19.7</td>
<td>19.5</td>
<td>19.6</td>
</tr>
<tr>
<td>Imports (US$ million)</td>
<td>7342.4</td>
<td>8397.6</td>
<td>9363.8</td>
</tr>
<tr>
<td>% of GDP</td>
<td>28.5</td>
<td>29.0</td>
<td>28.6</td>
</tr>
<tr>
<td>Current Account Balance (US$ million)</td>
<td>-751.9</td>
<td>-839.7</td>
<td>-1092.5</td>
</tr>
<tr>
<td>% of GDP</td>
<td>-2.9</td>
<td>-2.9</td>
<td>-3.3</td>
</tr>
</tbody>
</table>

30. The expenditure framework for 2019 to 2020 is premised on fiscal re-balancing and consolidation efforts, as well as growing revenue collections.  

*Part II: Institutional Reforms to Achieve Growth & Development*

31. The Section focuses on the institutional arrangements to achieve macro-economic objectives of the Programme.  

32. The Section also speaks to the issues of:
• Public Service reforms.
• State Owned Enterprises reforms.
• Empowerment of Local Governments, to improve service delivery.
• Empowerment of Provinces, through devolution and decentralisation.
• Strengthening institutions to combat corruption and rent seeking behaviour.
• Ease of doing business reforms.
• Pursuit of re-engagement, external debt resolution, and integrating into global financial markets.

33. Improvement in the outlook of the economy's balance of payments is programmed, with the current account balance deficit gradually being brought down to under 5 percent of GDP.

34. Key to accessing new finance will be resolution of the country's external payment arrears to the World Bank, the African Development Bank, as well as to other lenders.

35. This will require coordination through these institutions, including the International Monetary Fund.

36. The country’s external debt arrears amount to about US$5.6 billion, which is split between:
   • Multilateral creditors, US$2.2 billion.
   • The Paris Club, an informal group of creditor nations, US$2.7 billion.
   • Non-Paris Club creditors, US$700 million.

37. The resolution to Zimbabwe’s debt arrears of US$5.6 billion, will require the country clearing first, and simultaneously, its arrears to the AfDB of US$680 million, and the World Bank's more than US$1.4 billion; and then the European Investment Bank's US$308 million.
38. The need for sustainable external flows, underpinned by growing exports of higher value-added domestic goods is also emphasised.

*Part III: Productive Sector Reforms*

39. This Section identifies challenges in the productive sectors of the economy, and proffers policy interventions to build investor confidence, and enable private sector led economic growth.

40. In this regard, improving Zimbabwe’s investment and business climate, under the Transitional Stabilisation Programme, will entail consistent application of credible and sustainable policy interventions, underpinned by strengthening the rule of law and respect for property rights.

41. Central will be:
   - Sustained commitment to implementation of policies and measures that entail pain and sacrifice.
   - Avoidance of arbitrary policy reversals.
   - Absence of contradictory policy pronouncements, and mis-interpretations by different agencies of the State.

42. In order to enhance competitiveness of industries, the Transitional Stabilisation Programme will institute measures that address underlying causes of the high cost of doing business, including inputs supply across various value chains, access to enabling public utilities, domestic cost of finance, and introduction of flexibility in Zimbabwe’s labour laws.

43. With respect to agriculture, the Programme presents quick-win investment opportunities for realisation of self-sufficiency and food surpluses that will see the re-emergence of Zimbabwe as a major contributor to agricultural production and regional food security in the Southern Africa region and beyond.
44. With regards to livestock, the Programme contains measures supportive of full recovery, in terms of the size and quality of the national herd, with accompanying benefits for improved supply along the livestock value chain, and ultimately meeting national requirements, as well as those of the export markets.

45. The Transitional Stabilisation Programme targets further strengthening of control and monitoring systems over the Special Agriculture Production Initiative inputs supply and distribution chain.

46. The Programme envisages greater involvement of the domestic financial system in underpinning the financing of agriculture.

47. Heavy reliance on Government support for the Special Agriculture Production Initiative will be gradually reduced as initiatives to enhance private sector support gather momentum, that way overcoming potential development of voids in capacitating production by the farmer.

48. In mining, the Transitional Stabilisation Programme targets:
   • Re-opening of closed mines.
   • Expansion of mines that are operating below capacity.
   • Opening of new mines.
   • Promoting beneficiation and value addition, through domestic smelting and refining, to increase earnings from mineral resources.

49. In addition, increased investment in the manufacturing sector, with emphasis on value addition and beneficiation of agriculture produce and minerals, to increase job creation and export earnings, will be prioritised.

50. The Transitional Stabilisation Programme will also focus on supporting sustainable micro, small and medium enterprises growth and development through business
linkages, market access, cluster development, business incubation and support services.

51. With respect to environmental management, the Transitional Stabilisation Programme targets protection, restoration and promotion of sustainable use of terrestrial ecosystems, sustainable management of forests, fighting the veld fire scourge, combating desertification, halting and reversing land degradation and loss of bio-diversity.

52. Further, Government will integrate the necessary mitigatory measures into national policies, strategies and planning, to strengthen resilience and adaptive capacity to climate related hazards and natural disasters. This includes promoting climate resilient water management systems, focusing on both crop and livestock production.

*Part IV: Services Sector Reforms*

53. Service sectors have a key role to the reconstruction of the economy. These include tourism, information communication technology, as well as banking and finance, among others.

54. The Transitional Stabilisation Programme also targets support for aggressive marketing and rebranding of Zimbabwe, to facilitate tourism arrivals, taking advantage of the country’s diverse tourist attractions, ranging from natural, to man-made historical sites.

55. This will hinge on provision of innovative incentive packages, and the relaxation of all restrictive visa requirements, among other measures.

56. Growth of Service Sectors also outlines opportunities for the digital economy arising out of adoption of ICT, which also benefits from increased investment in e-Government platforms.
57. This Section also outlines the role of banking and financial sector services in savings mobilisation, including financial inclusion initiatives to embrace previously disadvantaged sectors such as SMEs.

Part V: Investing in Public Infrastructure

58. With respect to infrastructure, the Programme prioritises quick-win projects in energy, water and sanitation, ICT, housing and transport, with focus on expediting completion of on-going infrastructure projects, that way contributing to the revival of the economy.

59. The Transitional Stabilisation Programme, therefore, targets increasing the Budget on capital expenditures from the current 16 percent of total Budget expenditures to over 25 percent, beginning from the 2019 and 2020 fiscal Budgets.

Part VI: Human Development

60. This Section of the Transitional Stabilisation Programme contains policy measures to enhance social service delivery, particularly targeting provision of health services, education delivery, and social protection.

61. In the health sector, the Programme targets incremental investments to achieve equitable coverage and enhanced quality of health delivery, to address the following critical challenges:

- Sub-standard quality of maternal health services, such as ante-natal care, delivery, and post-natal care, including prevention of mother-to-child transmission of HIV, and sexually transmitted infections.
- Medicine shortages, as well as family planning, and other essential drugs.
- Inadequacy of emergency transport and communication systems, which have a bearing on mortality rates.
• A growing burden of non-communicable diseases, due to sub-optimal dietary habits, lifestyle, and poor health services.

• Inadequate mitigation of environmental pollution, poor water, sanitation, and hygiene (WASH) infrastructure, nutrition and food security issues, which continue to affect the health status of citizens.

• Strengthening of the Health and Management Information System at the facility level.

62. In the education sector, the Programme strives to ensure access to education for all.

63. This will include providing adequate infrastructure, as well as opportunities for Non-Formal Education; early identification of children at risk of not entering the education system, dropping out or falling behind, and strategies to support those unable to meet fee and levy charges.

64. The Transitional Stabilisation Programme will prioritise the production of additional human capital at local Polytechnics, Teachers Colleges and State Universities, through the rehabilitation and expansion of existing tertiary institutions.

65. In addition, Zimbabwe’s educational system will be made relevant to the skills demands of the economy and markets.

66. This Section also deals with empowerment of special interest groups, that include Women, the Youth, the Disabled and other disadvantaged members of the society.

Part VII: Governance Reforms

67. The Transitional Stabilisation Programme measures to underpin economic reforms, broad based Citizenry participation in national and socio-economic development programmes, and re-engagement with the global community will be complemented by governance reforms ushered in by the New Dispensation from November 2017.
68. These entail:

- Rule of Law.
- Political Governance and Democratisation.
- Respect for Human and Property Rights.
- National Unity, Peace and Reconciliation.
- Tolerance, Freedoms of Expression and Association.

*Part VIII: Implementation, Monitoring & Evaluation*

69. The last Section of the Programme highlights the implementation framework, also covering the monitoring and evaluation aspects of the Programme, to enable assessment of achievements.

70. For its effective implementation, the Programme will adopt the Results Based Management approach, using the 100 Days Rapid Results Initiative (RRI) methodology.

71. In this regard, RRI training programmes, which have been targeting implementing line Ministries and State Owned Enterprises, will be continued.

72. From this time around, Local Authorities will also be brought on board.

73. The performance targets and benchmarks for the Transitional Stabilisation Programme will be set for various implementing entities, with a strict monitoring and evaluation framework developed.

74. In order to monitor movement towards devolution, a Monitoring Committee will benchmark all services so that funds can be applied equitably across Provinces, and that communities are not left behind.
75. Implementation, monitoring and evaluation of the Transitional Stabilisation Programme is being coordinated and administered by the Office of the President and Cabinet.

76. The monitoring arrangements will also allow opportunity for prompt tracking of implementation, and institution of corrective measures to keep the Programme on course, also using the Presidential Electronic Dashboard.

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INTRODUCTION

1. Business and investor confidence is being renewed in Zimbabwe, with securing of new deals being witnessed, and projects beginning to take off, since November 2017 under the New Dispensation opening the economy for business.

2. The guiding Vision 2030 is “working towards building a new Zimbabwe, a country with a thriving and open economy, capable of creating opportunities for investors and employment”.

3. This is expected to catapult Zimbabwe from low income to an upper middle income country by 2030, through the implementation of a programme of radical economic reforms, intended to attract and facilitate foreign and domestic investment, under the mission, “Zimbabwe is Open for Business”.

4. The quest for Upper Middle Income Status will be on inclusive growth, and ensuring that Zimbabwe begins to lift a growing proportion of the ordinary people out of poverty.

5. To anchor the country in the status of an Upper Middle Income Economy, the Transitional Stabilisation Programme is targeting a per-capita income level of US$2,018\(^1\) in 2020, and rising to US$5,821 by 2030.

6. Raising gross per-capita income levels, from US$1,437 in 2016 and US$1,521 in 2017, would imply growth in nominal GDP from levels of US$22.4 billion in 2017 to over US$117 billion by 2030.

7. Achieving such radical transformation requires that the economy grows at around 9 percent annually in the first 4 years from 2018, before moderating to sustained growth rates of over 7 percent over the horizon of Vision 2030.

---

\(^1\) Please refer to Annexure 1.
8. The required growth rates are underpinned by a GDP deflator of about 2.5 percent from 2018, which is slightly above the average observed between the period from 2012 to 2017 and the population growth rate of 2 percent.

9. Achievement of the above targets will set the economy on a sustainable growth trajectory, thereby delivering on the Programme’s ultimate objective, employment creation and poverty reduction.

10. This requires “transforming Zimbabwe into a knowledge driven and industrialising Upper Middle Income Economy by 2030”, hence, the 12-year vision *Towards a Prosperous and Empowered Upper Middle Income Society*.

11. The Vision will be realised, initially through a Transitional Stabilisation Programme developed by Government, around which transformational economic policy initiatives will be implemented, initially targeting on the short term quick-wins for the remainder of 2018, and into 2019, and 2020.

12. The Transitional Stabilisation Programme contains and expresses the aspirations of the people of Zimbabwe under the New Dispensation ushered in on 24 November 2017, whose mandate was consolidated by the Harmonised Elections held on 30 July 2018.

13. Formulation of the Programme also took into account the United Nations Sustainable Development Goals\(^2\) (SDGs), a global development agenda running from 2016 – 2030, meant to eradicate poverty. Zimbabwe has committed to the implementation of all the 17 goals.

14. The Transitional Stabilisation Programme over the period October 2018 to December 2020 will pave way for the development of two five year National Development Strategies, the first Plan being for 2021-2025, and the second Plan covering 2026-2030.

\(^2\) Annexures 2 and 3 highlight the 17 SDGs which Zimbabwe has committed to, as well as aspirations of the African Union’s Agenda 2063.
15. The step-by-step approach allows for prioritisation of policies and interventions necessary for setting of the foundations for a longer term sustainable growth over the Vision 2030 horizon.

16. This will focus Government more on policy design, institutional efficiency and regulation, that way facilitating the private sector to play a major role in running businesses.

17. The inputs of various stakeholders, who include business, labour, civic society, development partners, and other groups have been taken on board.
PART I: POLICIES DEALING WITH MACRO-ECONOMIC IMBALANCES

Macro-Economic Environment

18. A stable macro-economic environment, characterised by fiscal and monetary discipline, as well as a sustainable balance of payments position, is critical in building investor confidence.

Macro-economic and Fiscal Projections

<table>
<thead>
<tr>
<th>Overall Performance</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP at market prices (US$ million)</td>
<td>25774.6</td>
<td>28927.6</td>
<td>32766.1</td>
</tr>
<tr>
<td>Gross Capital Formation</td>
<td>4331.0</td>
<td>5343.4</td>
<td>6287.5</td>
</tr>
<tr>
<td>% of GDP</td>
<td>16.8</td>
<td>18.5</td>
<td>19.2</td>
</tr>
<tr>
<td>Real GDP Growth (%)</td>
<td>6.3</td>
<td>9.0</td>
<td>9.7</td>
</tr>
<tr>
<td>Inflation (Annual Average) %</td>
<td>4.0</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Per Capita Income</td>
<td>1720.1</td>
<td>1883.4</td>
<td>2081.3</td>
</tr>
</tbody>
</table>

Government Accounts

<table>
<thead>
<tr>
<th>Revenues (including Retained Revenue)</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of GDP</td>
<td>22.3</td>
<td>22.2</td>
<td>22.2</td>
</tr>
<tr>
<td>Expenditures &amp; Net Lending (US$ million)</td>
<td>8060.8</td>
<td>7915.5</td>
<td>8391.8</td>
</tr>
<tr>
<td>% of GDP</td>
<td>31.3</td>
<td>27.4</td>
<td>25.6</td>
</tr>
<tr>
<td>Recurrent Expenditures</td>
<td>5195.0</td>
<td>5823.9</td>
<td>6225.3</td>
</tr>
<tr>
<td>% of GDP</td>
<td>20.2</td>
<td>20.1</td>
<td>19.0</td>
</tr>
<tr>
<td>Employment Costs</td>
<td>3759.6</td>
<td>3908.0</td>
<td>3973.0</td>
</tr>
<tr>
<td>% of GDP</td>
<td>14.6</td>
<td>13.5</td>
<td>12.1</td>
</tr>
<tr>
<td>Capital Expenditure &amp; Net lending</td>
<td>2865.8</td>
<td>2091.6</td>
<td>2166.5</td>
</tr>
<tr>
<td>% of GDP</td>
<td>11.1</td>
<td>7.2</td>
<td>6.6</td>
</tr>
<tr>
<td>Overall Balance</td>
<td>-2323.9</td>
<td>-1504.0</td>
<td>-1132.4</td>
</tr>
<tr>
<td>% of GDP</td>
<td>-9.0</td>
<td>-5.2</td>
<td>-3.5</td>
</tr>
</tbody>
</table>

Balance of Payments Accounts

<table>
<thead>
<tr>
<th>Exports (US$ million)</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of GDP</td>
<td>19.7</td>
<td>19.5</td>
<td>19.6</td>
</tr>
<tr>
<td>Imports (US$ million)</td>
<td>7342.4</td>
<td>8397.6</td>
<td>9363.8</td>
</tr>
<tr>
<td>% of GDP</td>
<td>28.5</td>
<td>29.0</td>
<td>28.6</td>
</tr>
<tr>
<td>Current Account Balance (US$ million)</td>
<td>-751.9</td>
<td>-839.7</td>
<td>-1092.5</td>
</tr>
<tr>
<td>% of GDP</td>
<td>-2.9</td>
<td>-2.9</td>
<td>-3.3</td>
</tr>
</tbody>
</table>

19. Attainment of the macro-economic targets as projected above will be the overriding focus of the Transitional Stabilisation Programme.
20. The prevailing environment of macro-economic imbalances presents constraints to the rapid economic development of the country, as public deficits fuel unsustainable large fiscal borrowing requirements and money supply growth, in the process consuming scarce foreign reserves and undermining currency stability.

21. Weaknesses in the macro-economic situation have also resulted in a low savings rate, high public debt, and dilapidated infrastructure which is contributing to higher domestic production costs for business.

22. Full restoration of macro-economic balance will necessitate a phased approach, spanning over the short, medium, and longer term.

Fiscal Consolidation

23. This will require a sound fiscal framework, anchored on fiscal discipline, which will be key in sustaining an environment of stable prices, with inflation thresholds targeted below 6 percent.

24. In this regard, central to this Agenda will be entrenching fiscal consolidation as a key element of Zimbabwe’s Transitional Stabilisation Programme over 2018-2020.

25. This is premised on the new thrust adopted by Government, to create fiscal space for financing of development, which facilitates opening the economy to business, aggressively attract investment, decisively combat corruption, resolutely address poverty, and vigorously pursue re-engagement with the international community.

26. The Transitional Stabilisation Programme represents the first phase, over October 2018 – December 2020, aiming to sow the seeds for fiscal and monetary balance, which is the main impediment to growth in the short run.
27. This is central to anchoring the onset towards the realisation of quick-wins identified to generate rapid recovery of the economy, sufficient foreign reserves, increasing confidence for introduction of a new and more competitive currency.

28. The envisaged rapid economic and social transformation, ensuing from stabilising the macro-economic environment in support of higher investment levels, is expected to see Zimbabwe catching up with those economies on the Continent, where perseverance, focus and dedication to reform have catapulted them to upper middle-income status.

Financial Stability

29. The Transitional Stabilisation Programme also recognises the need for a more active and targeted intervention approach with regards to the domestic financial sector harnessing and channelling domestic financial savings towards increased domestic investment and production.

30. The Reserve Bank will, under the Transitional Stabilisation Programme, hence, coordinate financial sector interventions in support of the Vision towards Getting Zimbabwe Back to Work.

31. This will require a more active drive to inculcate a culture of foregoing consumption, allowing higher domestic savings mobilisation through the domestic financial system.

32. In this regard, monetary policy measures to incentivise growth of savings, support economic stability, growth and employment creation will be pursued under the Transitional Stabilisation Programme.

33. Alongside growing a domestic financial savings base in support of increased financial institutions’ lending to the private sector, will be the strengthening of measures that call on borrowers to assume greater accountability over honouring loan obligations.
Macro-Economic Stabilisation Policies

34. The Transitional Stabilisation Programme for fiscal adjustment and structural reforms requires the commitment and discipline to tackle the prolonged fiscal deficit, precipitated by high levels of consumptive recurrent expenditures.

35. In this regard, a demonstrable track record with regards to Zimbabwe’s commitment to contribute towards generating domestic savings in support of the country’s National Development Agenda is necessary.

36. Key to this is readiness to endure pain and sacrifice by allowing for creation of the necessary fiscal space to provide for contributing to financing of Zimbabwe’s developmental infrastructural needs.

(i) RESTORATION OF FISCAL BALANCE

37. This is also necessary to correct fiscal imbalances that threaten financial sector vulnerabilities reflected through spiralling out of control cash shortages and distortions in the foreign exchange market. These are linked to the fiscal deficit, and its financing through the overdraft at the Reserve Bank and over-issuance of Treasury bills.

Fiscal Deficit

38. The fiscal deficit, a major cause of macro-economic instability and financial sector vulnerability, is estimated at US$1.4 billion at the close of the first half of 2018, and projected at over US$2.7 billion in the absence of corrective measures.

39. Furthermore, there is limited room to mobilise significant additional revenue through raising taxes on individuals and businesses to levels that leave the deficit at levels that would not undermine the emerging green shoots to get business to underwrite recovery of private sector investment.
40. Hence, the adoption and implementation of measures to contain Budget expenditures over the period January 2019 to December 2020 is targeted to support gradual recovery in Budget expenditures on essential infrastructure.

Support for the Capital Budget

41. Fiscal discipline will entail Budget surpluses in support of funding the Capital Budget.

42. Hence, measures to Control and Manage Budget Expenditures to create fiscal space in support of Infrastructure Investments are part of this Transitional Stabilisation Programme.

Financial Sector Vulnerabilities

43. Unsustainable and prolonged fiscal deficits that perpetuate uncontrolled borrowing from the domestic bank and non-bank financial system, including recourse to the overdraft at the Reserve Bank, pose financial vulnerabilities to the entire banking and financial system.

44. These impact on money supply growth, domestic price and currency stability, as well as on the stock of domestic bank deposits and non-bank savings available for channelling towards credit to the productive private sectors.

Credit to Government

45. Annual growth in money supply to May 2018 stood at 40.8 percent, from US$6.5 billion in May 2017 to US$9.1 billion, underpinned by growth in domestic credit of 47.3 percent, mostly to Government.
<table>
<thead>
<tr>
<th>Monetary Survey</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP(US$ million)</td>
<td>20,549</td>
<td>22,241</td>
<td>25,775</td>
<td>28,926</td>
<td>32,766</td>
</tr>
<tr>
<td>Velocity</td>
<td>2.9</td>
<td>2.2</td>
<td>1.8</td>
<td>1.6</td>
<td>1.6</td>
</tr>
<tr>
<td>Broad Money Supply (US$ million)</td>
<td>5,638.3</td>
<td>8,108.2</td>
<td>10,818.3</td>
<td>11,637.0</td>
<td>12,761.6</td>
</tr>
<tr>
<td>Net Foreign Assets</td>
<td>-574.3</td>
<td>-1,112.6</td>
<td>-1,157.7</td>
<td>-1,191.7</td>
<td>-1,227.4</td>
</tr>
<tr>
<td>Domestic Credit</td>
<td>7,481.1</td>
<td>10,699.4</td>
<td>14,137.5</td>
<td>17,142.0</td>
<td>18,944.9</td>
</tr>
<tr>
<td>Of which Net Credit to Government</td>
<td>3,588.0</td>
<td>6,277.5</td>
<td>9,107.8</td>
<td>10,229.2</td>
<td>10,942.8</td>
</tr>
<tr>
<td>Credit to Private Sector</td>
<td>3,513.9</td>
<td>3,719.4</td>
<td>4,203.6</td>
<td>5,885.2</td>
<td>6,746.4</td>
</tr>
<tr>
<td>Credit to Parastatals</td>
<td>253.4</td>
<td>591.3</td>
<td>674.9</td>
<td>884.4</td>
<td>1,095.2</td>
</tr>
<tr>
<td>Other Items Net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Memorandum Items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit to pvt to deposit (%)</td>
<td>62.3</td>
<td>45.9</td>
<td>38.9</td>
<td>36.7</td>
<td>39.0</td>
</tr>
<tr>
<td>M3 growth (%)</td>
<td>19.0</td>
<td>43.8</td>
<td>33.4</td>
<td>22.5</td>
<td>9.7</td>
</tr>
<tr>
<td>Domestic Credit to growth (%)</td>
<td>18.2</td>
<td>43.0</td>
<td>32.1</td>
<td>21.3</td>
<td>10.5</td>
</tr>
<tr>
<td>Claims on Government Growth (%)</td>
<td>51.6</td>
<td>74.5</td>
<td>45.1</td>
<td>12.3</td>
<td>7.0</td>
</tr>
<tr>
<td>Credit to private sector growth (%)</td>
<td>-3.9</td>
<td>5.9</td>
<td>13.0</td>
<td>40.0</td>
<td>14.6</td>
</tr>
</tbody>
</table>

Source: Reserve Bank

46. Net credit to Government stood at US$6.2 billion as at end June 2018, up from US$3.9 billion as at end June 2017.

47. The extent of public sector borrowing to finance the fiscal deficit is much higher, when Treasury Bill issuances are to the non-bank sector, principally insurance companies and pension houses.

Credit to the Productive Sectors

48. Growing reliance on domestic sources for Budget deficit financing in the face of limited external financing, also impacts negatively on growth in credit to the private sector, which increased marginally by 6.1 percent from US$3.5 billion as at end June 2017 to US$3.6 billion as at end June 2018.
**Impact on Prices’ Stability**

49. Price stability is essential to support both financial and macro-economic stability, as experienced since the introduction of the multi-currency system in 2009.

50. Stable inflation engenders long term planning, which is critical in supporting long term savings and investments necessary for sustainable economic development.

51. The impact on inflation arising through uncontrolled monetisation of fiscal deficits poses inflation shock-waves across all the other sectors of the economy.

52. This is translating into rapid build-up in inflationary pressures to the detriment of financial and macro-economic stability, posing significant vulnerabilities to the stability of the economy’s entire banking and financial system.

53. Already, signs of rising prices are beginning to creep in, with annual inflation to July 2018 at over 4 percent.

54. The Chart below shows developments in inflation since 2014.

**Annual Inflation Trends**

![Annual Inflation Trends Chart](source: ZIMSTAT, 2018)
It is against this background that, under the Transitional Stabilisation Programme, the Central Bank will ensure that the country's inflation rate remains within the SADC macro-economic convergence target of inflation of 3 percent to 7 percent.

Impact on Currency Stability

The multi-currency system was instrumental in restoring macro-economic stability and economic recovery and has undoubtedly served the country very well since its adoption in 2009.

The sustainability of the multi-currency system has, however, been compromised by high fiscal and current account deficits in the economy, which have manifested in cash and foreign currency shortages since 2016.

In addition, the economy has witnessed the emergence of parallel market activities, leading to the resurgence of inflationary pressures in the economy. The need for comprehensive currency reforms, to restore confidence in the economy cannot be over-emphasised.

Apart from the negative effects of crowding out the private sector, sharp growth in RTGS balances fuelled by monetary financing of the fiscal deficit and Government’s continued borrowing from the banking sector threatens the stability of domestic currency.

RTGS balances are not matched to available US dollar balances, and therefore, sustain opportunities for rent-seeking, as banks ration cash withdrawals, highlighting the illiquid nature of bank deposits and high RTGS balances.

Sustainable Deficit Financing

While the Transitional Stabilisation Programme measures to tame the fiscal deficit will be gradual, Treasury will in the interim resort to non-inflationary financing mechanisms for the deficit.
Treasury Bill Issuances

62. Government will, from January 2019, revive the issuance of Treasury bills through an auction system as part of monetary policy operations to influence liquidity developments in the economy.

63. In addition, Government will, under the Transitional Stabilisation Programme, revive the issuance of bonds through the development of a secondary bond market, beginning 2019.

64. This will also assist to deepen financial sector development, which is critical for the effectiveness of monetary policy.

Stock of Treasury Bills

65. The stock of outstanding Treasury bills as at June 2018 is US$6.7 billion, with a maturity value of around US$8.3 billion.

66. During the period 2017 to June 2018 Government issued Treasury bills and bonds amounting to US$4.3 billion to cover the financing gap, as shown in the Table below.

### TB Issuances 2017 to June 2018

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Financing</td>
<td>847 991 325.14</td>
</tr>
<tr>
<td>Government Debt</td>
<td>2 979 084 433.03</td>
</tr>
<tr>
<td>Capitalisation</td>
<td>112 480 000.00</td>
</tr>
<tr>
<td>RBZ Debt</td>
<td>173 247 070.61</td>
</tr>
<tr>
<td>ZAMCO</td>
<td>180 838 569.89</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4 293 641 398.67</strong></td>
</tr>
</tbody>
</table>

67. Of the US$4.3 billion issued, US$2.9 billion accounts for 2017 issuances whilst the remaining US$1.3 billion was issued during the period to June 2018.

68. As shown on the Table above, Government debt accounts for US$2.9 billion (69 percent of total issuance). The Government debt component is comprised of
financing towards command agriculture, grain procurement, inputs support to the vulnerable households and various Government creditors including ZESA, NSSA and ZINWA, among others.

69. The high level of Treasury bills issued during this period, and the associated debt servicing costs pose risks on macro-economic stability. The Treasury bills have, in most cases been discounted in the market, thus, contributing towards the current liquidity crisis.

Treasury Bill Discounting

70. The huge quantity of Treasury bills issued during the period 2017 to June 2018 had posed significant burden to the fiscus in terms of both interest and principal payments.

71. In some instances, this has resulted in a situation where the TBs were being discounted at ridiculous rates in the secondary market, hence, undermining market confidence in Government securities.

72. The Transitional Stabilisation Programme envisages restoring market confidence through institution of a coordinated approach in the issuance of TBs in order to ensure adequate profiling, as well as curbing their discounting in the secondary market.

73. The issuance of Treasury bills has largely been outside the Budget framework.

74. Treasury bill issuances had assumed the proportion of a surrogate Budget, which development needs urgent redress, as their liquidation entails increased borrowing requirements to provide for interest at maturity.

75. In this regard, all issuances of Treasury bills and other public debt instruments will be guided by tighter monitoring and management, to ensure consistency with the
Budget framework as approved by Parliament, and that mobilised resources are channelled towards infrastructure development.

76. This will determine the amount of resources to be raised, tenor of Treasury bill issuances, timing and cut off interest rate, to avoid the issuance of domestic debt instruments without adequate profiling.

77. Furthermore, Government will only be issuing medium to long term securities in view of the limited fiscal space, categorised into those for liquidity support, infrastructure development, and those for other purposes.

*Treasury Bill Issuance Framework*

78. In order to ensure that Treasury bills are issued guided by adequate analysis and proper validation, issuances will be governed by a framework that goes beyond generation of correspondence to the Reserve Bank.

79. Issuances of Treasury bills will, therefore, be strictly aligned to the Parliamentary approved borrowing requirement, and votes under an Appropriation Act.

80. This will ensure that no expenditure of public monies is incurred on any service where provision has not been made by or in terms of the Public Finance Management Act or any other enactment.

81. The Reserve Bank, as banker to Government, will only issue Treasury bills via issuance of a Treasury Bill Issuance Note by the Accountant General.

82. On maturity of the Treasury bills, the Reserve Bank will also be given authority, in writing, from the Accountant General to debit the Government account.

83. The above procedure will further improve accountability for disbursements made from public resources, while enhancing scrutiny over and monitoring the deployment of borrowed funds, maturity profiles and sustainability of the debt portfolio.
Fiscal and Financial Stabilisation Committee

84. Treasury will preside over a Fiscal and Financial Stabilisation Committee to coordinate and monitor adherence to the fiscal and monetary targets outlined by the Transitional Stabilisation Programme.

85. The Fiscal and Financial Stabilisation Committee, will set clearly defined, credible and enforceable fiscal and financial rules, borrowing plans and performance, against targeted macro-economic aggregates which include monetary policy targets that complement the fiscal consolidation thrust.

86. The Fiscal and Financial Stabilisation Committee, chaired by Treasury, will also comprise of the Office of the President and Cabinet, and the Reserve Bank.

Fiscal Revenues

87. 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.

88. This requires review and development of a much less complicated tax system.

Facilitative Taxation

89. While compliance with fiscal and customs laws 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 and measures.

90. This is in acknowledgement of other jurisdictions experiences with maximisation of Revenue collection through enhancement of business and trade facilitation, alongside increased voluntary compliance.
91. Strategies to realise this will include:

- Improved Risk-based tax and customs compliance systems.
- Growing the tax base and enhancing integrated data management.
- Enhancing service delivery and taxpayer education.
- Increasing security and agility in the international flow of goods and persons.
- Simplifying processes and procedures.
- Implementing results oriented strategic management.
- Strengthening ethics, integrity and enterprises risk management.
- Improving communication and partnerships.
- Lowering the overall tax structure to support recovery of businesses and investment, as well as improve on compliance.
- Tax breaks/tax incentives for capital and value addition rebates, etc.

92. Underpinning the thrust of the Transitional Stabilisation Programme tax policy is movement towards sustainable taxation, reduced penalties and interest, also nurturing businesses to enhance capacity to pay their tax dues, and remaining operational in order to produce, export, and create employment.

93. This has necessitated Government requiring a paradigm shift in the administration of tax policy, with Tax Administrators now called upon to inculcate in its tax collection processes and organisation structures greater appreciation of the different circumstances and peculiarities of most of industry.

*Tax Administration*

94. Hence, under the Programme, in line with a new Zimbabwe which is open for business, a different approach to tax administration has been adopted, with the thrust towards cooperative voluntary compliance by tax payers with regards to honouring tax obligations and lowering default rates.
95. With regards to tax administration capacity, of essence will be:

- Enhanced staff capacity and retention.
- Strengthened performance driven culture.
- Modernised infrastructure and integrated Information Communication Technology (ICT) systems.
- Ensuring timely and adequate funding.

96. In this regard, the days of tax payers being unnecessarily required to wait for days by tax administration officials for clearance of goods at ports of entry, and hours at tax collectors’ offices, are over.

*Tax Base*

97. Growing revenue collections will also entail widening the tax base, also through strengthening compliance levels of the over 4 000 big businesses estimated to be operating without registering for tax purposes with ZIMRA, and hence, are outside the tax bracket.

98. Pursuant to this, ZIMRA will be bringing in all those who are outside the tax net to also begin contributing to the fiscus.

99. This also entails enhancing capacity through training of ZIMRA staff to be able to net all tax dodgers to ensure they also pay taxes for the realisation of the Vision towards an Upper Middle Income Society by 2030.

*Tax Penalties*

100. ZIMRA is currently sitting on a total tax debt of close to US$4 billion, of which 23 percent or about US$1 billion is interest, while 27 percent, amounting to US$1.1 billion relates to penalty charges.
101. Hence, 50 percent of the total tax debt some of which dates back to before 2014 comprises of interest and penalties, with the principal debt at US$2 billion accounting for the other half.

102. Government will, therefore, be reviewing interest and penalties on tax defaults through implementation of the Penalty Loading Model from January 2019, as part of the Transitional Stabilisation Programme.

103. Measures to overcome some of the reasons behind non-tax compliance will be implemented. This includes review of tax administration to ease the payment of tax, adoption of online payment methods, intensification of tax education, as well as public campaigns to bring tolerance and acceptance of taxation as a national duty rather than a burdensome exercise.

104. Furthermore, overall review of the general tax structure to facilitate nurturing emerging green shoots of the new Dispensation will be considered across various tax payer categories.

*Anti-Avoidance Provisions*

105. Illicit financial activities have necessitated enforcement of anti-avoidance provisions, especially towards aggressive tax planning structures, in line with the current transfer pricing framework that was introduced into the Zimbabwe Tax Law as of beginning of January 2016.

106. This includes transfer mispricing of transactions between related parties.

107. The anti-avoidance legislation re-characterises non-arm’s length cross border transactions between associated enterprises through the application of internationally acceptable transfer pricing methods in the determination of transaction values for purposes of assessing taxable income.
108. The current legislation, thus, serves to limit opportunities for shifting profits to lower tax jurisdictions.

_**Equity in Taxation**_

109. The Transitional Stabilisation Programme targets to bring equity and standardisation in the application of the income tax structure applicable to allowances paid to all workers, inclusive of civil servants’ tax free allowances, which include transport, housing and representation.

_**VAT Refunds for Development Partner Funded Projects**_

110. The Transitional Stabilisation Programme is appreciative of complementary support from Development Partners to various Government programmes and projects.

111. To ensure commitment to efficiency and timely completion of projects, Government has promulgated Statutory Instrument 79 of 2018.

112. The Statutory Instrument extends the VAT Refund Facility to all locally purchased goods used in projects funded by Development Partners.

_**Simplified SMEs Turnover Tax**_

113. The Transitional Stabilisation Programme is also developing a Simplified Tax Structure targeting turnover for small businesses at a lower rate of 2-3 percent for implementation from January 2019.

114. This would overcome the current challenges related to revenue collection under the existing Presumptive Tax.

115. Introduction of the Simplified Lower Turnover Tax on small businesses would apply to all those below the VAT threshold.
116. Introduction of this tax under the Programme will benefit developments in mobile technology and will require support of all the mobile telecommunication operators.

**Revenue Leakages**

117. The Transitional Stabilisation Programme recognises corruption in the collection of public revenue as a major source of leakage and loss of fiscal revenues.

118. Hence, the Programme targets introduction of quick-win intervention measures to plug leakages as follows:

*Valuation of Second-Hand Motor Vehicles*

119. Valuation of goods remains a challenge for Customs administration, in particular textiles and second hand vehicles.

120. Already, the collaborative efforts between the Customs administration and experts from the textile industry have yielded positive results in the correct classification and valuation of textiles.

121. In order to promote transparency in the valuation of second hand motor vehicles, thus, curtailing rent seeking behaviour, a Standard Valuation System for second hand motor vehicles which removes discretionary authority of officers will be implemented.

*Penalty Loading Model*

122. The Transitional Stabilisation Programme recognises high incidences of corruption arising from negotiation for lower penalties by taxpayers.

123. In this respect, a Penalty Loading Model that removes discretionary powers of the tax administration authority in the determination of penalty levels for failure to adhere to tax laws will be promulgated through the Finance Act as part of the National Budget for fiscal year 2019.
Information Technology Systems

124. The enhanced automation of most business processes at the tax administration authority has imposed limitations on the capabilities of the existing information technology system resulting in frequent breakdowns and recourse to manual systems, thereby increasing opportunities for rent seeking behaviour.

125. In order to enhance robustness of the tax administration ICT systems, the Transitional Stabilisation Programme is committed to provide funding for advanced equipment at Ports of Entry.

126. Such equipment includes scanners, for both freight on trucks, as well as imports by individual cross border traders, that way also fast tracking Customs clearance processes.

Taxpayer Education

127. Due to insufficient knowledge of tax legislation, some tax administration officers charge non-existent high tax rates of tax in order to entice taxpayers into negotiating lower rates.

128. In order to minimise such practices by revenue administrators, the Transitional Stabilisation Programme will intensify information dissemination campaigns that educate taxpayers on existing tax legislation.

Ports of Entry Facilities

129. Delays at Ports of Entry arise on account of poor border facilities which no longer cope with the volumes of traffic.

130. In this regard, plans to re-develop the Beitbridge Border Post will address infrastructural bottlenecks.
Re-organisation of Beitbridge Border Post

131. Already, work on the re-organisation of the Beitbridge Border Post Expansion and Upgrade has already been commissioned following appointment of the Zimborder Management (Private) Limited to undertake the rehabilitation project.

132. Additional interim works that are expected to decongest the Border post in the short term include:

- Restricting and controlling the entry of multiple organisations into the border floor operations in order to promote orderly inspection and clearance of consignments. This ensures that inspection of commercial trucks is well coordinated.
- Implementation of the electronic manifest control system connected to the ASYCUDA World server for ZIMRA, preferably in collaboration with ZINARA. This measure will ensure that all trucks can enter into the border and leave after declaring consignments.
- Construction of pedestrian pathways in order to separate genuine travellers from touts and vendors.
- The construction of a Post Signage that provides general directions on offices, halls, restrooms within the Border will also be prioritised.

Smuggling

133. The Transitional Stabilisation Programme also targets measures to contain rampant smuggling of goods, which includes groceries, blankets, hardware items, spices, knock-down furniture and motor vehicles into the economy.

134. This will entail improving installation of scanners at Beitbridge, Forbes, Plumtree, Kariba and Chirundu border posts, complemented by strengthening of Electronic Cargo Tracking Systems.
135. Improvements to ZIMRA systems and technology also overcome delays at ports of entry that weaken systems and create opportunities for avoidance of customs duty.

136. This also avoids costly delays related to physical checks of trucks, with Beitbridge alone processing 400-500 trucks daily.

137. Businesses will also be encouraged to utilise the authorised economic operators’ status which emanates from the WTO’s Trade Facilitation Agreement that was ratified by Zimbabwe to facilitate movement of goods.

138. Companies have to be registered with ZIMRA to acquire the status that allows for the import or export of goods with minimum checks.

*Illegal Crossing Points*

139. Government is also moving in to plug leakages through the country’s porous borders providing illegal crossing points which are conduits for smuggled goods, depriving Treasury of much needed revenue for capital projects.

140. Interventions to support ZIMRA and other agencies’ capacity to monitor illegal entry points are envisaged, given that smuggling also poses unfair competition to local manufacturing companies.

141. ZIMRA’s presence is at the 16 border Ports of Entry and the border line stretches more than 3 000 km, with some terrain not being easily accessible.

*Mineral Leakages*

142. Smuggling also extends to minerals, as smugglers capitalise on systemic weaknesses and shortfalls on monitoring and deterring mineral smuggling activities. This also includes false declarations on mineral assays by non-ISO certified laboratories which leads to under-invoicing of mineral exports.
143. The Ministry of Mines and Mining Development and Minerals Marketing Corporation of Zimbabwe (MMCZ) are both empowered by provisions of the Mines and Mineral Act and MMCZ Act respectively to monitor and deter mineral smuggling activities.

144. The Transitional Stabilisation Programme will, therefore, institute the following measures to strengthen monitoring systems to curb mineral leakages:
   
   • Strengthen the Monitoring and Surveillance arm of the MMCZ by increasing the number of Monitors and extending their reach, currently confined to large scale mines who usually have transparent systems, to also include artisanal and other small-scale miners.
   
   • Strict monitoring of both small and large-scale exporters.
   
   • Establishment of an ISO certified state of the art mineral testing laboratory in-situ at MMCZ to ascertain the mineral quality before an invoice is raised.

(ii) MOBILISING DOMESTIC SAVINGS

145. Government recognises that access to finance to the productive sectors, including agriculture, has been limited and associated with high costs.

146. The Transitional Stabilisation Programme will oversee implementation from 2019, of the Financial Sector Development Plan that promotes emergence of a stable, sound and resilient financial system that supports efficient mobilisation and allocation of resources, necessary to achieve economic diversification, shared and sustained growth as well as poverty alleviation.

147. The development of measures to strengthen the financial services sector, embracing banking, insurance and pensions, and the securities markets, is benefitting from technical support from cooperating partners, in particular the World Bank and the IMF.
Financial Intermediation

148. Loss of confidence in the financial system had, following years of hyper-inflation, undermined the inter-mediatory role of financial institutions and the banking sector’s contribution to overall economic development.

149. Savings remained low as a result, also against the background of relatively high banking charges, minimum deposit and balance requirements.

150. Hence, the Transitional Stabilisation Programme also prioritises implementation over the period to 2020 policy measures to enhance savings.

151. Improved financial inclusion, savings mobilisation, and financial intermediation also targets reversal of prevailing cultures where banking institutions hold at the Reserve Bank large RTGS balances, currently estimated at US$2 billion at zero interest, rather than lend to the productive sectors.

Financial Sector Support for Development

152. The financial sector will support the Transitional Stabilisation Programme through:

- Savings mobilisation.
- Provision of lines of credit to industry and infrastructure development.
- Financing housing Development – Mortgages.
- Efficient banking services to clients.
- Promoting Financial inclusion.
- Promoting financial literacy.
- Supporting cash-lite society, targeting further growth in use of plastic and electronic money.
- Support for SMEs and other disadvantaged groups, through improved access to financing.
153. The Central Bank will ensure a robust and resilient financial sector that is capable of efficiently mobilising and allocating resources to address the development needs of the economy.

154. The ensuing banking sector stability and growth will play a catalytic role in transforming Zimbabwe into an upper middle-income country as envisaged by Vision 2030.

155. A robust and inclusive financial system which is able to avail investable funds at affordable rates is important to finance economic projects that would promote sustainable development.

156. Critically, the efficient provisioning of credit to the productive sectors has a significant effect on economic growth, foreign currency generation and creation of employment opportunities in the economy.

157. The banking sector will also support the achievement of Vision 2030 through mobilisation of savings and efficient banking services to clients.

158. To support the productive economy, the banking sector would increase the provision of affordable and adequate lines of credit to industry and infrastructure development, support SMEs development and financing; and financing housing development-mortgages.

159. The banking sector would also play a significant role to ensure inclusive growth through promoting financial inclusion, supporting Cash-Lite society – plastic money, and general enhancement of financial literacy.

Enhancement of Financial Stability

160. To date, there have been significant milestones in terms of financial stability enhancements. This includes implementation of Basel II, which has ensured
adoption of sound capital standards, risk management and corporate governance standards by banks.

161. The Reserve Bank will establish, in 2019, a robust macro-prudential framework and continue implementation of the current initiatives to enhance financial stability.

162. Implementation of the Basel III capital and liquidity frameworks is aimed at improving the quality, consistency and transparency of capital and reduce pro-cyclicality, as well as enhance liquidity management.

163. A Macro-prudential policy framework shall be developed in order to effectively prevent systemic financial risks and to maintain steady and rapid financial and economic development. In this regard, counter cyclical capital buffer and forward-looking provisions shall be established.

164. Development of financial stability assessment models and early warning tools will be prioritised. These include macro-stress tests and inter-bank contagion models.

165. A framework for Domestic Systemically Important Banks (DSIB) will be developed in the last quarter of 2018 to cover identification criteria of DSIBs and their effective supervision.

166. As part of measures to enhance the preparedness of Government and regulatory authorities in the face of potential systemic financial stress, a framework for contingency planning and systemic crisis management was developed in 2013.

167. Under the auspices of the Multi-disciplinary Financial Stability Committee, the coordination and collaborative arrangements for crisis preparedness will be strengthened through:

• Increasing effectiveness of financial regulatory coordination. The oversight role of the Multi-disciplinary Financial Stability Committee will be strengthened to ensure more robust financial stability assessments.
• Improving financial accounting system. The Reserve Bank will ensure that banking institutions strictly adhere to international financial reporting standards.

• Financial Soundness Indicators will be revamped to incorporate the “encouraged set” in addition to the “core set”.

• Improving financial sector effectiveness and integration, by ensuring that the financial sector is well diversified and integrated into global financial markets.

• Other financial stability initiatives which will be enhanced include Cross-Border Banking Supervision and review of Recovery and Resolution Planning frameworks for banking institutions.

*Cost of Credit*

168. In view of significance of credit in driving economic activities, the Transitional Stabilisation Programme targets increased access to affordable credit by all productive units of the economy with appropriate tenors.

169. Currently, banking institutions operate under lending rate thresholds as guided by the Reserve Bank, with lending to the productive sectors of the economy capped at 12 percent per annum, and 15 percent for non-productive sectors. A penalty rate of 3 percent per annum is charged on non-performing loans.

170. Minimum commercial banks’ weighted average lending rates for individuals for the first half of 2018 remained below 10 percent and 7 percent per annum for individuals and corporate clients, respectively.

171. Micro-finance institutions have, however, been lending at higher rates ranging from 3 percent to 10 percent per month.

172. Commercial bank lending rates have the capacity to channel credit to private sector to grow the economy.
173. Notwithstanding this, credit to the real sectors of the economy increased marginally during the first half of 2018 due to the crowding out effects of Government borrowing.

**Commercial Banks Weighted Lending Rates (per annum)**

<table>
<thead>
<tr>
<th>Date</th>
<th>Individuals</th>
<th>Corporate Clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2017</td>
<td>9.39</td>
<td>7.00</td>
</tr>
<tr>
<td>January 2018</td>
<td>9.33</td>
<td>6.99</td>
</tr>
<tr>
<td>February 2018</td>
<td>9.57</td>
<td>6.93</td>
</tr>
<tr>
<td>March 2018</td>
<td>9.37</td>
<td>7.05</td>
</tr>
<tr>
<td>April 2018</td>
<td>9.32</td>
<td>7.08</td>
</tr>
<tr>
<td>May 2018</td>
<td>9.32</td>
<td>7.07</td>
</tr>
<tr>
<td>June 2018</td>
<td>9.32</td>
<td>7.14</td>
</tr>
</tbody>
</table>

*Source: Reserve Bank*

174. Government is considering further reviewing downwards the lending rate thresholds, to 8 percent per annum and below, to improve the competitiveness of the productive sector.

*Savings Bonds & Development of Secondary Market*

175. The revival of issuance of bonds has seen launch by the Reserve Bank of a 7 percent Savings Bond to facilitate safe and secure investment by the public, with close to a US$1.5 billion so far raised through this instrument.

176. The Savings Bond provides a safe and secure investment instrument with high yielding returns, and is being offered through banks, selected agencies and electronically on a platform to be established. The bonds are accepted as collateral on all borrowings and carry a liquid status.

177. In order to encourage the investing public to start saving and to nurture a culture of saving and building national wealth, the savings bond floated by the Reserve Bank offers simplicity and guaranteed returns with minimum investment from as little as US$100, with no commission, agency or service fees.
178. The listing and subsequent trading of bonds on the secondary market will go a long way in supporting financial development in the country.

*Financial Inclusion*

179. The Transitional Stabilisation Programme will propel the country’s financial inclusion agenda through implementation of the National Financial Inclusion Strategy (2016-2020), launched in March 2016. The Strategy seeks to enable low income and disadvantaged segments of society to have access to affordable financial services.

180. Annexure 4 shows the developments in financial inclusion indicators for 2016 and 2017.

181. Access to finance, however, remains a challenge for the MSMEs in Zimbabwe, and is particularly acute among newly created MSMEs because of lack of credit history and requisite collateral.

182. A large number of people remain financially excluded, despite the geographical and functional reach of banks and micro-finance institutions in Zimbabwe.

183. Those excluded from the opportunities and services provided by the formal financial sector include small farmers, small scale enterprises, the self-employed, unemployed, and pensioners.

184. Hence, Government will prioritise initiatives targeted at SMEs, rural areas, young people and women, to achieve a more inclusive and sustainable economic growth and reduce poverty in a sustainable and permanent manner.

185. A number of initiatives are being implemented through the Strategy, including the promotion of micro, small and medium enterprises (MSMEs) whose productive capacity benefits from broader access to credit.
186. The Reserve Bank has established a number of empowerment facilities to empower vulnerable segments of the population, including youths, women and MSMEs. Total facilities granted to date amount to US$441 million.

Micro-finance Sector Initiatives

187. The overarching objective of the micro-finance development initiatives is to create a sustainable and responsive micro-finance sector which is supportive of the national developmental goals and aspirations of becoming an upper middle-income country by 2030.

188. Cognisant of the important role that micro-finance plays in economic development and achievement of the Sustainable Development Goals, the Reserve Bank will pursue measures to expand outreach, efficiency and innovation in the micro-finance sector.

189. Currently, the performance and full contribution of the micro-finance sector to the financial inclusion agenda and economic development remains constrained due to a number of challenges facing the sector, including fragmented regulatory framework, weak institutional arrangements, absence of long term funding and limited product offering.

190. In this regard, a number of initiatives aimed at taking micro-finance to the next level will be implemented in next five years.

(iii) COMPETITIVENESS OF EXPORTERS

191. Production of goods for export remains Zimbabwe’s major source of foreign currency to support realisation of Vision 2030 towards a Prosperous and Empowered Upper Middle Income Society with Job Opportunities and High Quality of Life for its Citizens.
192. Support for competitiveness of domestically produced goods in both regional and international markets is, therefore, central to the initiatives under the Transitional Stabilisation Programme.

Currency Reform

193. Currently, the economy is using the multi-currency arrangement under which a basket of currencies is dominated by the US dollar, as a transactions’ medium of exchange and store of value.

Competitiveness

194. The exchange rate parity peg of the bond note to the US dollar is having a bearing on the competitiveness of domestic produced goods in the export markets.

195. This is against the background of higher demand for foreign exchange, with transactions on the parallel exchange market attracting premiums on either the bond note, or RTGS transfers.

196. By August 2018, the greenback attracted premiums when purchased through mobile money or bank transfers, perpetuating rent seeking and a quick buck mentality through trading across currencies.

197. Zimbabwe, thus, continued to suffer from market distortions arising from growth in the parallel market vis-à-vis the official primary market.

198. Hence, increased hard currency imports by the Central Bank, often fail to ameliorate prevailing cash shortages faced by the ordinary individual on the street for day-to-day transactions, and through leakages, fuel the parallel market trades.
Challenges

199. The multi-currency arrangement has posed a number of challenges, mainly related to external trade imbalances, liquidity and cash shortages, among others.

200. With the US dollar being the main functional currency of the economy, this means that Zimbabwe is operating under a hard currency environment which, when trade partner currencies weaken, poses over-valuation challenges to export competitiveness.

201. This undermines export performance, contributing to shortages of foreign exchange and cash for internal transactional purposes, that way constraining overall economic activities.

202. This is against the background of large public sector borrowing requirements in support of an unsustainable fiscal deficit, that way driving growth in money supply and consuming scarce foreign reserves.

203. The above challenges have exposed the financial services sector to vulnerabilities, hence, the need to ensure these and other challenges are addressed to guarantee continued stability of the sector.

204. Consequently, while a new and a more competitive currency appears to be part of the solution, it will be a challenge to introduce, given low confidence in its stability and little foreign reserves to support it.

205. Significant external financial support for the Transitional Stabilisation Programme over 2019 and 2020 will, therefore, be necessary to anchor the envisaged currency reforms.
Short Term Measures

206. The current cash and foreign currency shortages bedevilling the economy require immediate and short-term solutions in order to stimulate economic performance.

207. The short term measures that are critical in tackling these challenges, include currency reforms and improving foreign currency generation to stabilise the foreign exchange market.

208. In addition, front loading of fiscal policy measures is also necessary to engender confidence and credibility of macro-economic policies.

Domestic Currency

209. As the economy undertakes reforms and re-engagement efforts bear fruit, the economy’s productive capacity is expected to improve and strengthen the economy’s external position, thereby creating the necessary conditions to sustain currency reform.

210. The key conditions to sustain such domestic currency include:
   - Sustained macro-economic stability through fiscal consolidation.
   - Generation of adequate foreign exchange reserves, to anchor the currency.
   - Enhanced business confidence.
   - Attainment of a rapid economic growth path.

211. Vision 2030 envisages Zimbabwe undertaking currency reforms during the period to 2030 subject to the economy meeting the above currency anchors.

212. In this regard, introduction of a local currency will, therefore, only be considered once the country has attained conducive macro-economic fundamentals.
213. The Monetary Authorities are moving to implement currency reforms, which will include measures to bring compatibility between banks’ deposits, RTGS balances and foreign currency resources on the market.

214. The maintenance of the multi-currency system would embrace measures that provide for both a medium of saving, as well as a primary medium of exchange also with in-built countervailing triggers to correct for potential loss of export competitiveness.

215. Maintenance of currency competitiveness in support of increased export growth will also be central to the progressive build-up of the country’s foreign exchange reserves to SADC regional minimum benchmark thresholds to underpin stability to the multi-currency arrangement.

216. This will entail:
   - Embarking on a convergence programme where exporters who are subject to surrender requirements, access export incentives funded wholly by importers benefitting from export proceeds generation.
   - Allowing free trade for all foreign exchange not subject to surrender.
   - Increasing interest rates on RTGS balances, to make them more attractive to hold and rein in any depreciation.
   - Re-engaging the international financial community, for improved access to increased external financial support.

217. The Transitional Stabilisation Programme also recognises the need to protect depositors who retained hard currency balances with the banking system against erosion of value arising from prevailing transactional premiums over RTGS balances.
218. This will be undertaken through designating bank deposit balances as follows:

- Outstanding deposit balances prior to a specified date, will be deemed hard currency deposits.
- Non-hard currency deposits made after the specified date, will be recorded as ordinary RTGS deposit balances.
- All hard currency deposits undertaken by exporters, as well as individuals, will be recognised as such, that way encouraging hard currency inflows into the formal banking system.

219. The above processes will also help overcome erosion of confidence in the banking system as experienced during hyper-inflation when depositors’ entire lifetime savings evaporated overnight.

Support for Savings

220. The Transitional Stabilisation Programme envisages support for inculcating a savings culture to grow the domestic banking system savings base under the multi-currency arrangement, central to generating the much needed investable surpluses to anchor domestic investments.

221. As earlier alluded, this will entail increasing confidence in the stability of currency holdings by households and business as currency reforms progress.

222. Critical elements will include citizens’ assurances over access to hard currency balance holdings with the domestic banking system, and their free conversion for both domestic and offshore transactions.
PART II: INSTITUTIONAL REFORMS TO ACHIEVE STABILITY, GROWTH & DEVELOPMENT

(iv) BUDGET EXPENDITURE CONTROL

223. Vision 2030 recognises the risks brought about by the high level of deficit and domestic market financing.

224. Under the New Dispensation, the first Government of the Second Republic will be implementing austerity measures aimed at addressing fiscal and debt challenges for sustained macro-economic stability and growth.

Fiscal Targets

225. In furtherance to the fiscal stance alluded to in the 2018 Budget, the Transitional Stabilisation Programme targets strengthening fiscal responsibility over control and management of expenditures.

226. This entails working with cooperating partners for development of external financial support options over the coming twenty-four months, January 2019 – December 2020.

227. The fiscal targets will relate to a Budget framework that agrees to gradual Quarterly reduction with reporting dates for end March 2019, June 2019, September 2019; December 2019 and 2020 for the following:

- Overall fiscal deficit targets.
- Central Government overdraft position at the Reserve Bank.
- Domestic public debt to GDP.
- Government wage bill as a proportion of total Budget expenditures.
- Treasury Bill issuances.
- Central Government contingent liabilities and guarantees.
228. The above fiscal targets will be guided by the Public Finance Management Act, the Reserve Bank Act [Chapter 22:15], as well as the Public Debt Management Act [Chapter 22:21].

229. They are also consistent with Zimbabwe’s obligations and commitments with regards to the regional SADC integration macro-economic convergence targets.

230. Section 11 (2) of the Public Debt Management Act [Chapter 22:21] requires that the total outstanding Public and Publicly Guaranteed Debt as a ratio of GDP should not exceed 70 percent at the end of any fiscal year.

231. The SADC threshold for public debt to GDP is a ratio of under 60 percent.

232. With regards to Government’s overdraft at the Reserve Bank, Section 11 (1) of the Reserve Bank Act [Chapter 22:15] requires that Central Bank lending to the State at any time shall not exceed 20 percent of previous year’s Government revenues.

233. Realising the above targets will entail:

- Embarking on a comprehensive Fiscal Deficit Reduction Programme.
- Announcing to the market limits to Central Bank lending to Government and quasi Government entities.
- Financing fiscal deficit requirements from the market, and at market interest rates.
- Aligning Treasury Bill issuances to Parliament approved Budget borrowing requirements, to avoid discretion over Parliament unsanctioned ad-hoc issuances.

Expenditure Management Measures

234. Expenditure management measures to address fiscal imbalances and ensure the National Budget anchors Zimbabwe’s developmental agenda are integral to the Transitional Stabilisation Programme over 2018-2020.
<table>
<thead>
<tr>
<th>Expenditures (US$ m)</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditures &amp; Net Lending (US$ million)</td>
<td>8 060.8</td>
<td>7 915.5</td>
<td>8 391.8</td>
</tr>
<tr>
<td>Recurrent Expenditures</td>
<td>5 195.0</td>
<td>5 823.9</td>
<td>6 225.3</td>
</tr>
<tr>
<td>Employment Costs</td>
<td>3 759.6</td>
<td>3 908.0</td>
<td>3 973.0</td>
</tr>
<tr>
<td>Capital Expenditure &amp; Net lending</td>
<td>2 865.8</td>
<td>2 091.6</td>
<td>2 166.5</td>
</tr>
</tbody>
</table>

235. The expenditure framework for 2019 and 2020 is premised on fiscal re-balancing and consolidation efforts which will anchor recovery of business and investment, also against the background of anticipated positive returns from re-engagement with the international community.

236. In this regard, stricter tracking of *Fiscal Anchors*, as outlined in the 2018 Budget, will be central to economic transformation and job creation.

*Public Finance Management System*

237. Public financial management systems require reinforcement to improve effective utilisation of public resources and improve on accountability.

238. During the period to 2020, the Transitional Stabilisation Programme will prioritise strengthening of the Public Finance Management System, building on work already being conducted, under the World Bank managed Zimbabwe Reconstruction Fund, to roll out the system to cover all Districts.

239. Hence, over the Programme period, priority will be to cascade the system down to include all Central Government users, as well as Local Authorities, to reduce reliance on manual entry of data.

240. This will also include operationalisation of the e-Procurement system across all levels of Government.
**Public Finance Management Act Regulations**

241. The regulations for the Public Finance Management Act, necessary for operationalisation of the PFM Act, are now ready and awaiting approval.

242. Once approved, they will strengthen public finance management, including easier enforcement through clarifying on the penalties for contravening provisions of the PFM Act.

**Penalties under the Public Finance Management Act**

243. The Public Finance Management Act [Chapter 22:19] empowers the Treasury to exercise a general direction and control over public resources.

244. It 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.

245. Penalties for financial misconduct by public officers across Government, including at Constitutional Entities and Statutory Funds, range from fines, to imprisonment, or both.

246. Treasury will, pursuant to exercising general direction and control over public resources to achieve improved accountability in the management of public resources, in the context of the Transitional Stabilisation Programme put in place measures to ensure the strict enforcement of approved penalties for cases of non-compliance with requirements of public resource management legislation.

247. Such measures will include a re-assessment of the Enforcement Provisions with a view to strengthening them, together with a review of the prescribed standard Scale of Fines for adequacy in deterring such offences.
248. Currently, applicable penalties for violations deemed as *Financial Misconduct*, *Obstruction/Hindering of the Auditor General, Treasury or Internal Auditor*, as well as *Falsification by a Person under Examination by an Internal or External Auditor* are as follows:

*Financial Misconduct*

249. *Fines* of up to US$700 or imprisonment for a period not exceeding 5 years will apply for the following:

- Accounting Officers, wilfully or negligently failing to prepare and report annual financial statements or making/permitting any unauthorised, irregular or fruitless and wasteful expenditure.
- Employees of a Reporting Unit or a Constitutional Unit wilfully or negligently failing to exercise assigned duties.
- Treasury Employees wilfully/negligently failing to exercise assigned duties.

*Person under Examination by Internal or External Auditor*

250. *Fines* of up to US$400 or imprisonment for a period not exceeding two years for any person who, under examination by an internal or external auditor, makes a statement which is false and does not have reasonable grounds to believe it to be true.

*Obstruction/Hindering of the Auditor General, Treasury or Internal Auditor*

251. *Fines* of up to US$300 or imprisonment for a period not exceeding one year or both shall apply to any person who:

- Hinders or obstructs the Auditor General, the Treasury or an internal auditor.
- Refuses or fails to produce information.
- Makes any false or misleading statement.
252. The above *Fines* will be instituted by each Accounting Officer and approved by the Secretary for Finance and Economic Development.

*Public Service Wage Policy*

253. Government remains committed to a Wage Policy which is directly anchored in its fiscal objectives, and sustained implementation of Cabinet approved Public Service Wage Bill rationalisation measures.

254. The Public Service Wage Policy target is to reduce the consolidated Public Service Wage Bill, wages and salaries for central Government plus wage related transfers to grant aided institutions, from 68.9 percent of fiscal revenues in 2017 to 50 percent of fiscal revenues by 2020.

255. This creates additional fiscal space to accommodate financing of the development Budget, as well as improve the coverage and quality of key social services.

256. In tandem, the employment costs bill, inclusive of baseline pension benefits and employer contribution to medical insurance and NSSA, will also reduce from 90.6 percent of total revenues in 2017 to 62.5 percent of total revenues by 2020.
Wage Bill Containment Measures

257. Central to the realisation of the above Wage Bill targets will be the sustenance of the ongoing phased implementation of Wage Bill Containment Measures.

258. In this regard, the 2019 and 2020 National Budgets will institute Wage Bill Containment Measures which will reduce the annual Wage Bill outlay by around US$200 million (0.7 percent of GDP) and US$130 million (0.4 percent of GDP), respectively.

259. Building on financial gains achieved over the period 2016 to 2017, the 2018 Budget is already seized with implementation of various Cabinet approved Wage Bill containment measures critical to the re-orientation of our Budget expenditures.

260. These include:

- Maintaining freeze on filling non-critical posts.
- Enforcing Retirement Policy.
- Introduction of a Voluntary Retirement Scheme.
- Adoption of lean administrative structures.
- Introduction of a new policy on Personal Issue Vehicles.
- Rationalisation of Foreign Service Missions.
• Reviewing conditions of service for Locally Recruited Staff at our Diplomatic Missions.
• Relating outlays on bonus payments to Budget financial capacity.

**Defined Public Service Pension Fund**

261. The Transitional Stabilisation Programme is for Government to move away from an unfunded ‘Pay-As-You-Go’ pension arrangement by adopting a funded *Defined Benefit Pension Scheme* arrangement in line with best practice in other jurisdictions.

262. This process will entail the pooling of employer and employee contributions and secure the capacity to underwrite the pension payments for members as and when they become due.

263. In this regard, the Employer, Government, and Employees will be required to jointly contribute up to 16.5 percent of pensionable emoluments in respect of members’ future pensionable service.

264. The introduction of a funded pension scheme will also restore fiscal stability in the pension system for civil servants and introduce an additional pool of investible funds into the economy.

265. In this regard, existing deductions towards employee pension contributions facilitate adoption of a funded Public Service Pension Scheme.

266. Actuarial valuations will guide the formulation of measures that are designed to facilitate the establishment of an equitable Defined Benefit Public Service Pension Fund by August 2019.

267. The improvement of working conditions for civil servants will thus assist in reducing the temptation by serving public servants to engage in corrupt practices and also
enhance the capacity of the national pension system to sustain the livelihoods of retired employees.

_Treasury Subventions_

268. Within the context of Cabinet approved rationalisation of the Public Service Establishment, previous Budgets have benefitted from financial gains of around US$8.5 million per annum achieved through the withdrawal of grant support to quasi-Government institutions which had capacity to raise and collect income through various fees and charges.

269. The Transitional Stabilisation Programme, therefore, proposes a further review of Treasury Subventions to all quasi-Government institutions, inclusive of tertiary institutions [State Universities], that have internal capacity to raise and collect income through various fees and charges.

270. In this regard, the reduced recourse to fiscal subventions by quasi-Government institutions has potential to lower the Wage Bill outlay by around US$60 million annually.

_Right-Sizing Public Employment_

271. Building on the progress made with the Civil Service Audit of 2015, Government, through the Service Commissions, will undertake from the last quarter of 2018 functional reviews which will emphasise on identifying areas of overlap, duplication and non-essential services.

272. Mergers of units/departments, outsourcing and process re-engineering will also help streamline staffing levels.

273. Furthermore, reduction of the size of Executive, Legislature and Commissions will also offer scope for Budget wage bill savings, as Government relates employment costs expenditures to levels that match the size of the population and economy.
274. This will also create scope for improving conditions of service for State employees, in the medium term, as well as setting aside resources for capital development.

_Duplication of Functions_

275. The Transitional Stabilisation Programme also targets rationalisation of posts in the public service, from the last quarter of 2018, to address cases of some duplication of functions, where officers from different departments and/or Ministries are performing similar duties.

_Strengthening Wage Bill Management_

276. The proposed measures to reduce wage bill spending will be supplemented by measures that seek to improve the efficiency and efficacy of wage bill spending.

277. Of particular importance will be measures from 2019 that strengthen public financial management and improve human resource administration.

278. Already, Treasury in collaboration with the Service Commissions, is in the process of instituting the following measures:

- Strengthening payroll controls through eliminating the fragmentation of human resource and payroll responsibilities.

_Travel Expenditures_

279. Expending a disproportionate share of Budget resources on high foreign travel represents unsustainable consumptive expenditures.

280. The Transitional Stabilisation Programme also envisages targeted further reductions in Budget Travel expenditures in 2019.
281. This is also in support of current efforts by Government to realise savings on foreign currency expenditures.

282. Critical for success will remain:

- Strict reduction in the size of delegations to levels that are absolutely necessary, including requiring that Ministers travel without aides where they are accompanied by operational officers.
- Where there is diplomatic presence, taking advantage of this to realise representation in fora.

*Fuel Benefit Levels*

283. Within the context of rationalising public expenditures, the Transitional Stabilisation Programme also proposes further review of expenditures on fuel benefit levels from January 2019.

*Acquisition & Provision of Vehicles by the State*

284. Consumptive fiscal policy has been worsened by high spending on luxury cars expenditures.

285. Refocusing expenditures towards developmental projects and programmes has made it imperative that Government further reviews the unsustainable Budget outlays on vehicle procurement and usage.

286. Hence, the extent of the obligations of the State with regards to acquisition and provision of vehicles will be further curtailed from October 2018.

*Replacement of Condition of Service Vehicles*

287. Eligible grades in the Public Sector shall only be considered for replacement or purchase of another motor vehicle if the vehicle they were allocated has completed 150 000 km or five (5) years, whichever comes first.
288. Hence, outside this Framework, vehicles will not be replaced even where the employee is assigned another portfolio within the public service. The employee will continue to use the same vehicle until the vehicle has completed 150 000 km or five (5) years, whichever comes first.

289. In the event of a promotion/re-assignment involving a different type of vehicle, the following shall apply:

- All vehicles below one year shall not be offered for sale to eligible officers, but will be surrendered to the relevant Government entity as a pool vehicle.
- Project vehicles procured using public funds, Government and/or donor funds, shall also not be sold to eligible officers, but retained as pool vehicles.
- For vehicles between two and five years, a depreciation of 20 percent shall be charged annually, when determining the residual value to be paid by an eligible officer.

290. This applies to Ministers, Commissioners, Permanent Secretaries, Judges, etc., and equivalent grades. This requirement also covers Government Agencies dependent on the fiscus for support.

*Public Service Motor Vehicle Loan Scheme*

291. It has become necessary to buttress the smooth implementation of the Public Service Motor Vehicle Loan Scheme for Principal Directors, Directors, Deputy Directors and equivalent grades.

292. This follows the issuance of Treasury Circular Number 4 of 2018 in April 2018, which provided for the introduction of the Motor Vehicle Loan Scheme, meant to reduce public expenditure on vehicles.

293. The Public Service Commission maintains the Transport Purchase Fund, a revolving facility, managed through CMED in which, monthly recoveries from officers offered loans to purchase vehicles shall be deposited.
294. Eligible officers shall apply for a motor vehicle loan under the Scheme through their respective Accounting Officers.

295. CMED Pvt Ltd shall be responsible for:
   • Managing the Transport Purchase Fund, including administering the repayment terms and conditions for the loans.
   • Negotiating with car dealers, manufacturers and banks for favourable and affordable packages for duty free motor vehicles for the Loan Scheme.

296. The VAT and Duty cost of the vehicle is met by the State, within the prescribed limit, which, together with the applicable fuel allowance constitutes Government’s contribution to the purchase and running of the vehicle.

297. In this regard, the vehicle will be expected to be used for official duties within the home station. In the event of duties away from the home station, pool vehicles should be used.

298. Where it is necessary to use the vehicle away from the home station for official business, beneficiaries will claim hire rates, subject to application of relevant controls by the responsible authorities.

299. Further refinements to make the Motor Vehicle Loan Scheme effective will be made from October 2018, taking account of legacy issues arising from the change-over to the new policy.

   Use of Government Operational Vehicles by Public Officers

300. In order to curb the misuse of Government official/project/pool vehicles by public officers, the Transitional Stabilisation Programme will enforce measures that ensure strict adherence to the regulations as contained in Circular Number 5 of 2011: Use of Government Vehicles, of 15 September 2011.
301. The use of an official vehicle shall be authorised by the employer in writing, having regard to the nature of work, and such vehicle remains the property of Government.

302. Furthermore, the following shall apply:

- Only officers holding the express authorisation of the employer, in writing, can drive a Government motor vehicle.
- Authorised officers driving a Government pool motor vehicle are required at all times to be in possession of a valid Driver’s Licence; a valid Government Authority to Drive (GATD), commonly known as GA; duly completed Log Book and authority for journeys outside stipulated boundaries.
- Officers entitled to receive fuel allowance shall not be allowed to draw fuel from the government pool. Officers in this category shall only be provided with fuel for authorised official trips outside their stipulated boundaries using the prescribed formula in Cabinet/Treasury Circulars.
- Officers authorised to drive Government vehicles shall not allow any unauthorised person, including a spouse or any other relative, to drive a Government motor vehicle under any circumstances.
- Officers authorised to drive Government vehicles shall not use the vehicles for private commercial purpose, including transportation of persons and cargo.
- Officers authorised to drive Government vehicles shall observe prescribed speed limits, not drive under the influence of alcohol or drugs, nor park at unauthorised places, such as bars and night clubs.

303. With regards to pool vehicles, the following additional rules shall apply:

- Drivers of pool vehicles shall obtain trip authorisation, in writing, from the Head of Ministry, before embarking on a journey.
- Pool vehicles shall be parked at the work places after working hours, except with the express authority of the Head of Ministry to take the vehicle.
• It is the responsibility of each Accounting Officer to ensure efficient and cost-effective use of the pool fleet for official Government business, locally and outside the station, and should monitor and control usage of the vehicles.

• Authorised officers that drive a Government vehicle and receive fuel allowance shall be required to be in possession of a valid Government Certificate of Competence to drive Government vehicle for trips within the stipulated boundaries. Officers under this category will also require obtaining authorisation from their respective Accounting Officers when undertaking trips outside the stipulated boundaries.

304. Vehicles donated or procured for various Government projects may be assigned to eligible officers on the same terms and conditions as those for pool vehicles.

305. Failure to comply to the provisions outlined in Cabinet/Treasury Circulars, shall result in:

• Impounding of the motor vehicle.
• Recommendation for disciplinary action.
• Surcharging the officer through the payment of a fine, in accordance with the committed offences.

306. Repeat offenders will be subject to the withdrawal of Authority to drive a Government vehicle.

307. The Penalty Schedule for the various offences will be as shown below.

<table>
<thead>
<tr>
<th>Offence</th>
<th>Charge (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Driving a Government Vehicle when one is not a Government Employee.</td>
<td>500</td>
</tr>
<tr>
<td>Failure to comply with instructions from an Officer on duty (Inspector of Government Transport).</td>
<td>100</td>
</tr>
<tr>
<td>Driving a Government Vehicle without a valid Certificate of Competence.</td>
<td>100</td>
</tr>
<tr>
<td>Parking at unauthorised Place, (e.g., Bars and Night Clubs).</td>
<td>100</td>
</tr>
<tr>
<td>Offence</td>
<td>Charge (US$)</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Driving a Government Vehicle under the influence of drugs and Alcohol.</td>
<td>100</td>
</tr>
<tr>
<td>Carrying unauthorised passengers, goods or cargo.</td>
<td>80</td>
</tr>
<tr>
<td>Driving a Government Vehicle without a duly completed Log Book.</td>
<td>50</td>
</tr>
<tr>
<td>Driving on unauthorised Route.</td>
<td>50</td>
</tr>
<tr>
<td>Driving a Government Vehicle beyond normal working hours without a pass.</td>
<td>50</td>
</tr>
<tr>
<td>Over speeding or careless driving.</td>
<td>50</td>
</tr>
<tr>
<td>Failure to secure a Government Vehicle.</td>
<td>30</td>
</tr>
<tr>
<td>Found misusing Government Vehicle three (3) times in Six (6) months.</td>
<td>Revocation of Authority to Drive a Government Vehicle for a period of Six (6) months</td>
</tr>
</tbody>
</table>

308. The above measures are to ensure that all Government motor vehicles, both pool and project, are used in line with provisions of the relevant Circulars to ensure efficient utilisation of the Public Service Vehicle Fleet.

*Rationalisation of the Foreign Service Missions*

309. Pursuant to the affordability principle, consideration of proposals to rationalise Zimbabwe’s diplomatic representation will be necessary, taking account of Zimbabwe’s current economic environment.

310. The rationalisation exercise of Zimbabwe’s diplomatic missions will commence in January 2019.

311. Where Missions are maintained, rental ceilings for officials will be enforced.

*Parliamentary Sitting Allowances*

312. In tandem with the progressive weakening of Zimbabwe’s public finances over the last couple of years and consequent accumulation of payment arrears to the 8th Parliament of Zimbabwe, sitting allowances will be reviewed from January 2019.
313. The above position also takes into account the other overheads associated with 
the Legislature, related to attendance of sittings by Members, namely, on fuel and 
accommodation.

*Parliamentary Vehicle Loan Scheme*

314. The current Parliamentary Vehicle Loan Scheme is a facility for the purchase of 
vehicles by the 270 Members of the National Assembly and 80 Senators elected in 
the July 30 Harmonised Elections, as well as any person appointed by the President 
in terms of Section 104 (3) of the Constitution, making a total of 355 Parliamentarians.

315. The Scheme, with a financial requirement of over US$15 million, specifies loan limits 
for eligible Honourable Members to enable them to acquire a vehicle of choice for the 
discharge of their representative and oversight role as Parliamentarians.

316. The loan granted to a Member under the Scheme bears an interest rate of five 
percent per annum, and repayment is within the life of the sitting Parliament.

317. In line with the New Dispensation’s thrust of adherence to the rules, provision of 
vehicles for Members under the new Parliament will be in accordance with the 
provisions of the Parliamentary Vehicle Loan Scheme.

318. Government commits to timeously pay sitting allowances for Members to enable 
them meet their obligations under the vehicle loan scheme.

*Expenditure on By-Elections*

319. 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.
320. The regular conduct of By-Elections by the Zimbabwe Electoral Commission, in compliance with the Constitutional provision, exerts Budgetary and cash flow challenges.

321. The Transitional Stabilisation Programme 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.

*Borrowing Procedures*

322. With regards to plugging growth of contingent liabilities on the Budget, the Transitional Stabilisation Programme will reinforce borrowing procedures laid down in the Public Debt Management Act in order to avoid committing the country to unsustainable and unproductive loans.

323. All commitments with potential to pose a charge on the Exchequer will be subject to stricter prior Treasury approval processes, with penal measures stipulated for any violation from January 2019.

*Payroll & Pension Administration*

324. In line with approval by Cabinet, following the ushering in of the New Dispensation in November 2017, the administration of Payroll and Pensions, through the Salary Services Bureau and the Pension Office will become a direct Treasury responsibility, with effect from October 2018.

325. This is consistent with best practices in most jurisdictions, central to overall Treasury oversight of the Government financial system, which is critical for fiscal management and prudence.
REFORM OF THE PUBLIC SERVICE

Public Administration

326. The Constitution outlines the objectives that guide the provision of public services by the State and all the institutions and agencies of Government at Central, Provincial and District level.

327. The national objectives outlined in Chapter [2] Section 8-34 of the Constitution are varied. However, they cluster around the following pillars:

• Political and Economic Governance.
• Promoting Sustainable and Inclusive Development.
• Delivery of Adequate and Responsive Basic and Non-Basic Services.
• Promoting and Protecting National Heritage and Culture.
• Protecting and Empowering the Rights of Individuals and Groups of Citizens.

328. Vision 2030 as articulated by His Excellency President Mnangagwa, envisages an ecosystem to deliver basic and non-basic services and development results and outcomes that is driven by an administrative machinery whose values and principles are deeply rooted in the respect, protection, promotion and fulfilment of the fundamental human rights and freedoms of all citizens.

Mandate of Civil Service Commission

329. The national system of administration that is responsible for the delivery of services and development results in Zimbabwe includes the Civil Service Commission, an arm of the Executive created in terms of Section 202 of the Constitution that is operationalised through the Public Service Act [Chapter 16:04] to give agency to the mandates of all line Ministries, and their Departments and Agencies.
330. In the context of transforming Zimbabwe into an industrialising and knowledge-based middle-income economy, the Civil Service Commission constitutes the institutional and human capital of the State that:

- Facilitates the transformation and reshaping of the national system of public administration.
- Guides and enables line Ministries, and their Departments and Agencies as the key service and development delivery units at Central, Provincial and District levels.
- Facilitates the execution of the strategic interventions of line Ministries and their Departments and Agencies to achieve sustainable and high-quality of life for all its citizens by 2030.

*Goal*

331. In pursuit of Vision 2030, the Civil Service Commission is charged with the responsibility to guide, support and facilitate line Ministries, and their Departments and Agencies at Central, Provincial and District levels to work in partnership with other national stakeholders and Development Partners to realise sustainable and inclusive socio-economic growth and development.

*Objectives*

332. To this end, there is an imperative need to recalibrate the Civil Service to propel the country to greater heights of prosperity for all citizens. Its mission must be guided and inspired by a shared commitment to facilitate the establishment of public institutions that are fit to serve citizens and consumers of all their services with integrity and utmost courtesy.

333. The reform of the Civil Service is, therefore, pivotal to the transformation of Zimbabwe into an industrialising and knowledge-based upper middle-income country that is capable of providing a sustainable and high quality of life to all its citizens by 2030.
334. At the operational level, the reform of the Civil Service is targeted to change its existing orientation, structure, functioning, temperament, performance, efficiency and ethical base as the vital cog that is charged with the planning, implementation and improvement of national welfare and achievement of the development results and outcomes for all citizens.

335. The pursuit of Civil Service reform is informed by and designed to address a wide range of policy, institutional, systems and performance related challenges that characterise the existing Civil Service in Zimbabwe.

**Size of the Civil Service**

336. The Civil Service is too large and costly, and it operates at sub-optimal levels of productivity.

337. Line Ministries, and their Departments and Agencies are manned by many people—in some instances going under the moniker of ghost workers—in excess of their requirements to deliver goods and services.

338. The Civil Service is over-extended, with many Departments and Agencies charged with too broad a span of responsibilities which, in an efficient and cost effective modern State, must be performed by other actors.

339. Thus, a large proportion of development initiatives that are planned and managed by Government might have to be provided by non-state actors, including the private sector and communities.

**Cost of the Civil Service**

340. The financial costs on the tax payer of the large Civil Service are unsustainably high, as demonstrated by a wage bill constituting too high a proportion of total Government revenue.
341. The wage bill constitutes 47 percent of total fiscal spending, compared to 30 percent for sub-Saharan Africa in 2016, and capital spending stands at 18 percent compared to 28 percent, respectively.

*Ethics of the Civil Service*

342. The Civil Service is insufficiently productive and exhibits a work ethic and mindset that must be aligned to the national development thrust articulated in Vision 2030 for Zimbabwe to become an upper middle-income economy.

343. In the main, the perception is that the efficiency and effectiveness of the Civil Service in driving national service delivery and development initiatives, must be enhanced in line with the principles of Results Based Planning and Management.

*Conditions of Service*

344. Notwithstanding the relatively large size of the Civil Service wage bill, employees in the Civil Service tend to be poorly motivated in that remuneration scales are low, and conditions of service inadequate.

345. Similarly, the tools of trade, equipment and facilities for public servants also remain inadequate in comparison to those for equivalent posts and institutions in the private sector, and frequently in parastatals, state enterprises, and in the region.

*Harmonisation of Conditions of Service*

346. In the past, the Civil Service Commission was responsible for the determination of a standardised remuneration baseline for all public servants. This ensured and made it possible for the system of public administration to maintain uniformity and stability across all sectors of the public service.

347. The coming into effect of the Constitution of Zimbabwe, Amendment No 20 Act, 2013, was accompanied by increases in the number of sectoral and independent
Commissions bearing authority to negotiate their own conditions of service, including the setting of their basic salaries and allowances and conditions upon retirement.

348. Invariably, these salaries and allowances are negotiated directly with Treasury with limited input from the Civil Service Commission. This practice has created challenges at three levels:

• It diminishes the capacity of some sectors of the public service to attract and retain competent personnel, especially in professions that are common to all sectors.

• It unnecessarily complicates and undermines the management of employer–employee engagements and relationships, particularly in relation to the setting of consistent and equitable salaries and allowances across sectors of the Public Service.

• It reduces the capacity of Treasury to effectively address the challenge of keeping the national Wage Bill within sustainable limits, especially in the context of a subdued economy and a constrained fiscal space.

349. To address these challenges, Government must re-assert and strengthen the authority of the Civil Service Commission to develop and manage a comprehensive, holistic and equitable national remuneration framework.

350. Such a framework will, *inter-alia*, establish a standardised remuneration baseline for all employees and, in the process, eliminate the discrepancies in the conditions of service across all sectors in the public service.

351. The same framework will also address the professional peculiarities across all sectors in the public service through the determination and awarding of sector-specific professional allowances.
Restructuring the Civil Service

352. The structure of the Civil Service is top heavy, with large numbers of senior grade appointments that are disproportionate to the number of extant line Ministries, and their Departments and Agencies.

353. The position is the same when comparison is made to the sizes of public services and economies in comparator countries in sub-Saharan Africa.

354. Government must, therefore, create a structure that is fit for purpose through a combination of retiring officers who have reached their mandatory retirement ages; the appointment of Principal Directors where exceptionally merited; and the alignment of Ministerial mandates into more integrated and cognate clusters that will result in fewer Line Ministries, and their departments and agencies.

355. Where merited, the employees who are due for retirement, and whose knowledge, skills and competencies are still needed must be retained on the basis of strict performance-based annual contracts under a Retired Employee Retention Scheme.

Support for Retirees

356. The Transitional Stabilisation Programme envisages the shedding of excess staff in the public service in order to create a leaner and effective Civil Service.

357. It is acknowledged that affected staff have skills and experience gained over the years, which should put them in good stead to transition through the change as well as contribute towards the new socio-economic development trajectory of the country.

358. In this regard, Government will support such members make the transition, by providing tools and resources, including targeted re-skilling, re-training and re-employment programmes that match individual skills and experience with opportunities available in the market.
359. Those who wish to engage in productive activities will be assisted in accessing market-based financing windows, with Government providing the necessary guarantees, including tax incentives.

E-Government

360. The slow transition from the institutional legacies of manualised operations and workflow processes to ICT-enabled platforms and systems remains a drag on the efficiency and effectiveness of the entire Civil Service.

361. Greater urgency, speed and institutional clarity is required to provide leadership to plan and implement an integrated national e-government agenda for the entire public service.

A Transforming and Enabling Civil Service

362. The emerging transformational and development-oriented Civil Service must be driven through a combination of the following principles and values:

• A Civil Service that creates an enabling environment for state and non-state actors, including the private sector and communities in the delivery of public goods and services, and development.

• A Civil Service that works in partnership with other stakeholders to deliver responsive services and achieve sustainable and inclusive development results and outcomes.

• An entrepreneurial Civil Service that facilitates the identification and creation of opportunities for the sustainable mobilisation and flow of investment, and the growth of service delivery and enterprises that create decent jobs and incomes across sectors.

• A Civil Service that embraces and facilitates stakeholder engagement and management in pursuit of national development goals.
- A Civil Service that embraces a national development planning and implementation management that is anchored in a **decentralised governance** framework.

- A Civil Service that embraces a culture of **tracking** and **auditing** its performance, engages in organisational learning, and continually evaluates and reviews the effectiveness, relevance, **impact** and **sustainability** of its policies, programmes and projects.

_Delivering Civil Service Reform_

363. Government currently faces challenges arising from line Ministries, and departments and agencies that operate in silos. As a result, there is no coherence in policy formulation and implementation.

364. There is a perception that there are different institutions in Government that are responsible for driving public service reform and modernisation, including the Civil Service Commission that is responsible for Civil Service reform.

365. The Office of the President and Cabinet through the Modernisation Department addresses the same issue and, recently the Corporate Governance Unit has been assigned the same mandate in relation to Public Entities.

366. To deliver integrated reform and modernisation of the public sector, Government needs to designate the Civil Service Commission as the apex authority to lead the planning and implementation of the public service reform agenda.

367. This institutional arrangement will ensure alignment, uniformity and policy coherence in public administration across all levels of Government.
Strategic Initiatives and Actions

368. The sum total of the challenges to be addressed, and the goals and objectives to be achieved by the reform of the Civil Service, form the basis for defining its strategic initiatives and actions in relation to the support that it provides to line Ministries, and their Departments and Agencies, respectively.

369. The guidance and support provided to line Ministries and their Departments and Agencies includes the following:

- Analysis and rationalisation of the core-functions of line Ministries, and the structure of the Civil Service Commission at National, Provincial and District levels in the context of their respective mandates and strategic purposes.
- Development of decentralised structures, organisation and operations of line Ministries, and their Departments and Agencies.
- Strategic human resource management.
- Improvement of the pay and benefits system for public servants.
- Human resource capacity development.
- Results based planning and management.
- e-Government Systems Development.
- Service Delivery Audit/Inspectorate.
- Monitoring, evaluation and learning.

370. An additional stream of work in the reform and modernisation of the Civil Service relates to programmes and projects that are internal to the operations of the Civil Service Commission

371. Overall, the Civil Service reform agenda is to ensure that the operations of line Ministries, and their Departments and Agencies are underpinned by a new culture
blueprint that exhibits higher levels of professionalism, ethics, accountability and performance.

372. The culture blueprint must be driven through ICT-enabled platforms and work-flow planning and management systems, and in the context of a decentralised governance and development planning framework.

373. The transformation and modernisation strategy will also enhance the capacity of the Civil Service Commission to plan, structure and equip its internal systems and operations to effectively guide, support and facilitate line Ministries, and their Departments and Agencies to deliver on their respective service delivery and developmental mandates.

374. The imperative for the Transitional Stabilisation Programme is to, therefore, re-position, re-dimension and pivot the Civil Service to become a more efficient and cost-effective vehicle to deliver national development results and outcomes.

375. The thrust is thus to rethink the focus, purpose, operating space and size of the Civil Service; and to improve the efficiency and cost-effectiveness of its overall structure, mindset, operating systems and performance at National, Provincial and District levels.

(vi) PUBLIC ENTERPRISES & LOCAL AUTHORITIES’ SERVICE DELIVERY

376. The Transitional Stabilisation Programme recognises that there is general low confidence in public institutions which include public enterprises as well as local authorities.

377. While efforts are being made to improve the ease and cost of doing business to enhance competitiveness, State owned entities and local authorities remain a drawback through wide-spread inefficiencies.
378. In addition, 70 percent of these entities are technically insolvent, presenting an actual or potential drain on the fiscus, owing to weak corporate governance practices and ineffective governance control mechanisms.

379. Furthermore, fiscal risks have arisen from debts assumption by central Government, re-capitalisation requests, and called-up guarantees of public enterprises and local authorities.

380. The Programme recognises the need for scale down with regards to over-reliance on recourse to unsustainable fiscal interventions and resort to Government guarantees by public entities and local authorities.

381. Instead, Government will be facilitative of initiatives promotive of deepening synergies with the private sector, especially in areas where this strengthens local authorities and public entities’ efficiency in the provision of public services, underpinned by strengthened regulatory mechanisms.

382. In sectors where there are demonstrable competency and efficiency gains, it will be desirable for Government entities and local authorities to move out in favour of private sector service provision.

383. Government would then focus more on policy design, institutional efficiency and regulation to facilitate the development process.

Public Enterprises Reform

384. Review of the ownership and oversight model of the State Owned Enterprises sector is provided for in the short to medium term Reform Framework whose implementation is now underway.
Reform Framework for 2018-2020

385. The Framework for quick-wins reform of parastatals is in line with the long-standing objectives to:

- Bring orderliness in their operations.
- Bring discipline and rationality to the sector.
- Turn around their performances.
- Improve on general service-delivery.
- Meaningfully contribute towards the revival of Zimbabwe’s economic fortunes.

386. Government will expedite the implementation of the Cabinet decision on restructuring, partial or full privatisation of entities with the following options being pursued:

- Liquidation.
- Full privatisation.
- Transformation to regulator.
- Merging and de-merging.
- Departmentalisation into existing Ministries.

387. The reform measures for immediate implementation over the period 2018-2020 target:

- The privatisation of 11 State Owned Enterprises, 6 IDC Subsidiaries, and 17 ZMDC subsidiaries.
- Liquidation of 2 State Owned Enterprises and 3 IDC Subsidiaries.
- Merging of 11 entities.
- Departmentalisation of 7 State Owned Enterprises into Line Ministries.
- Dissolving of all subsidiary Boards for ZESA Holdings and allow ZPC to
engage strategic partners for its power generation projects.

- De-merging the Grain Marketing Board (GMB) into a Commercial Business Unit and the Strategic Grain Reserve (SGR).
- Promulgation of the Civil Aviation Amendment Bill to provide for the unbundling of the Authority into a Regulator and an Airports Authority. Details of these reform strategies are given in Annexure 5.

_Institutional Support for Parastatal Reform_

388. Performance Review of 7 State Owned Enterprises identified under the Institutional Support for State Enterprise Reform and Delivery Project that is financed through a US$3.2 million Grant from the African Development Bank is underway.

389. The Performance Reviews will assess in detail the State Owned Enterprises Governance system, financial, operational, legal environment, processes and procedures affecting the identified State Owned Enterprises and recommend to Government on the best options for reforming these.

390. These State Owned Enterprises are Agribank, Allied Timbers, SMEDCO, ZINARA, SIRDC, and IDBZ.

391. The European Union has also availed funding for the Performance Review of an additional 3 State Owned Enterprises under the Natural Resource Programme.

392. These SEPs are the Forestry Commission, the Zimbabwe Parks and Wildlife Authority and the Environmental Management Agency (EMA).

393. Government has identified a further set of State Owned Enterprises for performance reviews, namely CMED, ARDA, Printflow and Natpharm.
Transactional Advisors

394. Engagement for Transactional Advisors for Agribank, IDBZ, Petrotrade, TelOne, POSB and NetOne has been initiated with the adverts for Expression of Interest already issued out or are being finalised.

395. Several investors have been lined up to snap significant stakes in some of these institutions, as Government moves in to recapitalise them.

396. In the case of the agro-focussed Agribank, raising its capital to US$100 million by 2020 should assist it to effectively deliver on its mandate of providing agriculture funding currently hampered by under-capitalisation.

397. The process entails bringing in strategic partners, with most of the ground work now covered.

398. Transactional Advisors for Chemplex Corporation under IDC are already working on the partial privatisation. The procurement of Transactional Advisors is guided by the Public Procurement and Asset Disposal Act.

Technical Committees

399. Technical Committees for the implementation of the approved reforms for the rest of the other State Owned Enterprises identified in the State Owned Enterprises Reform Framework have been established.

400. The Committees that will prepare strategies for ensuring that Government gets the best business decision for the various enterprises are under the auspices of the various line Ministries.

401. Line Ministries with entities which are to be transformed into Ministerial Departments have started on the necessary processes in liaison with the Public Service
Commission. Detailed implementation of the State Owned Enterprises Reform Framework is as given in Annexure 6.

Agribank

402. In the case of Agribank, the Technical Committee established is already overseeing and managing the bringing in of a strategic partner and to ensure that all the necessary approvals are granted.

403. Invitations for expressions of interest for the provision of transactional advisory services have already been sent out.

404. The transactional advisors will report to the Technical Committee. Among the key deliverables will be a due diligence report on the Bank, indicating the capitalisation requirements and the ideal strategic partner for the financial institution.

People’s Own Savings Bank

405. The People’s Own Savings Bank (POSB) will engage, under the Transitional Stabilisation Programme, a Strategic Partner who will assist in its capitalisation.

406. The Restructuring Guidelines will entail constitution of the Technical Committee to drive the process for the engagement of the strategic partner.

407. The Technical Committee members will be drawn from:

- The Ministry of Finance and Economic Development, who will chair the Committee.
- The Office of the President and Cabinet.
- The Attorney General’s Office.
- The Reserve Bank of Zimbabwe.
• The State Enterprise Restructuring Agency.
• The POSB.

408. The Technical Committee will superintend over the following:
• Development of the Terms of Reference for the Financial and Legal Advisors.
• Procure for the services of Financial and Legal Advisors, who will undertake the necessary due diligence on the POSB.
• Preparation of Transaction Information Memorandum and Prospectus by the Technical Committee and Financial & Legal Advisors.

409. The Transactional Advisors will assist the Technical Committee:
• Develop Guidelines on evaluation criteria of Expression of Interest, percentage Shareholding for privatisation, and invitations for Expressions of Interest.
• Conditions of sale.
• Prepare Bid Acceptance Criteria, and Bid Documents.
• Receive Expressions of Interest, evaluation and short listing.
• Invite for Bids from the short listed potential investors.
• Receive Bids from potential investors.
• Undertake due diligence of potential investors.
• Evaluate and select the preferred investor.

410. Approval of the preferred investor by Cabinet will be through the Cabinet Committee on State Enterprises and Parastatals Development upon receipt of submission by the Minister responsible for Finance.

**Public Corporate Governance**

411. The Transitional Stabilisation Programme will operationalise the Public Entities Corporate Governance Act, in order to rein in failing public entities, restore order, consistency, transparency and accountability in their operations.
412. The Public Entities Corporate Governance Act came into effect on 8 June, 2018.

413. It constitutes a timely and necessary adjunct to the programme of State Enterprises and Parastatal Reform approved by Cabinet on 10 April 2018, which is already under implementation and which will see 54 out of 107 State Entities undergoing reform.

414. Government realised that the reform or restructuring of State Enterprises was unlikely, in itself, to turn around a habitually under-performing sector unless a serious, parallel effort was made to address the many corporate governance weaknesses which have long undermined the effective functioning of State Entities and compromised both their performance and service delivery to the Nation.

415. Poor corporate governance and inadequate oversight of State Entities also created space and opportunity for rent-seeking and other corrupt practices which served to further weaken an already inefficient, undisciplined and costly sector and added yet further challenges with regard to the ease and cost of doing business in the economy.

416. The Act is designed to address those weaknesses.

417. The Act conveys four principal messages:

- Government is serious in its intention to reform the manner in which State Entities are managed.
- Line Ministries must do far more in terms of effective oversight of management at State Entities.
- Far greater Transparency and Accountability with regard to operational and financial activities of all State Entities is now a legal requirement.
- There is need for far greater focus on the calibre of management appointed to State Entities and on the transparency of the processes by which management is appointed, assessed, remunerated and dismissed.
418. As the new law takes effect, line Ministries are required to review the composition of all Boards to ensure that they are aligned to the requirements of the Act and to ensure that Board membership complies with the maximum tenure provisions as set out in the Act.

419. Maximum tenure limits also apply to Executive Management.

420. All State Entities must have a Strategic Plan in place, as well as an effective Performance Management system so as to measure both entity and individual performance against agreed targets.

421. Strategic Plans and Performance Management contracts must be in place by 31 December, 2018.

422. Where performance is sub-par, appropriate action must be taken. Management must be held to account. Where it fails to account, it must go.

423. All State Entities must now hold Annual General Meetings and submit detailed Annual Reports to Parliament. Audited Financial Statements must be produced and submitted on time.

424. The Act also seeks to address another issue of deep concern, namely that of unsustainable and, in many instances, unjustifiable salary and benefits packages paid to executive management at State Entities – in many instances where the entity is either technically insolvent, illiquid or both.

425. Cabinet has already approved new Remuneration Frameworks for the Boards of State Entities and for Local Government Authorities. Both frameworks are already effective.

426. Work on the development of a new Remuneration Framework for executive management at State Entities is ongoing and will be brought to Cabinet in due course.
427. In the interim, the salary and benefits freeze imposed on all State Entities by way of the Cabinet Secretariat’s Circular Letter of 12 December, 2017, remains in force.


429. Any departure from either of these two directives can only be on the basis of prior written approval from the Ministry of Finance and Economic Development. Any such departures will be considered only on the basis of performance.

430. The New Dispensation’s Vision of Zimbabwe attaining upper middle-income status by 2030 could well remain a mere vision unless key players within the State Entity sector – specifically the providers of enabling services such as electric power, water, telecommunications and road, rail and air transportation – significantly improve their performance and the provision of these utility services to the people of Zimbabwe.

431. The Public Entities Corporate Governance Act is a landmark piece of legislation which, over time, will have a markedly positive impact on the quality of State Entity management which, in turn, will lead to enhanced performance and more efficient, more cost-effective delivery of service.

Accountability of Management

432. Reforms at public enterprises would also see:

- De-politicisation of Government and entities’ governance relationships.
- Introduction of more private sector experts in overseeing management of public enterprises.
- Autonomy in enterprise management.
- Increased entities’ responsibility over price determination.
433. The above reforms will be supplemented by introduction of a strong set of rules and regulations, as well as strengthening of transparency and accountability mechanisms.

**Local Authorities’ Service Delivery**

434. Local Authorities continue to experience challenges in maintaining efficient service delivery in key areas such as water and sanitation, road maintenance and refuse collection.

435. This requires that Local Authorities begin, from their 2019 annual budgeted revenue streams, ring-fencing resources targeted towards provision of:

*Water Supply*
- Rehabilitation and expansion of water treatment plants, and range boosters.
- Construction and equipping of new raw water pump stations, including pumping lines.
- Rehabilitation and repair of pumping mains.

*Sewerage Infrastructure*
- Rehabilitation of sewerage network and pump stations.
- Rehabilitation of treatment plants.
- Rehabilitation of outfall works.

*Solid Waste Management*
- Refuse management equipment, and compactor trucks.
- Relocation of landfill sites.
- Procurement of testing equipment.

436. In addition, local authorities are also failing to honour their financial obligations to service providers, as well as payment of wages and salaries for their staff.
437. This situation has negatively affected the stimulation of economic growth and the well-being of the general populace.

438. As a result, the Transitional Stabilisation Programme will review and extend the coverage of the Public Entities Corporate Governance Act to Local Authorities from the last half of 2019 in support of enhancing service delivery.

*Municipal Water Provision*

439. Regular shut-down of water supplies across Municipal Authorities threatens health delivery through outbreaks of water borne diseases.

440. These challenges arise from dilapidated water conveyance systems, including the pumping and piping infrastructure in both rural and urban authorities.

441. In line with best practices, it is vitally important to ensure that water supply services are developed and provided to uniform standards across the country.

442. Hence, the Transitional Stabilisation Programme will prioritise restoration and rehabilitation of services to original operational levels.

443. This will include rehabilitation and maintenance of water reticulation systems during 2019 and 2020 in Urban and Rural Councils, starting with the following:
   - Harare.
   - Bulawayo.
   - Chinhoyi.
   - Kwekwe.

444. Already, work is underway in the rehabilitation of water infrastructure under the African Development Bank managed ZIMFUND, the World Bank’s ZIMREF, as well as interventions from other Development Partners.
**Smart Meters**

445. To manage the debt situation, Local Authorities will also be investing from 2019 in installation of water smart meters across the various municipalities.

446. ZINWA is also undertaking the same.

*Local Authorities’ Capital Development Funds*

447. Capital Development Funds will, from 2019, assist in financing future capital projects in a bid to move away from over-reliance on rates and service fees.

448. Their set up will assist overcome failure to finance such infrastructure projects as servicing new residential stands and maintaining Local Authorities’ roads networks, among others.

*Rate Payers Obligations*

449. The Transitional Stabilisation Programme recognises the need to stem further growth in rate payers’ indebtedness to Local Authorities.

450. Currently, Local Authorities are owed large amounts of money with businesses and residents now owing the City of Harare in excess of US$750 million.

451. Strategies to improve settlements of rate payers’ debts include discount offers of up to 50 percent payable within stipulated time frames, e.g. 90 days.

452. Improving rate payers’ payments will also necessitate improved service delivery, as often rate payers complain of being asked to pay for non-existent services, like fixed water charges where water supply is non-existent. Debt recovery strategies would need to also take account of this.
453. The Procurement Regulatory Authority of Zimbabwe was established in terms of Section 5 of the Public Procurement and Disposal of Public Assets (No. 5/2017) Act [Chapter 22:23].

454. The role of the Procurement Regulatory Authority is setting standards, monitoring and evaluating public procurement.

455. The Public Procurement and Disposal of Public Assets Act provided in line with Section 101 (1), a two-year transitional period that expires on 31 December 2019. The Act delegated procurement decision making to procuring entities.

456. Procuring entities are required in line with Section 17 of the Public Procurement and Disposal of Public Assets, to establish Procurement Management Units that are autonomous reporting directly to the Accounting Officer.

457. The plan is, therefore, aimed at addressing:

• Capacity building of procuring entities.
• Professionalisation of public procurement.
• Procurement and implementation of an electronic Government (e-GP) system.
• Integration of public procurement with the Public Finance Management Act.

Capacity Building of Procuring Entities

458. To effectively manage the paradigm shift from the State Procurement Board regime to the Procurement Regulatory Authority of Zimbabwe era, the immediate task for the Procurement Regulatory Authority is to build capacity of Procurement Management Units in procuring entities.
This activity is on-going since the operationalisation of the Public Procurement and Disposal of Public Assets Act on 1 January 2018. The programs shall be on full throttle up to 31 December 2019 when the transitional period expires.

Professionalisation of Procurement

The Authority shall develop a Statutory Instrument to facilitate the establishment of a Council of Procurement Practitioners that will regulate the practice and establish standards.

The Council will also endeavour to facilitate continuous education of members and promote the role of the profession in society.

The target for the development and operationalisation of the Instrument shall be 31 March 2019.

This shall facilitate the issuing of “licence for practice” for all public procurement officers. The certification programme for the proposed three levels has already been developed by the Modernisation of the State Procurement Board Project.

The Authority plans to establish a Council of Procurement Practitioners by mid-2019.

Implementation of e-Government Procurement System

The specifications for the e-Government Procurement (e-GP) System were developed by the Modernisation of the State Procurement Board Project.

The project developed an implementation plan for e-GP System with the following activities:

<table>
<thead>
<tr>
<th>No</th>
<th>Activity</th>
<th>Duration</th>
<th>Expected Start Date</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Tendering and contract award for e-GP System</td>
<td>One year</td>
<td>1 January 2019</td>
</tr>
<tr>
<td>2</td>
<td>e-GP System Pilot Project</td>
<td>Six months</td>
<td>1 January 2020</td>
</tr>
<tr>
<td>3</td>
<td>e-GP System Roll Out</td>
<td>On-going</td>
<td>1 January 2021</td>
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467. The Authority shall also develop a Statutory Instrument of the implementation of the e-GP System that shall be done during the period when the tendering process is ongoing in 2019.

Integration of Public Procurement PFMS

468. The Procurement plan is derived from the annual Budget. The Authority intends to integrate Procurement Plan with the Budgets. Goods receipting should follow from a contract award and where advance payments are made, appropriate transactions into suspense accounts are effected. Contract deliveries must be consistent with contracts signed in value and quantity.

469. The Authority is currently developing a catalogue of materials (common use items) to facilitate the communication and integration of procurement and public finance management systems. This is the first stage of the integration that is expected to be completed by 31 March 2019.

470. The second phase includes the integration of the e-GP system with Public Finance Management Systems and its implementation is dependent on the completion of the pilot phase and the roll out.

Engagement of External Contractors

471. As part of the economic development thrust, engagement of external contractors should be in cases where there is no local capacity and expertise, that way reducing foreign currency exposure.

472. In cases where external contractors are engaged, contracts should be scrutinised to ensure value for money, while ensuring participation of locals either as main contractors or sub-contactors.
Penalties under the Public Procurement & Asset Disposal Act

Procuring Entity

473. A procuring entity that initiates or engages in procurement proceedings without having been authorised to do so in terms of the Procurement and Asset Disposal Act, or a person who induces a procuring entity to initiate or engage in procurement proceedings without authorisation in terms of Section 15 of the Act; shall be guilty of an offence and liable:

- In the case of a body corporate, to a fine not exceeding US$5,000.
- In the case of an individual, to a fine not exceeding US$700 or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

Unlawful Disclosure of Information

474. Any person who, without lawful excuse, discloses information relating to the content of any pre-qualification application or bid and the examination, clarification, evaluation or comparison of bids; to any other person not officially involved in the examination, evaluation, comparison or acceptance of bids by a procuring entity shall be guilty of an offence and liable to a fine not exceeding US$5,000 or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

Mis-procurement by Procuring Entity

475. Where a procuring entity does not follow laid down procedures on a procurement contract that is especially sensitive or especially valuable as defined, shall be guilty of an offence and liable to a fine not exceeding US$5,000 or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.
**Unplanned Procurement**

476. A procuring entity or individual without lawful excuse, engages in procurement proceedings that are not specified in its annual or individual procurement plan prepared in terms of Section 22 or 23 of the Act, shall be guilty of an offence and liable:

- In the case of a body corporate, to a fine not exceeding US$5 000.
- In the case of an individual, to a fine not exceeding US$700 or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

**Procurement Prohibited by Law**

477. A procuring entity or person, without lawful excuse, engages in procurement by a method that is prohibited by the Act in view of the price of the procurement requirement shall be guilty of an offence and liable – S.I. 5 of 2018 – 106:

- In the case of a body corporate, to a fine not exceeding US$5 000.
- In the case of an individual, to a fine not exceeding US$700 or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

**Failure to Observe Minimum Bidding Period**

478. A procuring entity or person, without lawful excuse, fails to observe the minimum bidding periods shall be guilty of an offence and liable:

- In the case of a body corporate, to a fine not exceeding US$700.
- In the case of an individual, to a fine not exceeding US$300 or to imprisonment for a period not exceeding three months or to both such fine and such imprisonment.
Materially Different Procurement Contract

479. A procuring entity or individual that concludes a procurement contract on terms and conditions materially different from those specified in the bidding documents shall be guilty of an offence and liable:

- In the case of a body corporate, to a fine not exceeding US$700.
- In the case of an individual, to a fine not exceeding US$300 or to imprisonment for a period not exceeding three months or to both such fine and such imprisonment.

Failure to Preserve Procurement Records

480. A procuring entity, employee or person, without lawful excuse, fails to preserve any procurement record for the period specified in Section 69 of the Act Shall be guilty of an offence and liable:

- In the case of a body corporate, to a fine not exceeding US$5 000.
- In the case of an individual, to a fine not exceeding US$700 or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

(viii) EMPOWERMENT OF PROVINCES

481. While Zimbabwe remains a unitary State, the implementation of the country's development programmes will allow for devolution to achieve fair and balanced development, spearheaded by Provincial Councils which will initiate development programmes for their respective Provinces, consistent with Section 264 of the Constitution.

482. The Transitional Stabilisation Programme outlines targeted programmes to champion economic development across the Provinces, including the big cities such as Harare and Bulawayo.
Reconstructing the State represents the marking of the Second Republic of Zimbabwe where systems of governance are community based and people centred.

This represents a new Governance Dispensation where decentralisation becomes a key feature and strategy for fair and just governance.

Fulfilment of decentralisation is across its four dimensions, namely administrative, political, fiscal and market.

Section 301 of the Constitution which provides for the allocation of revenues between Provincial and Local tiers of Government requires that, ‘not less than five percent of the National revenues raised in any financial year must be allocated to the Provinces and Local Authorities as their share in that year’.

The Provincial, Metropolitan and Local Government structures are already in place, such that what remains would be devolving powers to them and fiscalising that decentralisation, of course consistent with the capacity which is in place, and beginning from allocations for the National Budget for 2019.

The founding provisions of the Constitution enshrine and provide for giving powers of local governance to the people, enhancing their participation in making decisions on issues that affect them, and in the exercise of the powers of the State.

Pursuant to this, Vision 2030 envisages devolution and decentralisation of Governmental powers and functions to communities in furtherance of their development, and in the management of their own affairs, through transfer of some Governmental authority and responsibilities to Provincial and Metropolitan Councils and Local Authorities.
490. In this regard, decision making and authority in the provision of most basic services will be delegated and decentralised to Provincial and District levels.

491. This will bring Government closer to communities, and make it more accessible, that way enhancing responsive, accountable and participatory governance over local development agendas.

492. Currently, centralised essential services which are said to be only readily obtainable in major urban centres include:

- Registration and issuance of Birth Certificates.
- Death registration.
- Passports.
- Liquor licences.
- Trading licences.
- Mining claims registrations.

Provincial & Local Authorities Development Master Plans

493. Decentralisation will be founded on Regional Investment and Development Plans derived from a broad National Investment and Development Master Plan.

494. This will entail strengthening Government's planning capacity through Treasury or a National Economic Planning Commission.

495. Regional Investment and Development Master Plans will be produced and adopted by Provincial Councils and speak to the National Investment and Development Master Plan authored by Central Government through the proposed Zimbabwe Investment and Development Agency.

496. The Zimbabwe Investment and Development Agency, once fully set up and operational, will be decentralised to Provincial level, mirroring what is at the centre.
497. The Regional Investment and Development Master Plans will be a spatial and environmental plan which is based on:

- The *Resource Endowment* of a given Region.
- A generic *Environmental Impact Assessment Plan*.
- A comprehensive *Supportive Utilities Plan* which includes power, fuel depots, road and rail network, water sources, telecommunications and all social and recreational amenities.
- An *Investment Opportunities and Beneficiation Plan* commensurate with a Region’s resource endowment or competitive advantage.
- A *Local Empowerment and Participation Plan* to ensure that locals are incorporated.

498. Fiscally, Treasury will reconfigure the National Budget towards a spatially decentralised budgetary support, in order to underpin Provincial and Local Authority Investment and Development Master Plans, coordinated by an inter-Ministerial team chaired by Treasury and also comprising of the Ministry of Local Government and other Ministries.

499. What this does is to make every Province and Local Authority attractive for both local and foreign investment by ensuring Ease of Doing Business and also lowering the costs of establishing business.

500. Market wise, each Province and Local Authority will transform itself into an investment and economic zone, with its own GDP, and with the capacity to venture, with consent from Central Government, overseas in its own right for FDI.

501. Hence, in line with Section 264 and 301 of the Constitution on devolution, Central Government will devolve more powers to Provincial Councils and Local Authorities that will craft Provincial and Local Authority economic development plans underpinned by resource endowments in the Province.
502. Provincial economic development plans will be characterised by extensive bottom-up consultations at the Village/Ward, District and Provincial levels. The consultations should include the private sector and Development Partners who are key in resource mobilisation and deployment in the planning process.

503. It is envisaged that ZIMSTAT will undertake Surveys that inform official National Accounts data compilation of Extractions of Resource Endowments across Zimbabwe’s various regions, disaggregated by Province and Local Authority.

504. This will underpin assessments of the various Provinces’ and Local Authorities’ contributions to the economy’s overall GDP and revenue base.

505. A Fiscal and Monitoring Committee, made up of experts, would then be able to develop benchmarks that guide application of public resources towards public service delivery levels that ensure no communities are left behind.

**Devolution of Public Administration**

506. Devolution is a Constitutional imperative that is designed to operationalise a decentralised governance and development planning framework.

507. Devolution entails the transfer of some functions, authority and resources from national to sub-national levels of Government.

508. The entry point for devolution is to empower Provinces to drive local and national economic growth and development using their own factor endowments.

509. To this end, the Civil Service Commission will facilitate the transfer of the requisite functions and establish the structures and systems that will enable all Provinces to plan and implement their economic growth and development using their factor endowments.
Devolution Monitoring Committee

510. In order to monitor movement towards devolution, a Monitoring Committee made up of experts will benchmark all services so that funds can be applied equitably across Provinces, and that communities are not left behind.

(ix) RENT SEEKING & CORRUPT BEHAVIOURS

511. Prior to the New Dispensation, corruption had spread unchecked, negatively affecting the social and moral fabric of the Nation, as rent seeking behaviours raised the cost of doing business, and posed hardships for the unconnected majority who constitute the generality of the public.

512. This saw a disproportionate share of dividends and unjust wealth accrue to corrupt elements, with no demonstrable real economic activities being undertaken – biblical examples of reaping where they had not sown.

513. The entrenchment of corrupt activities extended to access to basic public services, and procurement of goods and services also spanning across the private sectors.

514. In the absence of demonstrable political will to combat corruption under the Old Dispensation, Zimbabwe ranked 157 out of 180 on the Transparency International’s Corruption Perception Index of 2017.

515. His Excellency, President E. D. Mnangagwa’s call for zero tolerance to corruption, and the facilitation of conditions for a pro-business environment, will underpin confidence building in the economy.

516. Hence, Transitional Stabilisation measures that address rent seeking, market indiscipline and corrupt behaviours across economic activities, in both the public and private sectors, are central to getting Zimbabwe back to undertaking real business activities that create tangible wealth and employment.
517. In this regard, the Transitional Stabilisation Programme for October 2018 to December 2020 contains specific measures to uproot entrenched indiscipline and corruption, including nipping in the bud all opportunities for rent seeking.

**Penalties**

518. The necessary disincentives and penalties for rent seeking, indiscipline and corruption are also an integral component of this Transitional Stabilisation Programme.

519. While eliminating corruption will not be an overnight affair, Government will, under this Programme, enforce a zero tolerance policy to corruption and act swiftly and decisively whenever corruption is exposed.

520. Enforcement of the law on corruption, both in terms of investigation and prosecution, has been most unsatisfactory, with disproportionately low convictions recorded.

521. The Penalty regime will be reviewed so that persons guilty of corruption are subject to effective, proportionate and dissuasive penalties.

522. In this regard, corruption will be punishable by Fines not exceeding US$500 000 or not exceeding twice the value of the transaction that forms the subject of the charge, whichever is higher.

523. Furthermore, Courts will be empowered, on the application of the Prosecutor General, to grant Civil Forfeiture Orders in respect of property from proceeds of corruption.

524. Institutions vested with investigation and prosecution of corruption, and financial crimes in general, will be capacitated in order to strengthen the existing requisite skills for successful prosecution of offenders.

525. Where necessary, review of the legal framework and the governing Statutes will be expeditiously enacted.
Transparency

526. The development of a tighter and more punitive penalty regime for corruption will be complemented by improving on all public service systems that help close loopholes for corruption, including enhanced automation, enforcing greater transparency and accountability across Government, Local Authorities and State Owned Enterprises.

527. Under the Programme, Government and the private sector are combining forces to champion a corrupt free society, with the thrust towards much higher standards of transparency and accountability in the conduct of economic, business and financial activities.

528. This should effectively enhance performance and service delivery, critical to returning the economy to a path of sustained socio-economic growth and development.

529. The combined efforts are targeted to contribute towards the reduction and elimination of the rent-seeking and corrupt practices prevalent in both the public and private sectors.

Capacitating Institutions Fighting Corruption

530. To further consolidate on the measures already put in place to cleanse society of the scourge of corruption, the Transitional Stabilisation Programme will strengthen and capacitate institutions and public service systems that enable early detection of corruption.

531. This will support closing opportunities and loopholes that facilitate the breeding and spread of the scourge of corruption, inclusive of curbing illicit financial flows and smuggling of precious minerals.

532. In this regard, the following institutions will be strengthened and capacitated to improve accountability, and impartial enforcement of the law:
• The Zimbabwe Anti-Corruption Commission, to deliver on its mandate.
• The Zimbabwe Republic Police.
• The National Prosecuting Authority.
• The Judiciary.
• The Auditor General, with findings and recommendations over Audit Reports to strengthen internal control systems and processes followed on.
• The Accountant General.

533. The enhancement of the capacity of State institutions will be complemented by requirements on all State institutions over greater transparency, efficiency and effectiveness in terms of the Public Entities Corporate Governance Act and other laws.

534. To this end, enhanced reporting frameworks will be introduced. These will be implemented before the end of November 2018, targeting such institutions as the National Prosecuting Authority, Judicial Services Commission, Zimbabwe Anti-Corruption Commission, Land Commission, National Peace and Reconciliation Commission, the Police and the Zimbabwe Human Rights Commission. Thereafter, similar frameworks will be rolled out to other State institutions.

Decentralisation of Decision Making

535. The implementation of strategies to combat corruption will also entail decentralising decision making and extending automated public management systems out of Harare and Bulawayo, to reduce opportunities for rent seeking and corruption associated with excessive bureaucracy.

536. In this regard, the Programme will contain in-built safe-guards against decentralising corruption, as experiences in some countries demonstrate that this has potential to become a major challenge.
Capacity Building

537. Government is also investing in specialised training and empowerment of financial investigators responsible for policing economic crimes.

538. This will benefit from the operationalisation of the Public Entities Corporate Governance Act, alongside complementary application of the Zimbabwe National Code on Corporate Governance, launched in 2015.

Judicial Magistracy & Prosecuting Officers

539. Strengthening of Judicial and Prosecuting authorities will also be undertaken over the 2018-2020 period.

540. In June 2018, the Judicial Services Commission recruited more magistrates to plug serious staff shortages and enhance the fight against corruption.

541. The necessary training to imbue the prospective magistrates with ethos, values, and traditions of an effective judicial officer was undertaken before these were sworn into office as full judicial officers.

542. This should deliver a judicial officer who exudes the necessary proficiency, integrity and character.

Illicit Financial Flows

543. Measures to address corruption also target the curtailment of illicit financial flows that represent leakages spanning from under the Old Dispensation.

544. Reserve Bank estimates had indicated over US$1.8 billion remitted outside Zimbabwe or externalised by individuals and corporates during 2009-2017, with US$856 million brought back in both cash and kind under the amnesty of the New Dispensation.
545. Under the guise of free funds, dubious and unwarranted transactions included remittance of donations to oneself, offshore investments and externalisation of exports sales proceeds by corporates through individual accounts, also leading to tax evasion.

546. Illicit financial activities have also seen unscrupulous mopping of imported foreign currency meant for onward withdrawal by individual customers and resale on the black market.

547. This undermines Transitional Stabilisation Programme efforts targeted at using scarce foreign currency to support the productive sectors increase production, help boost exports, and foreign currency earnings.

**Anti-Money Laundering**

548. The Anti-Money Laundering Amendment Act, which seeks to address the country’s legislative deficiencies identified through the Mutual Evaluation Report, was promulgated into law in July 2018.

549. Deficiencies identified included the following, among others:
   
   • Absence of a well-developed risk-based approach supervision framework in financial Institutions and Designated Non-Financial Businesses and Professions such as real estate, lawyers, casinos, and dealers in precious stones and minerals.

   • Less developed legal and regulatory framework for registration, licencing and monitoring of Non-Profit Organisations.

   • Lack of legal framework on confiscation and measures to ensure that criminals are deprived of their ill-gotten wealth.

550. It is envisaged that implementation of the Amended Act will improve efficiency and transparency in the financial sector, curb illicit financial flows and promote stability.
551. Important changes were made in July 2018 to the Money Laundering and Proceeds of Crime Act to allow the Courts to order the seizure or confiscation of property equivalent in value from an offender, whether or not the particular property to be seized or confiscated is tainted or represents proceeds of crime.

552. Coupled with the enhanced capacitation of such institutions as the National Prosecuting Authority and the Financial Intelligence Unit, Government will draw on Mutual Legal Assistance Frameworks with other nations and organisations to assist in identifying and recovering proceeds of corruption and money laundering within the country and abroad.

(x) EASE OF DOING BUSINESS

553. The first instalment of tasks towards realising Vision 2030 revolve around Getting Zimbabwe Back to Work, consistent with His Excellency President Mnangagwa’s mantra that “Zimbabwe is Open for Business”.

554. The Ease of Doing Business Reforms are targeted at reducing the time, costs, and the bureaucratic burden of doing business in the country.

555. Policy consistency and credibility is also an essential ingredient for attracting investment, supporting business plan and mitigation against business risks.

556. Hence, improving Zimbabwe’s investment and business climate will entail consistent application of credible policies.

557. The Transitional Stabilisation Programme will ensure that there will be no arbitrary policy reversals, contradicting policy announcements and interpretation by different agencies of the same Government.
The world over, empirical evidence demonstrates that investors commit their capital where general investment regulations are simple and less bureaucratic, both at the point of investment entry, and on exit.

Over the next 2 and a quarter years, Zimbabwe’s economic policy will be predicated on creating an open and efficient business environment, that effectively fosters entrepreneurship and attraction of foreign direct investment, focussed on reducing the time, costs, and bureaucratic burden of doing business.

The Programme period will, therefore, be characterised by Government policies, actions and behaviour that inspire confidence to economic agents, within and outside Zimbabwe.

This confidence will be nurtured through implementation of coherent policies characterised by consistency, clarity and predictability, and not subject to arbitrary reversals.

It will also be necessary that investors are assured of repatriation to their home countries dividend proceeds earned in Zimbabwe, with the current shortage of foreign exchange representing one of the major impediments to foreign direct investment.

In this regard, during the Transitional Stabilisation Programme, Government will implement measures necessary to improve the investment and business environment, also targeting domestic and diaspora investors.

The Transitional Stabilisation Programme will implement further measures to the Ease of Doing Business Reforms, with the objective of improving the country's competitiveness in terms of the business and investment environment.
565. This includes enforcing contracts, which currently is time consuming and difficult for the average business entity.

566. Other administrative interventions will be made to improve undertaking formal business, and lower the cost of doing business.

567. As already alluded to, the time and costs entailed in undertaking formal business in Zimbabwe, coupled with the extent of the bureaucracies involved, are all stacked heavily against those targeting to graduate from the informal sector.

Legal Reforms

568. Programme measures to lower the cost of doing business in Zimbabwe are being backed by promulgation of the enabling legislative Acts.

569. Government will ensure that all laws, regulations, administrative guidelines and policies pertaining to investment are enacted following proper notice and consultation and are available publicly in a prompt, transparent, and readily accessible manner.

570. In this regard, much progress has been made towards enactment of the legislative amendments to facilitate improvements to the ease of doing business environment.

571. In the past year, this saw enactment of:
   • The Deeds Registries Amendment Act, on 23 June 2017.
   • The Public Procurement and Disposal of Assets Act, on 4 August 2017.

572. These were followed up, under the New Dispensation, by amendments during the first half of this year to the following:
   • Estate Administrators Amendment Act, of 20 April 2018.
   • Money Laundering and Proceeds of Crime Amendment Act, of 20 July 2018.
• Shop Licences Amendment Act, of 10 August 2018.

573. New Acts promulgated by Parliament into law to address the ease of doing business in the country include:

• Public Entities Corporate Governance Act, on 11 May 2018.
• Insolvency Act, on 25 June 2018.

574. Government remains ready to push forward with any further legislative amendments necessary to improve the ease of doing business environment and lower the cost of doing business in the country.

575. These include development of the following Bills:

• Companies and Other Business Entities Bill, to modernise the Companies Act and make it easy for domestic businesses to operate.
• NSSA Amendment Bill, waiting for principles to be approved by Cabinet.
• Manpower Planning and Development Amendment, also waiting for principles to be approved by Cabinet.
• Investment and Business Facilitation Bill, an omnibus investment law to ease contradictions posed by current fragmented pieces of legislation, and send strong signals that the country is committed to investor protection.
• Regional Town and Country Planning Bill, to provide for the planning of Regions, Districts and Local Areas with the objective of conserving and improving the physical environment and in particular, promoting health, safety, order, amenity, convenience and general welfare.

One Stop Investment Services Centre

576. In view of the intense competition for foreign direct investment, operationalisation of a functional One Stop Investment Services Centre is central to facilitating investment attraction.
577. The Transitional Stabilisation Programme will put in place the necessary legislative and administrative reforms to consolidate and harmonise the various scattered legislative pieces into a more modern omnibus Investment and Business Facilitation Act before the end of the year.

578. The Act will bring in the birth to the Zimbabwe Investment and Development Agency, that way operationalising it as a *One Stop Investment Services Centre*.

579. The new Zimbabwe Investment and Development Agency will integrate the following institutions:
   - The Zimbabwe Investment Authority.
   - The Zimbabwe Special Economic Zones Authority.
   - The Joint Venture Unit.

580. This will entail repeal and merger of the following pieces of legislation into one Act:
   - Special Economic Zones Act [Chapter 14:34].
   - Zimbabwe Investment Authority Act [Chapter 14:30].
   - Joint Venture Act [Chapter 22:22].

581. The Zimbabwe Investment and Development Agency will also have inter-agency technocrats and experts drawn from Ministries and organisations critical in investment promotion and processing seconded from:
   - The Office of the President and Cabinet.
   - The Ministry of Finance and Economic Development.
   - The Ministry of Industry and Commerce.
   - The Ministry of Local Government, Public Works and National Housing.
   - The Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement.
• The Reserve Bank of Zimbabwe.
• The Zimbabwe Revenue Authority.
• The Attorney General’s Office.
• The Competition Commission.
• The Environmental Management Authority.
• The Deeds Office.
• The Department of Immigration.

582. The constitution and functioning of ZIDA shall annihilate bureaucratic tendencies, non-monitoring of approved projects and non-accountability of investment income into the country, which occurrences have been prejudicial to the economy.

583. Under the Transitional Stabilisation Programme, the Zimbabwe Investment and Development Agency will target to:

• Reduce the period for an investor to register and get an operational licence to within a day.
• Further reduce the number of days for getting construction permits from the current 120 days to 60 days.
• Reduce time to export, documentary and border compliance from the current 7 days to 2 days.
• Reduce the cost to export and documentary compliance from the current US$285 per container to US$200.
• Reduce time to import and documentary compliance from the current 12 days to 2 days.
• Reduce the cost of importing and documentary compliance from the current US$150 to US$100.
Eliminating Multiple Licencing Requirements

584. The Transitional Stabilisation Programme is also dealing with the issues of eliminating multiple licencing requirements for various business activities.

585. In Tourism, for example, such service providers as hotels and lodges are currently required to apply for separate multiple licences to operate.

586. These include bar licences per outlet, municipal licence fees varying across Local Authorities, ZIMURA licences, radio licences, TV licences, etc., that way increasing the cost of doing business in the sector.

587. In the transport sector, an operator needs an operator’s licence, multiple route authorities, firstly from the Ministry responsible for Transport, and then secondly from the respective operative Local Authority.

588. Similar experiences of multiple licencing requirements are encountered across various other sectors for upcoming new entrepreneurs venturing entry into formal business, forcing many to re-opt back into informal market operations.

589. The Transitional Stabilisation Programme will require that effective January 2019, consolidation of various multiple licencing requirements into categorised and related omnibus single licencing across various sectors.

590. In this regard, in the case of hotels and lodges, an establishment once licenced by the designated Authority, then all other licences become subsidiary and deemed already approved.

591. As such, line Ministries and Agencies, in conjunction with business representatives in their respective sectors, will be required by January 2019 to:
   • Collapse the multiple licences into a single sub-sectoral omnibus licence.
• Specify what it will cover.
• Designate the issuing authority.
• Introduce time-framed approval deeming provisions for licence applicants who would have undertaken all the necessary application submissions and payments.

Indigenisation Legislation

592. Government, through the Finance Act of 2018, amended the Indigenisation and Economic Empowerment Act confining the 51/49 percent threshold to only two minerals, namely diamonds and platinum.

593. The 51/49 percent threshold will not apply to the rest of the extractive sector nor will it apply to other sectors of the economy, which are now open to all investors regardless of origin.

594. Further review of the Indigenisation and Economic Empowerment Act 51/49 percent thresholds will be undertaken to formulate a new policy on diamonds and platinum.

Enhancing Competitiveness

595. Zimbabwe ranks high on the cost of doing business indices within the context of the SADC region, with some of the cost lines well in excess of 20 percent above regional country comparatives.

596. This is contributing to the lack of competitiveness of Zimbabwe’s exports in the region and beyond.

597. The sources of Zimbabwe’s high costs of business are many, including but not limited to:

• High utility tariffs, including ZESA, Municipality rates and charges.
• Wide range of central Government fees/taxes, e.g. prohibitive EMA charges.
• High wages, relative to productivity.
• High financing costs, including limited access to longer term funding.
• Red tape.
• Inefficient logistics for moving industrial goods and raw materials.
• High transport costs, including over-dependency on road haulage given constraints undermining cheaper railway transport.

598. The Transitional Stabilisation Programme will institute measures that address underlying causes of the above high costs, with a view to aligning them to the region, and Cooperating Partners continue to partner Government in this regard.

599. European Union support, under the 11th European Development Fund, is enhancing competitiveness reforms through the €10 million Technical Assistance for the Zimbabwe Economic Partnership Agreement Project.

600. The project supports the following, among others:
• Reforms and streamlining of policy.
• Regulatory and institutional frameworks to incentivise production and trade.
• Reduced trading costs.
• Expediting movement, release and clearance of goods.
• Improving competitiveness and export capacity of small and medium sized enterprises in selected value chains.

(xii) INTEGRATING INTO GLOBAL FINANCIAL MARKETS

601. Zimbabwe seeks to shed off its pariah status, by actively re-engaging the international community on political, social and economic fronts, also targeting removal of sanctions and normalisation of economic and political relations.
602. In this regard, crafting and adoption of domestic policy priorities will be biased towards facilitating the re-engagement initiative with the international community, launched by the New Dispensation from November 2017.

*Pursuit of Re-Engagement*

603. The coming in of the New Dispensation in November 2017, followed by the successful holding of the July 2018 Harmonised Elections, opened opportunities for bringing to an end Zimbabwe’s international isolation.

604. This is buttressed by His Excellency the President’s thrust on re-engaging the international community.

605. To facilitate full re-engagement, Government will, under the auspices of the principles presented in 2015 in Lima, Peru, prioritise:

- Economic and governance reforms.
- Honouring its obligations with respect to debt arrears clearance.
- Timely repayments of loans.
- Respect for contracts.
- Abiding by Bilateral Investment Promotion and Protection Agreements.

*Bilateral Investment Protection*

606. Vision 2030 reiterates Zimbabwe’s commitment to honouring its obligations under various Bilateral Investment Promotion and Protection Agreements.

607. This is to guarantee that all foreign investments, notwithstanding origin, are safe.

608. In this regard, Zimbabwe accedes to:

- Promotion and protection of investments.
• Fair and equitable treatment.
• Treatment no less favourable than that which it accords its nationals investments.
• Most favoured nation treatment.
• Transparency.
• Compensation for damage or loss.
• Protection against expropriation.
• Dispute settlement.

609. In line with Vision 2030, Government is engaging investors where violations were made with regards to land under Bilateral Investment Promotion and Protection Agreements with a view to reaching amicable settlements.

610. Where necessary, Zimbabwe will consider using the International Centre for Settlement of International Disputes (ICSID) for dispute settlement.

611. The list of countries Zimbabwe has entered in Bilateral Investment Promotion and Protection Agreements is contained in Annexure 7.

**External Debt Resolution**

612. The complexity of the country’s debt challenges requires greater collaboration and cooperation with the international community, through normalising relations for an amicable solution.

613. This should facilitate the resolution of the country’s domestic and external debt obligations, critical for the re-entry of Zimbabwe into global financial markets.

614. In this regard, the New Dispensation has embarked on a drive to re-engage with the international financial community, including bilateral partners, to assist in the immediate implementation of the post Lima Debt and Arrears Clearance Strategy.
Unlocking New Finance

615. Drawing from this, the Transitional Stabilisation Programme entails unlocking all potential external resources in support of Getting Zimbabwe Back to Work.

616. Key to accessing new finance will be resolution of the country’s external payment arrears to the World Bank, the African Development Bank, as well as to other lenders.

617. This will require coordination through these institutions, including the International Monetary Fund.

618. The country’s debt arrears amount to about US$5.6 billion, which is split between:

- Multilateral creditors, US$2.2 billion.
- The Paris Club, an informal group of creditor nations, US$2.7 billion.
- Non-Paris Club creditors, US$700 million.

619. The resolution to Zimbabwe’s debt arrears of US$5.6 billion will require the country clearing first, and simultaneously, its arrears to the AfDB, US$680 million, and the World Bank’s more than US$1.4 billion; and then the European Investment Bank’s US$308 million.

620. Zimbabwe cleared its overdue obligations to the International Monetary Fund in October 2016.

621. Access to new loans will also need the commitment of debt treatment by bilateral creditors.

622. The Transitional Stabilisation Programme embraces all the major elements for re-engaging cooperating partners over resolving Zimbabwe’s external payment arrears, including having in place a comprehensive and coherent macro-economic policy.
framework, underpinned by a strong programme of fiscal adjustment and structural reforms.

623. The New Dispensation restated such commitments to cooperating partners under Government’s submission of its *Core Values Towards an Upper Middle Income Economy by 2030* on 19 April 2018 on the side-lines of the IMF/World Bank Spring Meetings, in Washington DC.

624. This was in recognition of the reality that measures to get Zimbabwe Back to Work will have to be complemented by embracing concurrent fiscal and monetary policy measures that create fiscal space required to underpin public infrastructure development, as well as provision of basic public services.

*Aid Effectiveness*

625. The Transitional Stabilisation Programme appreciates the valuable contributions and supportive role Development Partners continue to play with regards to the realisation of Zimbabwe’s development agenda towards an Upper Middle Income Economy by 2030.

626. This includes through the provision of both financial and technical assistance, as well as capacity building at national and local levels.

627. In this regard, Government will continue to strengthen relationships with Development Partners for implementation of measures aimed at leaving no one behind and ensuring sustainable and inclusive economic development, consistent with the Sustainable Development Goals.

628. In order to strengthen cooperation between Government and Development partners, work is currently underway to review the existing aid coordination architecture.
629. This includes reviewing the Aid Coordination Policy, the attendant Procedures Manual, as well as procurement and installation of an Aid Information Management System.

_Aid Coordination Policy_

630. The current aid coordination architecture is limited to a narrow definition of mainly ascertaining how much development assistance Zimbabwe receives from development partners.

631. Hence, it is envisaged that the new architecture will encompass an inclusive and fully owned Aid Coordination Policy that establishes the overall framework for development cooperation, agreed to by all key stakeholders, for maximising the effectiveness and results of development cooperation.

632. Specifically, the architecture will expand its coverage to include, for greater development benefits, the following:

- A reflection of the domestic political and policy environment under the New Dispensation.
- Taking cognisance of emerging global shifts in Development Cooperation.
- Ensuring that Government has more ownership and say over the development trajectory, which is a key tenet of the global development effectiveness agenda.
- Enhancing Government's coordination capacity and regulatory authority.
- Ensuring a shift in the prevailing aid modality, from project to programme, and ultimately Budget support.
- Clarifying the division of responsibilities amongst the various arms of Government.
- Agreeing on a new dialogue structure at all levels, including _Sectors, Clusters_ and the _Apex Body_, comprising Ministers and Heads of Missions, and chaired
by the Minister responsible for Finance.

- Providing the outline of a new dialogue structure at all levels, including National, Provincial/Regional, Sectoral and Programme/Project levels that collectively contribute to dialogue within the Apex Body.
- Operationalising all stakeholder dialogue structures.
- Harmonising and aligning all development related activities.
- Ensuring that technical assistance is demand driven, transparent, and ultimately creates local capacity.
- Negating the use of costly parallel management structures, through the adoption and use of country systems and institutions by all Partners.
- Enhancing the transparency and predictability of aid.

Development Cooperation Strategy

633. Over and above work on the review of the Aid Coordination Policy, the Transitional Stabilisation Programme also targets work towards development of a formal Development Cooperation Strategy for Zimbabwe.

634. The Development Cooperation Strategy for Zimbabwe targets a country led framework, embodying the following global principles of effective development cooperation:

- Country ownership of the national development agenda.
- Focus on development results.
- Cultivation of inclusive development partnerships, under Government leadership.
- Transparent and responsible cooperation.
- Mutual and domestic accountability.
635. This targets enhancing efficient and effective development cooperation, as well as improving on coordination of Development Partner support with regards to harmonisation, alignment, and orienting results to national priorities, institutions and country systems.

636. The proposed Development Cooperation Strategy for Zimbabwe will also:
   • Set rules of engagement with development partners.
   • Define the roles and responsibilities of stakeholders.

637. Finalisation of the Development Cooperation Strategy for Zimbabwe will serve to inform the development of an Implementation Strategy, which will aid formulation of the Cooperation Procedures, and a Joint Performance Assessment Framework that will facilitate realisation of effective development cooperation.

638. This also ensures the continuity of development cooperation for the early implementation of the medium term National Development Plan for 2021-2025.

Enhancing Aid Effectiveness

639. The Transitional Stabilisation Programme accords particular priority to the establishment of policy dialogue mechanisms between Government and Development Partners, in line with the Busan agreements.

640. In this regard, given the prevailing fragmented nature of aid in Zimbabwe, Government will operationalise the various dialogue and other structures for political and technical coordination, as well as clarify responsibilities of the different partners.

641. The Transitional Stabilisation Programme will also prioritise rectification of challenges related to availability of aid information, which has been noted as one of the key impediments to effective coordination of development assistance.
These challenges include, but are not limited to:

- Dissemination of quality information in a timely manner.
- Unwillingness to share information.
- Mistrust and misinterpretation of information.
- High coordination costs.

In this regard, Government, with assistance from the EU, will be strengthening the management and coordination of development cooperation through the procurement and installation of an Aid Information Management System.

The Aid Information Management System will assist in:

- Establishing a publicly accessible, transparent and global picture of development cooperation in Zimbabwe.
- Facilitating mutual accountability between Government and Development Partners.
- Providing an effective tool for assisting Government, Development Partners, and other stakeholders in analysing development cooperation flows, determining priorities, and identifying overlaps, among others.
- Overcoming the absence of an aggregate overview of development assistance availed.
- Analysing and measuring intended versus actual results, to enable greater accountability and management.

The above interventions should result in the better management of aid, through the effective tracking of aid flows to both public sector and Development Partner funded projects/programmes, as well as for multi-level monitoring and evaluation.
Lines of Credit to the Private Sector

646. Access to meaningful capital inflows in support of Zimbabwe’s investment drive, over the immediate term, is also a function of the New Dispensation’s concurrent efforts to forge re-engagement with the international community, both bilateral partners as well as multilateral financial institutions.

647. In this regard, the re-engagement process with international financial institutions, in particular the World Bank and the African Development Bank, will also advance the Transitional Stabilisation Programme efforts to unlock external new financing required by the productive sectors.

648. In particular, active and increased participation of the World Bank Group’s International Finance Corporation (IFC), the private sector window of the African Development Bank (AfDB), the European Investment Bank (EIB) as well as other international and regional financial institutions, should assist re-tooling and accessing technology by domestic business in support of Getting Zimbabwe Back to Work.

649. The opening up of Zimbabwe’s emerging market to global business also offers opportunities for investment inflows to assist finance private sector entities, through uniquely tailored products under the auspices of the Transitional Stabilisation Programme.

650. Targeted potential sources include the United States’ Overseas Private Investment Corporation (OPIC), a development finance institution.

651. There are endless possibilities to open up the economy to both domestic and foreign investors, linking Zimbabwe’s diverse natural resource endowment and direct global capital investments.

652. This is against the background of positive changes to those aspects of Zimbabwe’s investment laws that were inhibiting entry of foreign direct investments.
653. In the interim, the AfDB has earmarked a US$50 million loan facility to support local industries that are struggling due to lack of access to cheap capital.

654. Under this, consideration is for requests for financial support for projects with a minimum requirement of US$10 million. In addition, the AfDB will increasingly look at working with qualifying local financial institutions through which those businesses with smaller financial needs could go for funding directly, similar to the facility recently availed to CABS.

655. The Bank targets viable projects with a significant development impact, in line with its strategic objectives and mandate. These are in the power sector, agricultural value chains, manufacturing, infrastructure or projects with a regional dimension.

656. However, access to the required levels of Transitional Stabilisation Programme requirements will have to be within the context of the overall resolution to Zimbabwe’s external indebtedness.

**Sustainable External Flows**

657. A sustainable balance of payments position, buoyed by growing exports and inflows of foreign direct investment sends positive signals to potential investors.

658. The need for large foreign exchange resources in support of the recovery of the Zimbabwean economy makes growth in export generation critical.

659. There are distinct opportunities in the growing regional markets which the Transitional Stabilisation Programme targets for increased trade, benefitting from deepening of regional integration initiatives being implemented under the AU, COMESA and SADC.

660. Acceleration of implementation of value chains to reverse de-industrialisation across various sub-sectors, including in pharmaceuticals, agro-processing and mineral beneficiation, will be of particular benefit to the economy.
661. In addition, the anticipated rebound in international commodity prices is also set to support growth and strengthen the balance of payments. Exports are projected to grow by 10 percent in 2019 and 11 percent in 2020, while imports will on average grow annually by 4.6 percent.

662. Hence, the current account is anticipated to improve from a negative 3.7 percent of GDP in 2018 to a negative 0.9 percent of GDP by 2020.

*External Sector Stability*

663. Initiatives to improve foreign exchange earnings over the Transitional Stabilisation Programme target reduction in the current account deficit, to less than 5 percent of GDP, consistent with the SADC Macro-economic Convergence Target.

*Projected Current Account Developments*

![Current Account Developments Chart]

664. The country’s export performance is also expected to improve over the planning period, driven by increased investment in the key sectors of the economy, including mining, manufacturing and agriculture sectors.

665. Major export growth will be realised in gold and tobacco on account of increased investment which will ramp up production of the same.
666. The country’s import growth will also be contained on account of improved domestic food production, which is expected to result in reduced imports of consumptive goods.

667. Foreign direct and portfolio investment inflows are also expected to increase significantly in light of the increased investment drive ably supported by the “Zimbabwe is Open for Business” mantra.

668. Gold is on an upward trajectory as reflected by an increase in gold deliveries of about 17 tons realised between January and June 2018. If this trend is maintained, gold deliveries are likely to surpass 45 tons by 2025.

Projected Gold Deliveries to Fidelity

Facilities for Exporters

669. The Reserve Bank will facilitate ring-fencing of targeted arrangements for facilities in support of the export sectors, central to growing the economy and lowering the current account deficit.

670. This will utilise the scarce foreign exchange resources being generated to help export driven industries to re-tool and be competitive, that way helping reduce the gap between our importation needs and exports to a positive range.
671. Facilities ring-fenced by the Reserve Bank in support of the export sectors will be complemented by arrangements for offshore facilities under which pre and post shipment offshore financing will be offered to exporters.

*Offshore Finance Facilities for Exporters*

672. Support for exporters will include improved access to pre and post-shipment offshore finance at concessionary interest rates.

673. The offering of pre and post offshore finance facilities to such exporters will be over repayment periods of between 6 to 12 months based on the export orders and or outstanding CD1s (export debtors).

674. These facilities offer Nostro advances for exporters, including those in manufacturing, against anticipated future exports.

675. The support for exports is a drive towards import substitution products to improve the country’s balance of payments, job creation, and spur domestic demand.

676. This is coming against the background of locals importing a significant amount of products that local companies used to manufacture, hence, the need for facilities to assist manufacturers revamp their operations, complemented by other incentives targeted at stimulating exports.

677. Manufacturers have often lost identified export markets due to absence of capacity to process the initial orders.

678. Not all facilities would have to be secured, that way improving access by manufacturers lacking tangible security.
To secure the facility, all the export business would be generated and handled through participating banks, with all CD1s establishments and acquittals facilitated through them.

**Trade Facilitation**

The Transitional Stabilisation Programme targets facilitation of exporting, hence, the various related export administrative requirements will be streamlined.

This includes review of requirements for export licences for the remaining four products, namely, fertilizers, raw and refined sugar, gypsum and second hand equipment.

Furthermore, other impediments which compromise exporters’ competitiveness that include a plethora of regulations, different and fragmented export documentation agencies, and long periods for document and permits processing and approvals will be liberalised.

This will be complemented by creation of a one stop shop for the processing of export and import documentation, as well as reduction of documentation processing period.

**Remittances**

Further, the economy has potential to benefit more from its large diaspora constituency, that has seen remittances coming second after exports of goods and services.

There is, therefore, also need to target the facilitation for inflows through remittances by the country’s non-resident Zimbabweans, popularly referred to as diaspora remittances.

Zimbabwe’s large contingent of high skilled diasporans, also offer opportunity for participation in economic revival beyond transfer of remittances.
International Reserves

687. The country’s external reserves are also expected to increase from about 0.7 of months of import cover in 2018, to about 3 months of import cover by year 2025, benefiting from improved external sector performance.

688. The increased investment flows, coupled with improved external reserves, will also help stabilise the foreign exchange market, which is critical for the attainment of macro-economic stability.

689. Government will strive to eventually build reserves to at least 6 months of import cover to comply with the SADC Macro-economic Convergence target.
PART III: PRODUCTIVE SECTOR REFORMS

690. Programme initiatives to drive sectoral growth in the productive sectors of agriculture, mining, and manufacturing will be underpinned by market driven policies towards support for value addition and beneficiation, reducing the need for predominantly subsidy oriented interventions.

691. Government incentives for enhancing industrial productivity will be targeted at promotion of innovation, and infusion of technology, including adaptation to suit the domestic production environment.

692. The economy is, therefore, expected to surpass the initial growth projection of 4.5 percent in 2018 on account of more than anticipated performance across key sectors namely agriculture, mining, manufacturing, as well as services. As a result, the overall economic growth in 2018 is now projected at 6.3 percent.

### Sectoral Prospects

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<th>Sector</th>
<th>2018</th>
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<th>2020</th>
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<tr>
<td>GDP by industry at market prices, constant prices</td>
<td>6.3</td>
<td>9.0</td>
<td>9.7</td>
</tr>
<tr>
<td>GDP by industry at basic prices, constant prices</td>
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<td>9.0</td>
<td>9.7</td>
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<td>13.0</td>
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<tr>
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<td>Human health and social work activities</td>
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<td>Private’s education and health</td>
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<td>Households-related services</td>
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<td>Real estate activities</td>
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<td>Other service activities</td>
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<tr>
<td>Private households with employed persons</td>
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Source: Ministry of Finance and Economic Development, Reserve Bank, ZIMSTAT
693. Over the Programme outlook, the economy is projected to grow by 9 percent in 2019, and 9.7 percent in 2020. This growth will be underpinned by renewed business confidence and investment opportunities as the New Dispensation opens up Zimbabwe for Business across all sectors of the economy.

(xii) SMART AGRICULTURE

694. Agriculture presents quick-win investment opportunities for realisation of self-sufficiency and food surpluses that will see the re-emergence of Zimbabwe as a major contributor to agricultural production and regional food security in Southern Africa.

695. In this regard, the Transitional Stabilisation Programme acknowledges agriculture as a low hanging investment that is inclusive to many, embracing rural communities that would otherwise remain idle.

<table>
<thead>
<tr>
<th>Crop &amp; Livestock Output ('000'tons)</th>
<th>Weight</th>
<th>2017 est</th>
<th>2018 proj</th>
<th>2019 proj</th>
<th>2020 proj</th>
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<tr>
<td>Overall Growth</td>
<td>100</td>
<td>14.8</td>
<td>12.4</td>
<td>9.4</td>
<td>16.2</td>
</tr>
<tr>
<td>Tobacco (flue cured)</td>
<td>25.5</td>
<td>190</td>
<td>252</td>
<td>255</td>
<td>260</td>
</tr>
<tr>
<td>Maize</td>
<td>14.0</td>
<td>2,155</td>
<td>1700</td>
<td>1900</td>
<td>2400</td>
</tr>
<tr>
<td>Beef</td>
<td>10.2</td>
<td>72</td>
<td>77</td>
<td>90</td>
<td>120</td>
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<tr>
<td>Cotton</td>
<td>12.5</td>
<td>75</td>
<td>130</td>
<td>200</td>
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<tr>
<td>Sugarcane</td>
<td>6.8</td>
<td>4,350</td>
<td>5000</td>
<td>5200</td>
<td>6900</td>
</tr>
<tr>
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<td>190</td>
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<tr>
<td>Horticulure</td>
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<td>71</td>
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<td>9</td>
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<tr>
<td>Pork</td>
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<td>10.0</td>
<td>11.0</td>
<td>12.0</td>
<td>15</td>
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<td>Barley</td>
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<td>30</td>
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<td>Sheep &amp; Goats</td>
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<td>5.00</td>
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<td>Ostriches</td>
<td>0.1</td>
<td>19</td>
<td>19.00</td>
<td>19.00</td>
<td>19.00</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance and Economic Development, Ministry of Agriculture, AMA, RBZ, ZIMSTAT.
696. Growth in agriculture is premised on performance of cash crops such as tobacco, cotton, sugar cane and soya beans.

**Opportunities in Agriculture**

697. The returns from investment in agriculture extend to gains arising out of increased agricultural production, agro-processing, and much higher immediate generation of the much needed scarce foreign exchange.

698. Investment in agriculture also offers immediate scope for job opportunities, especially for an empowered youthful and skilled workforce.

699. Vision 2030’s quest for full, efficient and sustainable utilisation of land requires interventions to overcome some of the risks related to sustainable funding of agriculture, and reducing dependency on rain-fed agriculture, and vulnerability to periodic droughts.

700. The Transitional Stabilisation Programme, hence, is underpinned by measures for continuing further stimulation of agricultural production, with a thrust for boosting farm productivity and farm yields.

701. The Programme recognises the need for greater involvement and participation of the private sector with regards to financing, contract farming arrangements that also provide skills support and extension for various agricultural commodities.

702. This should allow space for strengthening and broadening direct Government support for greater participation in agricultural production by vulnerable households.

**Financing of Agriculture**

703. The Transitional Stabilisation Programme envisages greater involvement of the domestic financial system in underpinning financing of agriculture.
This will complement Government/private sector partnership interventions under the Special Agriculture Production Programme, popularly coined ‘Command Agriculture’.

This was also in response to financing challenges which face the new farmer and, hence, hindering full productive utilisation of land, leaving much farmland idle, and unaccountability on the part of the farmer.

The under-utilisation of land was guaranteed to continue unabated, in the absence of decisive intervention support, that way perpetuating food insecurity and over-dependency on imports.

To untangle this risk, Government intervened with the introduction of the Special Agriculture Production Programme, embracing a number of crops and livestock.

Under this model, the individual farmer remains responsible and accountable for honouring repayment of obligations arising under extended financing facilities.

*Transition to Sustainable Funding & Farmer Incubation*

The Transitional Stabilisation Programme recognises that, in the interim, the new farmer would need to be incubated and learn the ropes, necessitating adoption of collaborative financing models by Government and the private sector.

In this regard, heavy reliance on Government of the Special Agriculture Production Programme will be gradually reduced as initiatives to enhance private sector support gather momentum, that way overcoming potential development of voids in capacitating production by the farmer.

This will also entail introduction, from the last half of 2019, of such innovations as the Voucher System, also targeted at helping reduce inefficiencies.
712. Hence, as we move forward beyond 2020, Government will focus on supporting vulnerable households, while private sector and commercial bank finance will be required to fully take up its rightful role of adequately underpinning agriculture, particularly A2 commercial farmers where challenges of access to financing is also linked to rule of law and security of tenure.

713. In order to facilitate this, Government engaged financial institutions on bankable 99 year leases, culminating in recent amendments acceptable to the banking sector, over and above enforcement of the rule of law and guaranteeing security of tenure under the New Dispensation.

714. Currently, banks are still reluctant to accept the 99-year lease also on account of tradability, a major impediment to acceptability.

715. Government remains available to overcome any challenges that might be encountered by farmers and banks with regards to acceptability, for borrowing from local banks, of the new version of Zimbabwe’s 99-year land leases issued to farmers.

716. It is, therefore, expected that all commercial farmers will be issued with the new leases which allows them access to funding from financial institutions. The submission of viable farming proposals for loan funding by banks also remains central.

717. The individual farmer will remain responsible and accountable for honouring repayment of obligations arising under extended financing facilities.

*Special Agriculture Production Initiative*

718. The Transitional Stabilisation Programme targets further support towards the Special Agriculture Production Initiative, coined ‘*Command Agriculture*’, for the 2018-2020 Winter Wheat crops, as well as the 2018 to 2020 Summer and Winter croppings.
719. Support towards the Special Agriculture Initiative, which has done a lot for poor farmers, is extended beyond cropping to embrace livestock, wildlife, poultry and fisheries.

720. This targets quick win realisation of agricultural production, incomes, agro-processing inputs into manufacturing, and agricultural exports.

721. The thrust will be on guaranteeing adequate and timely availability of agricultural inputs, extension and other support services towards stimulating production and farmer productivity.

722. The funding arrangements of the interventions under the Special Agriculture Production Initiative envisage growing involvement of private capital and financing of food security, as Budget fiscal space is enhanced towards anchoring other developmental infrastructure projects and programmes.

Winter Wheat

723. Government, with the participation of private sector players, will coordinate programmes towards the country’s wheat crop production to complement wheat imports which are used for gristing with local produce.

724. The transitional winter wheat production programmes cover winters for 2018 as well as over 2019-2020, targeting growth in wheat hectarage to raise crop output to 400 000 tons.

725. This is also against the background of Programme targets to improve wheat production yield levels to averages of 6 tons per hectare, with wheat productivity benefitting from innovative production transformational initiatives.
726. The 2018-2020 winter wheat production initiative targets supporting farmers to put over 60 000 hectares under the winter wheat crop, with support from the private sector.

727. Of this, 50 000 hectares relate to the Special Agricultural Production Initiative under which wheat farmers will access their inputs requirements.

728. The estimated Winter Wheat Crop Inputs Requirements are estimated to cost over US$60 million, with the critical inputs being:
   • Wheat seed.
   • Fertilizers.
   • Fuel.
   • Chemicals.

729. An indicative Input Requirement for 50 000 hectares for Winter Wheat Crop is reflected in Annexure 8.

730. The financial terms and conditions of the typical private sector Facility require Government security, through either Guarantees or Issuance of paper.

731. The other financial terms for a typical US$60 million Facility are:
   • Tenor, 364 days.
   • Facility Fee, 1 percent.
   • Interest Rate, 4 percent per annum.

Participation

732. As at 17 July 2018, a total of 34 142 hectares of winter wheat had been planted, of which 22 742 hectares is under the Special Agriculture Production Initiative.
733. Contract farming arrangements by other private sector partners provided support for the other 11 400 hectares for production of the 2018 winter crop.

2019 Winter Wheat Crop

734. Going forward, Zimbabwe should minimise imports of wheat and this entails putting a bigger hectarage under the crop and achieving high yields. In this regard, wheat output for 2019 is targeted to increase to 300 000 tons.

735. The GMB will acquire maize driers so that it can accept maize with a moisture content of 14.5 percent, higher than the current requirement of 12.5 percent, that way farmers will be able to deliver the crop early, freeing up valuable land to be put under the winter wheat crop.

736. Furthermore, Government will prioritise wheat farmers under its various irrigation rehabilitation and development initiatives.

737. This should also benefit farming of wheat by small irrigation plot holders, most of whom find it uneconomic to sustain production.

Summer Cropping

738. The Transitional Stabilisation Programme also provides for Government coordination of support for the 2018/19, and 2019/2020 summer cropping programmes under various windows, through the provision of financing, inputs as well as extension services.

739. The Programme targets food security and production of surpluses for the export markets that contribute towards export generation.
**Maize Production**

740. With regards to Maize production, the Programme targets to put 2.2 million hectares under the crop, with an estimated output of 2.5 million tons, enough to meet the national requirement of 2 million tons.

741. The financing framework supportive of maize crop production for the 2018/19 crop is under the following arrangements:

- Special Maize Production Initiative, with Private Sector support, and targeting 300 000 hectares.
- Vulnerable Households Inputs Support Scheme, with Development Partner support, and targeting 1.3 million hectares.
- Private Contract Farming arrangements, and Farmer own initiatives, and targeting 600 000 hectares.

**Special Maize Production Initiative**

742. The Transitional Stabilisation Programme is targeting 300 000 hectares for maize under the Special Maize Production Initiative, out of which 200 000 hectares will be under dry land and 100 000 hectares under irrigation at an estimated total cost of US$318.4 million.

743. Funding for the Special Maize Production Initiative will be from private sector facilities, with Government providing the required guarantees.

**Maize Yields**

744. While the envisaged interventions are expected to lead to much higher output, we should strive to achieve much higher production under the New Dispensation.

745. It is desirable that maize production increases to an annual average of 3.5 million tons.
746. Zimbabwe should match or surpass national yields that are being achieved by our regional counterparts. This requires an increase in mechanisation, research and extension services, as current land productivity yields are comparatively very low.

747. In this regard, Government will provide more resources to AREX and agricultural research institutions so that appropriate knowledge is imparted to farmers with a view to adopting agronomic practices that lead to higher yields, implying that much higher production levels can be attained from the same land hectarages.

**Presidential Vulnerable Households Inputs**

748. The Programme recognises lessons on social protection, both from the Harmonised Cash Transfers, as well as from the Zimbabwe Resilience Building Fund, that provide more sustainable ways to support vulnerable households and allow them to escape the poverty trap, that assistance to vulnerable households needs to go beyond food assistance.

749. This is also in line with Sustainable Development Goals 1 and 2, which aspire to ‘End poverty in all its forms everywhere,’ as well as ‘End hunger, achieve food security, and improve nutrition, and promote sustainable agriculture,’ respectively.

750. Hence, under the Presidential Vulnerable Households Inputs Scheme, Government will provide grain inputs targeting over 2 million vulnerable households for maize and small grains, at an estimated cost of US$154 million.

751. The Presidential Vulnerable Households Inputs Scheme is meant to empower poor citizens at household level participate towards household, as well as national food security.

752. This Scheme targets availing identified individual households with input packs, comprising:
753. Identification and registration of farmers that benefit under the Presidential Vulnerable Households Inputs Scheme is informed by Means Tests that involve local community participation.

754. The Transitional Stabilisation Programme acknowledges the readiness of Development Partners to complement Government efforts towards meeting some of the funding requirements for provision of agricultural inputs for identified vulnerable households.

755. Hence, the necessary appeals to Development Partners will be communicated through the normal Diplomatic and other processes.

*Contract Farming Arrangements*

756. The Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement will coordinate and facilitate various private sector initiatives in support of Contract Farming, also across various other agricultural commodities that include sorghum, millet, barley, sugar beans, navy beans, cow peas, macadamia nuts, paprika, chillies, chia, and sesame, among others.

*Plugging Leakages in Supply of Inputs*

757. The world over, supply driven public programmes often contain risks of leakages along the distribution chain.

758. Often, these relate to:
• Procurement processes which are not always transparent, in the absence of competitive bidding in the supply of inputs to ensure value for money and to protect local inputs suppliers.
• Input price negotiations, outside tender arrangements.
• Supply of expired inputs, and in some instances ineffective alternative substitutes, in the absence of tighter clearance and monitoring systems.
• Weak and inconsistent adherence to operational and accounting procedures.
• Accountability of beneficiaries following collection of inputs.
• Improper storage and handling of inputs at centralised collection points.

759. Hence, the Transitional Stabilisation Programme targets further strengthening of control and monitoring systems over agricultural inputs, at every stage of the inputs supply and distribution chain, and also to avoid pilferage, and piling up of inputs with no takers at GMB depots.

760. This will also overcome control challenges over inputs delivered and distributed beyond recommended application window periods, mostly seeds, herbicides and fertilizers.

761. This will be under both the Special Agriculture Production Initiative as well as the Vulnerable Households Inputs Support Scheme, to ensure accountability over delivered crop and livestock agriculture inputs, as well as beneficiary facility obligations under irrigation rehabilitation and farm mechanisation support schemes.

762. Furthermore, strengthening of Government oversight will extend to rolling out of the Electronic Farmer Data Management System to District level by December 2018, to create a credible database of farmers’ obligations and performance under the Special Agriculture Production Initiative.
763. Also important will, among others, be:

- Reconciliation of inputs deliveries under both Schemes.
- Enforcing monthly monitoring of both financial and physical performance of inputs schemes, that way verifying actual physical stocks against recorded inputs surpluses.
- Refusal of acknowledgements of all purported inputs supplies that are not provided for under Financial Agreements between Government and private sector financiers.
- Strengthening administration of stop order forms at GMB depots for inputs collected by farmers.
- Strengthening Government capacity to monitor utilisation of foreign currency allocated for importation of inputs.

764. To enhance efficiency, the inputs supply programmes would graduate towards voucher systems that embrace beneficiary demand based approaches.

_Soya Beans_

765. Hectarage of 60 000 hectares is earmarked to be put under the 2018/19 season soya bean crop.

766. This is estimated to yield a crop production level of 100 000 tons, which should contribute to reducing the soya bean import bill for the edible oil industry.

767. Funding for the crop will be from private sector financing facilities under the Special Agriculture Production Initiative, targeting 50 000 hectares at an estimated cost of US$35.3 million, while the remainder will be funded through Contract Farming arrangements with individual farmers.

768. Government will also continue to further improve the marketing mechanisms for soya beans in order to encourage intensive production of the crop and limit pressures
to import the commodity from other markets, as well as incentivise farmers and motivate them to improve on production output which currently is still below the national requirement of 340 000 tons.

769. This will entail continuous review of the producer price for soya beans, as well as provision of extension services to enhance efficiency by farmers to increase output per hectare.

Cotton

770. Vision 2030 envisages the continued promotion of the growing of cotton as it is one of the country’s major sources of agricultural exports and income for rural communities in those areas of the country that are relatively hot and receive below average rainfall.

Revival of Cotton Production

771. The revival of cotton production is creating thousands of jobs directly and indirectly, as well as uplifting livelihoods of nearly 400 000 small-holder farmers who had abandoned the crop, mainly due to poor prices, particularly by private companies whose funding schemes were also exploitative.

772. Traditionally, higher returns on cotton production had always meant that rural farmers were able to fund a significant component of their cotton farming themselves, with the country at its peak producing 350 000 tons.

Cotton Input Scheme

773. The Cotton Input Subsidy Scheme has seen production rise from 28 000 tons in 2015 to 74 000 tons in 2017.

774. Production in 2018 surpassed the previous year’s output, and the coming production is on course to meeting targets, with the ultimate goal exceeding output levels of 352 000 tons by 2025.
775. The Inputs Support Scheme for cotton for 2018/19 is targeting over 400,000 hectares under cotton for 1.3 million households. This is expected to produce over 200,000 tons, across the country’s dry regions.

Marketing of Cotton

776. Furthermore, Government will also enhance the enforcement of SI 142 of 2009, which regulates the entire cotton value chain, from production to marketing, and prohibits a buyer to buy cotton from a grower contracted by another merchant.

777. This will assist in decisively dealing with the problem of side marketing of the crop that has resulted in poor loan recovery by contractors and threatened the viability of contracting companies, which has led to contractors either scaling down their investment in cotton contract farming or exiting the sector.

Regulatory Enforcement

778. In this regard, Government will require the Agriculture Marketing Authority to improve on the current weak regulatory enforcement in cotton marketing, following Government support to small-scale farmers with inputs.

779. The Agriculture Marketing Authority is the State regulatory body charged to ensure orderly marketing of cotton, and curbing side-marketing, largely perpetrated by private firms.

780. This will ensure that when a farmer has been supported by a company, that farmer should honour their obligation in terms of selling the produce through the supporting company.
**Inputs Availability**

*Seed Supplies*

781. The Transitional Stabilisation Programme targets for the 2018/19 summer cropping require the ever ready preparedness of Seed Houses with regards to timely availability of seed\(^3\) for all the targeted crops.

782. This will also take into account the country’s agricultural natural regions’ requirements in terms of seed varieties.

*Support to Fertilizer Producers*

783. The Transitional Stabilisation Programme targets continued capacitation of the local fertilizers industry.

784. Central remains enhancing production, fully taking advantage of the existing capacities at the domestic fertilizer producers, in particular, Sable Chemicals, Windmill, Omnia, and the Zimbabwe Fertilizer Company.

785. Vision 2030’s ultimate objective will be to gradually reduce over-reliance on imports, initially in terms of finished compound fertilizers, and then raw materials used for production of fertilizers.

786. This would not only save foreign currency, but also lower farmers’ production costs and, hence, enhance viability.

*Farm Mechanisation*

787. Vision 2030 prioritises improving agricultural productivity, through promotion of market based investments in sustainable farm mechanisation programmes that

\(^3\) Please refer to Annexure 9
improve farmer access to agricultural equipment and implements under either purchase or leasing arrangements.

788. Land Reform beneficiary farmers continue to lack access to farming equipment, resulting in perennial capacity challenges to conduct early land preparation, timeous harvesting of produce, and lack of on-farm storage and processing facilities.

789. This impacts on cropping intensity, quality of operations, precision and timely planting of crops, leading to farm losses at different stages of crop production.

790. In this regard, the Transitional Stabilisation Programme targets improved farm mechanisation to enhance overall agricultural productivity, and reduced reliance on draught animals and human labour, which is no longer readily available to the newly resettled farmer as most of the potential workers also turn out to be beneficiaries of land reform.

791. Given that the capital intensive nature of farm mechanisation requirements is far beyond the reach of many new farmers, Transitional Stabilisation Programme interventions by Government, the private sector, and financial institutions will be put in place.

792. To improve on agricultural production and productivity, some estimates indicate the need to commit and channel more than 30 percent of the total agriculture requirements towards mechanisation.

    Acquisition of Equipment

793. The growth of agricultural production hinges on farmers being able to access optimal mechanisation on their farms, supplied from locally manufactured equipment, as well as importation of equipment that cannot be manufactured locally.
794. Such equipment includes combine harvesters, tractors, pneumatic planters and motorised boom-sprayers, with Zimbabwe previously benefitting through various facilities arranged to facilitate importation.

795. Given the costs involved, provision and expansion of mechanisation will also necessitate support for hiring of tillage and harvesting equipment.

### Agricultural Land Requiring Mechanisation

<table>
<thead>
<tr>
<th>Area Description</th>
<th>Total Area (Ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total arable area in the country</td>
<td>4.31 million</td>
</tr>
<tr>
<td>Area under animal and manual draft power</td>
<td>1.0 million</td>
</tr>
<tr>
<td>Area under motorised draft power</td>
<td>0.5 million</td>
</tr>
<tr>
<td>Total area requiring farm mechanisation</td>
<td>2.8 million</td>
</tr>
</tbody>
</table>

796. Access to provision of back-up services, advice and guidance through local agricultural equipment distributors and dealerships, adequately stocked with critical accessories and spare parts, is also necessary.

### Tillage Status

797. Currently, there is an estimated deficit of more than 30 000 tractors\(^4\) and related implements, negatively impacting on tillage, a critical operation in cropping, crop intensity, and farm productivity.

798. The Transitional Stabilisation Programme recognises that more than 80 percent of farmers do not have adequate equipment for tillage, hence, repair and refurbishment of existing farm equipment will boost private tillage equipment available for hire.

799. This will assist towards matching tillage capacity to seeds and fertilizers availed to contracted farmers under Government supported programmes.

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\(^4\) Annexure 10 shows the National farm mechanisation requirements
Harvesting and Drying Status

800. Drying of grains is proving to be of paramount importance as farmers are failing to harvest their grains timeously to allow for early land preparations.

801. This is often on account of lack of access to harvesting equipment. In particular, the harvesting of winter wheat remains a huge challenge as most farmers dismally fail to harvest their wheat timeously, with onset of the summer rains often catching up on the un-harvested wheat, resulting in significant crop losses.

802. While the national requirement for combine harvesters is estimated at 500, the country has only 95 functioning combine harvesters, with a total of 130 combine harvesters non-functional and in need of repair.

803. Equipment needed for harvesting includes shellers, tractor-drawn combine harvesters and motorised combine harvesters.

Repair of Equipment

804. A lot of useful equipment is lying idle due to lack of finance by farmers to repair or refurbish them, with surveys indicating that the country has more than 3 000 malfunctioning tractors and related implements which can be revived to increase the total area under mechanisation.

805. Indications are that there are also numerous dryers which can be put back into operation after refurbishment.

Local Manufacture of Implements

806. The Transitional Stabilisation Programme champions support for increased local manufacture of agricultural equipment, with downstream benefits to both formal and informal local industry which has already demonstrated the capacity to produce
such agricultural equipment as rippers, ploughs, harrows, planters, boom-sprayers, trailers and grain dryers.

807. This should also benefit from channelling of resources towards innovative and adaptive research and technology development.

808. Growth in agricultural production should, therefore, boost opportunities for domestic assembly of such equipment as tractors, and manufacture of other farm mechanisation implements.

Access to Tillage & Harvesting Services

809. The Transitional Stabilisation Programme will, thus, also target supporting farmers with repairs of tillage and harvesting equipment under the 2018/19 summer cropping season.

810. Already, under the Command Agriculture Programme, Government availed, on a cost recovery basis, US$10 million which was used for the repairs and servicing of mechanised farm implements held by individual farmers.

811. This should see farmers without equipment being able to access the equipment for their field operations, hence, increasing agricultural production.

812. This made the following implements available in support of capacitation of approximately 30 000 hectares for use under agricultural production:

- Tractors, 237.
- Disc ploughs, 38.
- Disc harrows, 89.
- Planters, 10.
- Boom sprayers, 4.
- Combine harvesters, 35.
- Grain Driers, 2.
813. Beneficiary farmers under this facility will be required to assist provide tillage and harvesting services to other farmers without the necessary equipment and machinery.

814. Further, Government targets funding the procurement of an additional 20 combine harvesters, 20 driers and 20 threshers at a cost of US$10 million.

815. Government will identify farmers who will acquire this equipment on hire purchase or credit arrangements where payment will also be in the form of grain delivery through the Grain Marketing Board.

816. In addition, the private sector is also complementing Government in the procurement of 20 mobile driers and 12 fixed driers for installation at GMB depots, countrywide.

*Demand Driven Mechanisation*

817. The Transitional Stabilisation Programme recognises the need for farmers to graduate from practices where the greater part of their requirements, for such equipment as tractors, and disc ploughs, is provided for by Government.

818. Movement towards a market based supply and demand driven approach would be more efficient and sustainable, and also reducing the greater burden of reliance on the fiscus.

819. Government would provide and target the necessary incentives, such as extending duty concessions on importation of mechanisation equipment to also include spares.

*Productivity & Yields*

820. The Transitional Stabilisation Programme also targets improvement in crop productivity yields, with current yield levels necessitating unsustainable high producer prices for grains, cotton, soya, among other food crops.
821. Maize production yield outputs of 1.1 tons per hectare are too low compared to best practices of over 7-8 tons per hectare.

822. Similarly, low yield levels make production of wheat by the average small irrigation plot holder uneconomic to the farmers, even at the prevailing producer prices which are much higher than import parity thresholds.

823. At these levels of producer price, it will remain difficult for Zimbabwe to meaningfully compete and participate in both regional and international agricultural commodity export markets.

824. However, the prevailing structures of agricultural subsidies with regards to the pricing structure for local maize, cotton, soya beans and wheat can only be a transitory agriculture support arrangement.

825. The unparalleled support to agriculture is in acknowledgement of the anchor role agriculture occupies under this stage of the economy’s development given that more than 70 percent of our people earn their livelihoods from farming, with links to other sectors of the economy, most notably agro-processing.

826. The benefits of agriculture extend to include upstream and downstream benefits through supply of raw material inputs into agro-processing, and consumption.

827. In this regard, 60 percent of agricultural output is supplied as inputs into manufacturing, with the remainder of 40 percent destined direct into the consumer market.

   Anchor Farmers

828. The Transitional Stabilisation Programme underscores the need to raise productivity on agricultural farm land.
829. Central to this is further targeted capacitation of the new farmer, in particular those venturing into farming as beneficiaries of the Land Reform programme.

830. As acknowledged in the 2018 National Budget, “key to improving agriculture productivity is the provision of extension and technical services to small-holder farmers who, in most cases, lack the expertise to cultivate and market their produce”.

831. While the Programme envisages improving the skills and know-how of farmers through training, as well as provision of extension services and access to agricultural research, the new farmer would also need to benefit from exposure through learning by interacting with established farmers.

832. Hence, the Programme supports strategic partnerships for some of the new and small scale farmers under the Anchor Farmer concept.

833. This integrates commercial farming and small-holder farmer outreach, providing farmers with access to inputs, agronomic advice, and markets.

834. In support of such partnerships, the 2018 Budget proposed a 150 percent allowable deduction on expenditure related to technical and support services availed to small-holder farmers by anchor farmers.

Tobacco

835. The democratisation of agriculture, following land reform, has empowered entry of new farmers into tobacco farming.

836. Tobacco is, over the recent past, increasingly becoming the major source of income and livelihood for the new farmer, and a significant source of foreign currency for the entire economy.
837. In 2018, tobacco farmers are estimated to earn over US$740 million from close to 253 million kgs delivered to the end of the marketing season.

838. With the 2018 marketing season average prices upwards of US$2.92, the Programme projects sustained growth in tobacco output, with the 2018/19 cropping season targeting putting 128 000 hectares under tobacco.

839. This is estimated to yield a crop in excess of 255 million kgs, funded from private sector Contract Farming arrangements, as well as own farmer initiatives.

840. Thereafter, even higher yields are anticipated as farmers are further capacitated through extension of the Special Agriculture Production Initiative that is being championed by the Tobacco Industry and Marketing Board under the Reserve Bank Tobacco Finance Scheme.

841. The Transitional Stabilisation Programme also targets to improve the tobacco marketing mechanisms through the operationalisation of the electronic auctioning system, as well as decentralisation of Auction Floors.

**Deforestation**

842. The tobacco industry needs to be looked at specifically on sustainability. In the absence of woodlots targeted at curing of tobacco, this would represent tobacco farming as a major player in deforestation.

843. Hence, recognising the important economic impact of the industry, the Programme is supporting enhancement of interventions to develop tree woodlots, around tobacco farming areas and larger farms, in support of curing of tobacco.

**Coffee**

844. Vision 2030 envisages implementation of strategies to recover coffee production which, at its peak, employed over 20 000 workers, contributed 2.1 percent to GDP, and US$54 million in exports.
845. Zimbabwe produces the milder tasting, and more expensive Arabica coffee variety, with peak production realised in 1987-88.

846. Virtual collapse of the coffee sector had reduced production from heights of 15 000 tons to a negligible 200 tons in 2017, rendering idle the country’s 3 coffee mills’ combined annual processing capacity of 50 000 tons.

847. Several large commercial farmers and small scale farmers exited the sector, leaving only 2 active large scale producers – Crake Valley Farm and Tanganda Tea Estates—on 300 hectares and 392 small-holders on 79 hectares.

848. Production targets under the country’s Strategic Review of the Coffee Sub-Sector, are:
   • 6 300 tons in 2018, and progressively to,
   • 10 000 tons by 2024.

849. The Strategy to generate such higher levels of coffee production will require about US$60 million, with US$16 million required in the first 2 years to maintain existing coffee plantations, and establish 4 700 hectares under coffee.

850. The Programme projects generation of US$25 million from the coffee sector from 2018, with about 2 000 small scale farmers being drafted into coffee production.

851. With coffee seedlings requiring 8 months to nurture, and 3 years to mature, and meaningful harvests only realised in the fourth year, retaining and training of more specialists are part of the initiatives to recover the coffee sector, and increase the country’s production of export quality product.

852. Already, Nestle’s Nespresso unit alone, is supporting over 400 small-scale farmers to revive Zimbabwe’s ailing coffee industry by providing training and technical
assistance under its Coffee Sustainability Production Programme over the next 5 years.

853. The company expects to buy more than 95 percent of the high quality coffee from the small-holder farmers, and that the commodity will be available to global consumers from 2019.

*Sugarcane*

854. The completion of Tugwi-Mukosi dam and the higher water levels in the dams that supply irrigation water to sugarcane farms in the Lowveld such as Manyuchi and Lake Mutirikwi is expected to impact positively on the production of sugarcane.

855. In this regard, sugarcane production is expected to grow by 12 percent in 2018 to 4.9 million tons, up from 4.35 million tons in 2017, benefiting from improved availability of water for irrigation.

856. The Transitional Stabilisation Programme envisages continued growth in sugarcane output during the Programme period with output in 2019 expected to increase by 4 percent to 5.2 million tons.

857. This is anticipated to increase exports and foreign currency generation as 35 percent of sugar produced in Zimbabwe is exported, as well as positively feed into the production of ethanol.

858. Sugarcane production is also expected to benefit from the major private producers’ own investment initiatives, such as Green Fuels, to expand ethanol production from around 75 million litres in 2018 to around 90 million litres in 2019, through planting an additional 1 500 hectares.

859. Furthermore, Tongaat Hulett envisages to invest US$40 million to complete the transformation of around 4 000 hectares of virgin land into cane fields under a project
dubbed “Kilimanjaro Sugarcane Expansion”, which was stopped in 2014 after only 203 hectares had been developed.

860. This is expected to increase Tongaat Hulett’s sugar production to over 1 million tons over the Transitional Stabilisation Programme period, as well as empower over 200 indigenous out-grower farmers through allocation of new developed cane fields with a potential to create over 3 500 direct jobs.

Horticulture

861. Horticulture had, prior to the Land Reform, been a growing sector, becoming a major foreign currency earner after tobacco, and a source of employment opportunities down its value chain.

862. However, activity in the sector slowed down due to various challenges relating to access to finance, technical expertise, poor coordination, and access to export markets following the Land Reform.

863. This has seen the sector’s foreign currency earnings plummeting from a peak of US$143 million, or 10 percent of total exports in the 1999-2000 season, to as low as US$83 million by end 2016.

864. The Transitional Stabilisation Programme, therefore, seeks the revival of the horticulture sector under the Horticulture Policy targeting:

• Removal of all regulatory impediments.
• Promotion of private sector financing mechanisms.
• Development of efficient co-ordinated fresh produce markets, drawing from regional best practices.
• Standardisation of quality practices, including food and hygiene requirements for both the domestic and export markets.
• Provision of technical expertise and extension services, to assist both commercial farmers and small-holder farming communities improve productivity.

• Development of an incentive structure for the larger established horticulture producers to act as anchor farmers to nurture the less experienced small-holder farmers.

865. Furthermore, Government will also be working with the country’s trade promotion bodies to explore market opportunities for our local products into the lucrative regional and international export markets.

Livestock

866. Vision 2030 envisages a full revival of the livestock sector in terms of the size and quality of the national herd, benefitting improved supply along the livestock value chain, and providing for national and export markets requirements.

867. The Transitional Stabilisation Programme has, therefore, put in place a US$440 million Facility to capacitate potential livestock farmers for the period August 2018 to December 2020.

868. Funding for the Facility will be availed through the private sector, with Government providing guarantees for the following:

• Beef and dairy, US$200 million.
• Poultry, US$42 million.
• Sheep and goats, US$11 million.
• Piggery, US$30 million.

869. Beneficiary farmers under this Facility will be required to demonstrate their capacity and performance, including prospects for exporting.
870. An initial amount of under US$100 million has been mobilised, and to be applied to the following:

- Installation of game fence, paddocking, dipping and water points, US$80 million.
- Beef cattle financing scheme, US$10 million.
- Poultry production, US$2 million.

Beef Cattle

871. Resource requirements targeting quick-win revival of beef cattle production are estimated to cost US$63.3 million, of which US$32 million will be for restocking and the balance for support services.

872. The initiative will benefit provision of heifers to farmers in the predominately livestock producing and drier Provinces of Matabeleland North and South, and southern parts of Manicaland, Masvingo and Midlands.

873. Mobilised resources for supporting farmers’ livestock programmes will be under the following terms:

- Tenor, 3 years.
- Interest rate, 4 percent per annum.

874. To date, a total of 1 289 heifers had been procured at a cost of US$1.7 million, with 648 already distributed to beneficiaries in Matabeleland South.

Dipping

875. Government will also be exploring the option of electronic ear tagging to the dip tanks of origin in order to aid in movement control and stock theft.
Furthermore, an amount of US$25 million will be mobilised towards dip tank construction in unserved areas as well as rehabilitation and maintenance of existing assets over and above the provisions for dipping chemicals.

**Dairy**

The Dairy Revitalisation Programme targets increasing the dairy herd to double the country's raw milk production from 67 million litres in 2017, to 131 million litres within four years.

This will result in the country meeting national milk demand, estimated at 120 million litres, as well as exporting into the region.

The size of the present national dairy herd is estimated at 28 000 cows, down from peaks of about 122 000 cows during the 1990s.

Currently, Zimbabwe imports approximately 60 percent of its milk requirements from South Africa, implying under-utilisation of the existing domestic milk processing capacity of 400 million litres per year.

The challenges in the dairy industry relate to:

- Low herd sizes.
- Inefficient production systems.
- Low milk yields of 2.5 litres per cow per day.
- High production and maintenance costs.
- Shortage of water and stock feeds.
- Erratic weather patterns.
- Unavailability of long-term funding.
- Lack of equipment.
882. Milk yields are especially low among the small-holder producers, owing to poor farmer management capacities and breeding practices, among other factors.

883. Financial resources in support of recovering milk production, with average milk production yields per cow increasing to 15 litres per day, will be realised through:

• Mutual public private partnerships.
• Joint ventures.
• Commercial investment.
• Coordinated donor funding into dairy farming.

884. As part of the strategic plan, farmers are planning on increasing the herd size and quality (breed) of animals, implementation of more efficient production systems and influencing a conducive policy and regulatory environment for dairy farmers.

885. The estimated funding requirements in support of realising this are estimated at US$46 million towards:

• Supporting growth in the dairy herd by 14 000 heifers in three years, US$26.5 million.
• Capacitating dairy farmers with appropriate machinery, US$18.5 million.

886. With regards to improved herd genetics, access to affordable, quality semen through artificial insemination is targeted to be in place for over 80 percent of farmers by end of December 2018, with individual farmers capacitated to develop their own farm breeding plans.

887. The Transitional Stabilisation Programme acknowledges private sector heifer import initiatives to recover the national dairy herd which had been decimated by disease outbreaks and farm upheavals following land reform.
888. Most notable have been efforts by dairy value chain companies, with Zimbabwe Stock Exchange listed Dairiboard importing over 1 000 heifers to boost milk production in the country.

889. Nestle also had its own dairy revolving fund scheme meant to boost milk output and by 2016 had imported more than 1 200 dairy cows.

890. Dairy farmers have also been importing cows in their individual capacities. However, the country cannot continue to solely rely on importing heifers, hence, a special programme to promote local breeding is part of the Transitional Stabilisation Programme, leveraging on A1 technology which reduces spread of venereal diseases in farm stock.

891. The Programme incorporates revival of vibrant research centres, including Henderson and Grasslands research centres, central to recovery of the dairy sector.

_Tenure on Dairy Farms_

892. The New Dispensation has started issuance of 99 year leases to dairy farmers as is the case with other farmers, in order to guarantee increased investment on farms.

893. This is in recognition of the reality that limiting issuance of farm leases to A2 dairy farmers, the case under the Old Dispensation, is not conducive for farmers to undertake costly large investments to enhance primary milk production.

894. Farmers in the dairy sector require a cycle of not less than five years to recoup their investments.

895. It takes nine months to carry a calf in the womb, which also needs up to 24 months before that calf can go on to the bulls, and then it will carry another nine months before it drops the calf.
Foot & Mouth

896. Challenges related to foot and mouth disease outbreaks have undermined growth of livestock development across the Provinces.

897. This necessitates strengthening of veterinary services in a bid to contain spread of outbreaks to other parts of the country.

898. Consistent with the Animal Health Act, Chapter 19:01 of 1996, Government will be enforcing animal movement control regulations to stop the occurrence and spread of foot and mouth disease from high risk areas (Red Zones) to low risk areas (Green Zones), occasioned mainly through livestock traders.

899. This will be complemented by routine vaccination of livestock against foot and mouth disease in high risk areas as well as control vaccination whenever there is an outbreak.

900. Ring-fencing of foreign exchange resources to procure vaccines, estimated to cost US$4.4 million per year, is envisaged under the Programme.

901. Veterinary teams will remain on standby, ready to conduct ring vaccinations to curb spread of infections. This entails vaccinating from outside going inside towards the infected areas to avoid further spread of the disease.

902. Where there are outbreaks, quarantine will be enforced and there will be no movement of cattle either to or from affected areas. Monitoring of cattle movements will facilitate control and the extent of disease outbreaks.

903. Awareness campaigns will complement veterinary efforts to control movements of cattle.
ZimParks Buffer Zones

904. Initiatives to control the spread of foot and mouth disease are being undermined by absence of game fences around the country's national parks and conservancies.

905. Interventions to minimise cross border infection in order to reduce the spread of Foot and Mouth disease in place include the construction of game fences around such national parks as Gonarezhou and Save Conservancy, among others.

906. This will be embarked upon as a phased Foot and Mouth Disease Control Fence Programme, critical to improving the quality of our livestock and prospects for beef exports.

907. The Programme, estimated to cost US$55.6 million, targets erection of fences around Gonarezhou, Hwange, Gokwe, Kariba, Mbire and Mudzi areas.

908. To date, US$5 million has been released, allowing the contractor to start mobilisation for commencement of works in August.

Highway Fencing & Villagisation

909. Consistent with the Roads Act, [Chapter 13:18]; Section 4, every road authority is required to provide facilities on roads, including fencing, for the convenience and safety of road users.

910. Over the years, the fence erected along our highways has been vandalised and cut down, allowing livestock, wildlife and pedestrians to encroach the road at undesignated points, leading to avoidable accidents and loss of lives and property.

911. Through the Land Reform Programme, changes in settlement patterns resulted in new village settlements emerging along the country’s major highways, thereby, exacerbating the situation.
912. Villagisation along the national highways has seen some of the newly settled farmers vandalising the fence for own use resulting in livestock and wildlife encroaching onto the roads.

913. In addition, due to lack of proper infrastructure for selling their wares and agriculture produce, there has been an increase in undesignated roadside vending, including jaywalking along the highways, which often results in avoidable loss of lives.

914. To improve the safety of road users and communities along the highways, Government, through the Road Development Programme, is redoubling efforts towards re-erecting the highway perimeter fence and other related facilities in order to reduce vehicle – animal collisions.

915. Furthermore, all future planned road upgrading activities now embed the erection of the perimeter fence and other facilities that safeguard lives and promote safe travel as part of the road works.

916. Measures will also be put in place to promote community ownership of the fences, involving the local leadership and beneficiaries, in order to preserve, protect and maintain this vital asset.

Save Valley Conservancy

917. Government has started engaging over 3 000 families settled in the wildlife rich Save Valley Conservancy as it steps up efforts to re-organise and bring normalcy to the wildlife habitat in the Lowveld.

918. Save Valley is under re-organisation that will culminate in the demarcation of new boundaries in the mega Park to stem human-wildlife conflict, which peaked after hundreds of people occupied part of the Conservancy at the turn of the millennium.
919. The concerns of the communities around and inside the Conservancy will also be taken into account so that they also benefit from the Conservancy.

920. This includes, plans to develop irrigation infrastructure for communities in and around some parts of the Save Valley to economically empower them.

921. The European Union pledged US$20 million for the re-organisation of Save Valley, including development of irrigation and other facilities for communities around the park while also making sure a new boundary was erected around the Conservancy to completely stem human-wildlife conflict.

922. Surrounding communities are in Zaka, Bikita, Chipinge and Chiredzi.

*Poultry*

923. The Transitional Stabilisation Programme recognises opportunities and wider scope for small scale farmers to actively participate in income generating poultry farming projects.

924. Government will, therefore, further facilitate access to improved supply of hatching eggs through tax rebate concessions targeted at alleviating domestic demand and supply shortfalls through support for importation.

925. The private sector is also envisaged to continue underpinning poultry production, including through provision of mobilised resources at concessionary terms and conditions, and access to stock feeds, vaccines and drugs.

926. The poultry sector has embarked on an aggressive restocking programme after the outbreak of avian influenza that hit Zimbabwe in 2017.

927. To curb the acute shortage of poultry products, Government in September 2017 allowed the importation of hatching eggs from Europe.
928. This has seen the number of broiler breeder birds rise to 574,000, which is still 13 percent lower than the stocks before the outbreak of avian influenza.

929. Increased production of maize in the country would have a knock on effect on lowering the price of stock-feed as the crop is a major ingredient in stock-feed production.

930. The avian flu outbreak saw the price of day-old chicks by suppliers rise to US$90 – US$100 per 100 chicks from previous levels of US$65 – US$75.

*Fisheries & Wildlife*

931. The Transitional Stabilisation Programme estimates initiatives in support of broadening the population’s participation in Fisheries and Wildlife at US$139 million.

932. The Ministry of Environment, Water and Climate will be championing implementation of fisheries programmes across various water bodies in the country, in partnership with the private sector.

*Biodiversity & Ecosystems*

933. Government, with support from the UNDP and the Global Environment Facility Trust Fund, will be implementing the “Strengthening Biodiversity & Ecosystems Management and Climate-Smart Landscapes in the mid to lower Zambezi Region of Zimbabwe” project through the Ministry of Environment, Water and Climate.

934. The US$57.4 million project runs from the third quarter of 2018 to July 2024, and aims to, among other issues:

- Strengthen the capacities of law enforcement agencies to fight wildlife and forest crime.
- Strengthen Community Wildlife Conservancy management for wildlife and woodlands.
• Build strong sustainable natural resources management capacity for local communities and districts in cooperation with the private sector.

935. The European Union funded €12 million Natural Resource Management Programme will also assist in:
• Improving capacity of communities to develop sustainable natural resources management practices (monitoring, information dissemination, awareness campaigns and trainings).
• Strengthening the governance framework and policy dialogue.
• Enhancing participatory studies on natural resources management.

**Marketing**

*Agriculture Markets*

936. Access to markets remains a challenge for farmers, particularly for those into livestock – a situation that leaves a lot of the rural folk languishing in abject poverty amidst ownership of cattle, goats, and sheep, among others.

937. The small farmer is often forced to dispose livestock at give-away prices in the absence of viable formal marketing arrangements along the lines of the former CSC at its peak.

938. Hence, the Transitional Stabilisation Programme also envisages Government improving farmer access to markets for livestock and other agricultural produce as a quick-win intervention over the remainder of 2018 into 2019 and 2020.

939. The range of commodities benefitting from current marketing arrangements is limited to dairy, cotton, tobacco and such grains as maize, soya beans and wheat.
940. Lack of market access increases post-harvest losses, undermining farmers’ earnings as absence of markets often leaves farm produce to either rot or disposed at giveaway prices.

941. Expansion of marketing arrangements to close marketing gaps will also encompass re-establishment of commodity exchange markets.

942. Experiences with linkages built under the Zimbabwe Resilience Building Fund demonstrate that private sector linkages will be crucial.

943. The Programme will overhaul critical agriculture parastatals such as the Grain Marketing Board, Cold Storage Company, and COTTCO, to make them efficient and deliver timely services.

*Agriculture Commodities Exchange*

944. The Transitional Stabilisation Programme will put in place modalities to operationalise the Agriculture Commodity Exchange to close the marketing gap that currently exists.

945. The set-up of an Agriculture Commodities Market will transform agriculture output into effective collateral for borrowing by farmers.

946. Government is in the process of establishing the Agricultural Commodity Exchange and the Warehouse Receipt System, with many potential technical and financial partners ready to partner Government in this regard.

947. This is under the coordination of an inter-Ministerial Committee comprising of:

- Ministry of Lands, Agriculture and Rural Resettlement.
- Ministry of Industry, Commerce and Enterprise Development.
- Ministry of Finance and Economic Development.
• Agricultural Marketing Authority.
• Grain Marketing Board.
• Office of the President and Cabinet.
• Attorney General’s Office.

948. The operationalisation of the Agricultural Commodity Exchange is envisaged to address price volatility, market information asymmetry, and post-harvest losses, among others.

949. This will also assist enforcement of regulations for adherence to orderly agricultural marketing in the economy.

950. The set-up of the Agricultural Commodity Exchange benefits from experiences of the Ethiopian Commodity Exchange, and training on commodity exchange development in India.

951. The operationalisation of the Commodity Exchange will require promulgation of the Commodity Exchange Act.

952. The harmonisation of the Warehouse Receipt System Act with such existing warehouse receipt system-related pieces of legislation as the AMA Act, GMB Act, and Control of Goods Act will be undertaken.

953. Formal engagements of potential technical partners and investors, as well as service providers, such as banks, collateral managers, warehouse operators and the central security depository will also be necessary.

Revitalisation of the Cold Storage Commission

954. In line with the Transitional Stabilisation Programme, the Reform Framework for the revival of the Cold Storage Commission centres around forging joint venture partnership with strategic investors.
955. So far, much investor interest has been generated around the Cold Storage Commission (CSC) from both domestic as well as foreign investors attracted by the New Dispensation’s mantra, “Zimbabwe is Open for Business”.

956. To this end, various proposals for Joint Venture are being considered to guide selection of the best suitable investor in accordance with the CSC investment requirements and development trajectory.

957. This includes evaluation of non-equity joint venture proposals by potential external investment partners with CSC on investment terms which include the following:

- Livestock joint farming concession for 25-year period.
- Availing of an initial US$40 million capital injection.
- Take-over of the entire CSC debt amounting to US$34.1 million.
- Establish cattle out-grower scheme for each and every ranch, including surrounding A1 and A2 farmers and assist with inputs to rear beef cattle.
- Securing of export and local market for beef.
- Take over current permanent employees.

958. Development of the necessary draft Livestock Joint Farming Concession Agreements will be finalised by end of 2018, which would obviate the need for opening the transaction to further competitive bidding.

*Agriculture Exports*

959. During the Programme period, Government will intensify efforts to revive the production of high value crops such as flowers, coffee and tea, among others aiming to increase foreign currency earnings generation.

960. In addition, measures will be put in place to reduce animal diseases outbreaks so as to facilitate the restoration of beef exports.
Irrigation Support Programme

961. To mitigate against the adverse effects of climate change, Government has various facilities in support of irrigation rehabilitation and development for A2 farmers.

Reserve Bank Facility Phase 1

962. The US$6 million RBZ facility financed the procurement of 80 centre pivots from Spain.

963. In support of civil works for the installation of the 80 centre pivots procured under the programme, Government availed US$500,000.

964. Of the installed centre pivots, 68 pivots commanding 2,680 hectares are now operational. Efforts are underway to operationalise the remaining 12 centre pivots.

965. Negotiations are underway to secure an additional 80 centre pivots under Phase 2. Identification of beneficiaries is in progress.

Private Sector Irrigation Facility


967. The resources were mainly directed towards procurement of irrigation pumps & pipes and rehabilitation of centre pivots.

National Accelerated Irrigation Rehabilitation & Development Programme

968. To mitigate vulnerability of agriculture to droughts, Government is embarking on an accelerated Irrigation Rehabilitation and Development Programme, targeting to add 200 hectares per District per year, with the objective of ensuring food security at household level.
969. The Programme recognises that there needs to be good governance systems, to avoid rehabilitated irrigation infrastructure falling into disrepair. This avoids much funding going towards the same projects few years later, following failure.

970. Government has made a commitment to avail US$36.8 million, and to date Treasury has disbursed US$24 million towards this national accelerated irrigation rehabilitation and development programme.

971. For optimal yields, the thrust of investment will be in irrigation and mechanisation equipment, fertilizers and other inputs production, among others.

**De-Racialising Agriculture**

972. The New Dispensation targets to restore Zimbabwe as the food basket of the region by transforming the agricultural sector, which had been undermined by declines in productivity, arising from declining investment, and lack of know-how, among others.

973. To redress this, the Transitional Stabilisation Programme targets embracing the former displaced white farmers to form joint venture partnerships with the beneficiary A1 and A2 farmers.

974. In this regard, Government will guarantee security of tenure for all farmers, irrespective of race, by issuing 99 year leases and A1 permits, to ensure uninterrupted production.

975. Former farmers should act as anchor farmers to other beneficiaries of the land reform programme in order to ensure increased production on the farms.

976. The New Dispensation has de-racialised land ownership, and recognises all Zimbabwean farmers, regardless of colour, creed or origin, and all farmers have rights to claim 99 year leases.

977. Those previously subjected to issuance of discriminatory five year renewable leases
on account of colour and race are now entitled to and are being issued 99 year leases, and assured that the issue of new land invasions is a thing of the past, as the rule of law now applies.

978. Government will ensure an enabling environment for farming as a business, including security of tenure on land, a factor which had caused loss of confidence among investors before onset of the New Dispensation.

979. Furthermore, the New Dispensation will also tap into the vast agricultural knowledge, skills, experience and farming competencies that are inherent in the operations of most of those former farmers who lost farms and are currently without access to land.

980. This opens opportunity for those who had left and want to come back to farming, in the process ensuring the revival of the agricultural sector, improve production and productivity on the land.

981. All those farmers who have had their land surveyed are being encouraged to apply for their 99 year leases.

Compensation of Former Farm Owners

982. The New Dispensation has taken the decision to finalise compensation to all former farmers affected by the Land Reform Programme, in accordance with the country's Constitution and Zimbabwe's obligations under bilateral agreements.

983. A Working Group, comprising Government officials and representatives of former farm owners, is working towards providing a Consensus-Based Compensation Framework for evaluating obligations to such former farmers.

984. The work of the Working Group will be expedited to enable Government and former farm owners, in conjunction with cooperating partners, to progress towards closure of the land issue.
Cognisant of the reality that a large number of farmers are still to be compensated, given the limited annual budget capacity, Vision 2030 envisages engagement of bilateral partners over assistance to mobilise the requisite resources in order to finalise the compensation process.

_Unlawful Settlements_

986. Security of land tenure is a pre-requisite for enhanced investment on farms and agricultural production.

987. Accordingly, Government will be enforcing discipline on farms. This includes respect for 99-Year Leases, A1 Permits and planned Communal grazing land as legal Government documents.

988. Stern measures will be instituted against illegal settlements and, already there is a programme to address issues of illegal settlements and those with multiple farms.

989. Vision 2030 commits to ensuring equal access to land for all Zimbabweans regardless of background or colour, opening access of 99 Year Leases and A1 Permits to all interested citizens.

990. The Zimbabwe Land Commission has also been set up to deal with various land disputes.

_Land Audit & Security of Tenure_

991. The Programme will expedite Land Audits to determine optimal farm sizes and multiple farm owners and put to productive use all idle farm land to increase capacity utilisation.

992. Pursuant to this, the Zimbabwe Land Commission has invited bidders to tender for the provision of consultancy services for the implementation of the Comprehensive National Agricultural Land Audit Programme.
The Land Audit will also target review of the agricultural Land Tenure System, that way assisting ascertain farm ownership, valuation of improvements on farms, re-mapping of farm boundaries to address land disputes, and land utilisation levels.

Finalisation of the Land Commission's Constitutional mandate over Land Audit will enable redistribution of land to be undertaken under an equitable and transparent framework so that beneficiaries positively contribute to the growth of the economy.

Furthermore, the land redistribution framework will enable increased and sustainable investment in agriculture, address unemployment and underdevelopment, promote food security and restore livelihoods, while protecting the environment for future generations.

**Security of Tenure**

In order to facilitate private sector investment in agriculture, Government will expedite issuance of bankable 99 Year Leases to allow farmers access funding from financial institutions.

**Agricultural Research & Development**

The attainment of food security and nutrition will be premised on strong research and development undertakings, coupled with the use of advanced technologies, including at the village level.

Government will, therefore, continue with its facilitative role in the areas of:

- Agricultural research.
- Extension services.
- Farmer education, crop agronomy and animal husbandry best practices.
- Public infrastructure facilities, such as provision and seasonal maintenance of roads.
- Disease and Pest Control.
The impact of mining goes beyond mineral exploration, exploitation, processing and value addition. Mining is linked to many other value chain industries, and is targeted to contribute over 70 percent of the country’s export earnings in 2018.

The first half performance in minerals such as gold, coal and chrome, among others, also point to better prospects for 2018, than previous year’s forecast.

Mining proceeds present themselves as a necessary shot in the arm to the rest of the economy, with much more potential as mining revenues are ploughed back into the economy to create circular, self-reinforcing inclusive growth.

### Mining Output

<table>
<thead>
<tr>
<th></th>
<th>2017 est</th>
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<td>184</td>
<td>190</td>
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<tr>
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<tr>
<td>Cobalt \ ton</td>
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<tr>
<td>Graphite \ ton</td>
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<td>5 700</td>
<td>5 800</td>
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<td>4 200</td>
<td>5 000</td>
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</table>

Source: Ministry of Mines, Chamber of Mines and ZIMSTAT

It is vital to the development of other sectors of the economy, including transport, construction, geological, equipment manufacturing, education, research and tourism, among others.
1003. The New Dispensation has brought in change in perception and attitude from financiers, following changes to the Indigenisation and Economic Empowerment Act which restricted foreign shareholding to 49 percent, that way representing the single largest impediment to foreign investment.

1004. Provisions of the Indigenisation and Economic Empowerment Act regulating the platinum and diamond sectors are being reviewed.

**Exploration**

1005. Exploiting the full potential of Zimbabwe's mineral resource endowment also calls for increased prioritisation of mineral exploration across the country, combined with prudent analysis of social, environmental, and health aspects of the same, such that Zimbabwe's natural resources continue to benefit future generations.

1006. Targeted improvement in the mining business and investment climate, with review of the Indigenisation legislative overhang over platinum as well as diamonds, should facilitate exploration works through entry of the world's larger platinum and chrome producers, ushering in Zimbabwe as a significant player in the market.

1007. Good progress is assured on regulatory approvals, including National Project Status applications, and Social & Environmental Impact Assessment reports and approvals, following which planned exploration programmes can take off.

1008. The Ministry of Mines and Mining Development has so far granted eight mining companies with exclusive prospecting orders for a period of three years, while four companies have been granted special grants.

1009. The granting of such licences provides the right to search for minerals and peg claims.
1010. It will also be necessary that the Transitional Stabilisation Programme addresses significant operational challenges that remain in the sector, particularly around logistics and infrastructure.

*Mining Cadastre Information System*

1011. Mining exploration initiatives will benefit from operationalisation of the automated Mining Cadastre Information System, which will also minimise prospects of mining claim disputes, enhance revenue collection, and accountability.

*Mineral Resources*

1012. The diversity of Zimbabwe’s mineral deposit base spans across 60 minerals and metals, making Zimbabwe the place to be for the serious mining investor, equipment and service provider.

1013. There is scope for even higher opportunities, given that Zimbabwe ranks as the second largest chrome and platinum group metals deposit reserves in the world after South Africa, as well as fifth largest with regards to lithium.

1014. Hence, the Transitional Stabilisation Programme targets:

- Re-opening of closed mines.
- Expansion of mines currently operating below capacity.
- Opening of new mines.
- Beneficiation and value addition, through domestic smelting and refining to increase earnings from mineral resources.

*Mining Rights*

1015. Government will also embrace more transparent mechanisms for issuing mining rights, targeting to bring in more financial benefits to the economy from natural resources. This would include open bidding, and open auctioning systems.
1016. In the same vein, effective application of the Kimberly Process will see the economy benefit more from the exploitation of the country’s diamond deposits.

*Investment in Mining*

1017. The improved investment climate under the New Dispensation offers opportunities for acquisition of interests providing low cost entry into mining prospecting, and inflows of private investment funding for mining equipment and machinery.

1018. This provides the platform for realising growth in mineral production from annual estimates of US$2 billion per year, by the registered over 800 mines, to over US$20 billion annually over the horizon of Vision 2030.

1019. Years of international isolation under the old dispensation had left Zimbabwe, including private sector players, unable to access international capital as the country attracted a high risk premium which limited the ability to secure competitive lines of capital.

1020. Persistence of foreign currency shortage also meant that local banks did not have enough reserves to settle any international obligations, forcing mining houses to operate below capacity, with some halting expansion plans.

1021. With mining greenfield and brownfield projects requiring over US$11 billion in investments, the spotlight on quick-wins will be around sustaining current beneficiation initiatives to harness the spinoff benefits to attain incremental value addition contribution to GDP growth.

1022. The capital requirements for the industry are for both ramp-up and sustenance, and also take account of emerging new projects coming on board.
Mining Facilities

1023. The Transitional Stabilisation Programme is facilitating initiatives by mining houses operating in Zimbabwe to float syndicated bonds offshore, as part of companies’ efforts to raise capital offshore to finance re-tooling of antiquated mines.

1024. This will initially target raising US$1 billion, with the instrument guaranteed by Government as already undertaken by Government at the March 2018 investment meeting in London where representatives of several international investment banks and London Stock Exchange officials participated.

Mineral Beneficiation

1025. The thrust of the Transitional Stabilisation Programme is on mineral beneficiation along the mining value chain to convert Zimbabwe’s mineral resources into a catalyst for economic growth.

1026. Mining beneficiation and value addition of minerals such as platinum, chrome, lithium, nickel, diamond, copper, gold and coal offer immediate scope for income and exports generation.

1027. In particular, the establishment of diamond cutting and polishing firms will initiate manufacture of diamond jewellery.

1028. The overall benefits of beneficiating raw mining ore include:

- Domestication of value added production, as refinery and smelter plants are set up locally.
- Realisation of higher export proceeds, on account of beneficiated goods.
- Cushioning the economy from effects of price fluctuations associated with commodities.
• Enhanced opportunities for import substitution, as the domestic value chain spreads.
• Improving the knowledge economy.
• Higher domestic job opportunities.
• Increased mining contribution to Government tax revenue.
• Poverty alleviation.

Gold

1029. Cumulative gold output in the first half of 2018 stood at 17 tons, valued at US$715 million, with Programme targets being the realisation of 40 tons by year end.

1030. Gold output in 2017 was 24.8 tons, up from 21.4 tons in 2016.

1031. The increase in output is being boosted by increased production from the small-scale and artisanal miners who continue to benefit from gold facilities made available by Fidelity Printers and Refiners under the Gold Development Initiative launched in October 2016.

1032. This saw introduction of the Gold Development Facility, which initially targeted support to small-scale miners who are now contributing around 60 percent of all the gold that is being delivered to Fidelity Printers and Refiners. The Facility is being extended to also benefit large scale producers.

1033. In the outlook to 2019, gold expansion projects being undertaken by the top major producers – Rio-Zim, Metallon Gold, Freda Rebecca and Blanket – are projected to increase output by 10-15 percent.

1034. Expansion projects embarked at Metallon Gold Corporation include shaft deepening at How Mine targeting to access resources below 28 Level. Exploration at Shamva
and Mazowe mines has continued and has already identified new resources, with new state of the art tailings facilities having been completed.

1035. A new US$18 million processing plant has been completed at Mazowe and is going through essential stages of commissioning. Metallon began an accelerated underground development plan at Mazowe Mine, designed to ensure that production is sustained into the long run.

1036. Overall, the gold sector alone needs over US$1 billion to see output jumping to 100 tons by the end of the Vision 2030 horizon.

Artisanal Miners

1037. Small scale artisanal miners, who contribute substantially, particularly in the gold sub-sector, will be capacitated through access to equipment for hire and affordable credit lines.

1038. The thrust of the Transitional Stabilisation Programme will be on further improvements towards artisanal formalisation and enhanced funding support to drive production volumes, also embracing interventions to reduce environmental, social and health impact challenges that arise in artisanal and small scale mining operations.

1039. Furthermore, to address the problems of small scale miners, Government will also focus on the provision of extension services, concentrating on establishing accurate geological and survey information, and training of small scale miners on the application of proper mining methods.

Platinum

1040. Overall platinum production is forecast to increase to 14.3 tons in 2018, up from 14.2 tons in 2017.
1041. The smelter that is being constructed by Anglo Platinum at Unki Mine was earmarked for completion by September 2018, at a cost of around US$50 million.

1042. The project which will see Unki partially processing ore before sending it to South Africa for refining is expected to be fully operational in 2019.

1043. The project for construction of the smelter matte at Unki Mine, currently producing Platinum Group Metals (PGMs) concentrates that are exported to South Africa for further processing, had been affected by some technical challenges that saw delay in the implementation of the project.

1044. Total PGM production from Unki in 2018 is expected to increase by 13.3 percent to 180 000 PGM ounces.

_Zimplats_

1045. The Transitional Stabilisation Programme will also facilitate expeditious implementation of currently stalled completion of the base metal refinery at Zimplats for it to reach local refining thresholds.

1046. This requires that considerable work be done to refurbish the base metal refinery at the Selous Metallurgical Complex, in line with the beneficiation road map presented to Government.

1047. Currently, Zimplats only produces a beneficiated converter matte, which is refined at the Impala base metal and precious metal refinery in Springs, South Africa.

_Mimosa_

1048. The Transitional Stabilisation Programme will facilitate arrangements for Mimosa to also subject its platinum ore to smelter processes for further beneficiation by January 2019.
1049. If necessary, this will be through the utilisation of base metal refinery capacity at the other producers.

*Karo Resources Project*

1050. The US$4.3 billion Karo Resources platinum mining project in Mhondoro-Ngezi will at its peak see production rise to 14.4 million tons per annum of PGMs in four years.

1051. Zimbabwe will become a much more significant producer of PGMs, base and precious metals and is moving towards beneficiation by setting up a refinery by 2024. The refinery will have concentration, smelting and refining capabilities, including base metal and precious metal refineries.

1052. The impact on employment will see the project create 15,000 direct and 75,000 downstream jobs inside four years.

1053. The integrated platinum mining project will install a 300 MW solar energy plant, part of which will feed into the national grid.

*Chrome*

1054. Lack of adequate machinery and financial capacity is crippling the country to process its raw chrome before exporting.

1055. Growth in chrome ore output is also projected, on account of a surge in the number of players in the sector, following the redistribution of claims surrendered by ZIMASCO to Government.

1056. Chrome production is also benefitting from amendments to the Indigenisation Act by the New Dispensation which has opened inflows of foreign direct investment into the country.
1057. This has seen African Chrome Fields invest over US$50 million in the alumino-thermic chrome processing plant in Kwekwe, with capacity to produce high grade chrome without using electricity.

1058. The impact on employment is creation of an additional 100 jobs, with prospects of growing this to 2 500 direct jobs as investment expansion takes place over the next four years.

1059. African Chrome Fields is now the biggest chrome miner in Zimbabwe, and its new plant is set to further increase the firm’s range of products through the addition of ultra-low carbon high grade ferrochrome and create employment across its operations.

1060. This is one of the country’s most advanced technological chrome processing plants which will see processing of 300 tons of ultra-low carbon high grade ferrochrome per month, with production set to reach 600 tons monthly at its peak.

1061. The new ferrochrome process which does not use electricity will increase the economic value of high grade chromite ore by removing large quantities of gangue minerals.

Diamonds

1062. Diamond production is also benefitting from improved operational efficiencies and production effectiveness on conglomerate mining, particularly at the ZCDC.

1063. ZCDC is planning to commission a 450 ton per hour conglomerate crushing plant and new equipment which includes 52 earth moving vehicles.

1064. In addition, other mining and exploration equipment, partly financed from Government’s US$80 million injection, is also set to be commissioned during 2018. This is expected to boost diamond output into 2019, with a Diamond Industrial Park earmarked for Mutare.
Nickel

1065. Investments in nickel mining are also envisaged, as the industry takes advantage of the New Dispensation's opening of Zimbabwe for business to position companies in ways that take advantage of anticipated future price increases, against the background of growth in demand in Europe and in China.

1066. This is against the background of decline in global stocks and anticipated market deficits.

1067. In response to the anticipated growth in market demand, Bindura Nickel has been spending considerably on capital investments, including a major project currently underway at re-deepening of the Trojan Mine shaft to 46 level at a cost of under US$20 million.

1068. Another investment project, the Smelting Re-start is at 83 percent completion while, however, the Refinery at Shangani Mine remains under care and maintenance.

Lithium

1069. The Transitional Stabilisation Programme will facilitate increased interest in the country’s lithium, although no reliable exploration has been done to ascertain the size and quality of the resource base.

Re-Opening of Mines

1070. The Transitional Stabilisation Programme also targets re-opening of previously closed mines as part of the 2018-2020 quick-win projects.

1071. Targeted mines for re-opening include:

- Shabani-Mashaba, through joint venture partnership.
• Jena Gold Mine and other ZMDC mines.
• Elvington Gold Mine near Chegutu.

1072. 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.

1073. At least 151 investors have shown interest in re-opening some of these mines, particularly in gold.

1074. The review of the state of mines in the country will also include ZIMASCO and Muriel mines in Mutorashanga which have not been fully functional with thousands of former employees languishing in poverty.

1075. Annexure 11 contains the full list of closed mines which are available for potential exploitation by investors, taking advantage of new advances in mining technology.

*Zisco-Steel*

1076. Programme support for value addition and beneficiation will also entail initiatives and interventions to facilitate and expedite the resuscitation and revival of key flagship industries, such as ZISCO, which had been closed for more than 10 years.

1077. Prior to its closure, Zisco-Steel used to employ over 5 000 employees, producing one of the best steels in the world and had a capacity to produce a million tons of steel per year at full capacity, out of which 70 percent was for export while the remainder was for local consumption.

1078. Government has already signed an Asset Purchase Agreement with a potential investor who is ready to invest at least US$1 billion to restart operations.
1079. The resuscitation programme is expected to last at least 18 to 24 months to restructure and reconstruct blast furnaces before production can resume.

*Operationalisation of the Agreement*

1080. In order to kick-start operationalising the Agreement, Government has already satisfied the conditions precedent which include:

- Debt assumption – ZISCO Debt Assumption Bill was assented to in May 2018.
- Granting of national project status and – the project was granted National Project Status by Treasury on 27 December 2017.
- Granting of Special Economic Zones status – Special Economic Zones Status granted on 19 December 2017.
- Allocation of additional mineral resources – the investor has been allocated two special grants on which to do exploration to determine quantity and quality of coking coal available.

1081. The investor has already carried out and concluded a due diligence exercise to determine the status of the plant.

1082. Government will, therefore, expedite the only outstanding issue of transfer of assets, whereby Zisco-Steel has to transfer their assets to the investor to commence the implementation of the project.

*Projected Output*

1083. Once the restructuring and reconstruction of the blast furnaces is complete, Zisco-Steel is expected to produce 1 million tons of long products, bars and wire rods, per annum, while about 3 million tons of flat products, section steel and belts, per annum will be produced during the second phase.
**Expected Benefits**

1084. The Transitional Stabilisation Programme targets restoring Zisco-Steel as one of the strategic national assets that contributed significantly to Zimbabwe’s economic growth and fiscal revenues.

1085. This will also benefit from the anticipated savings on import of steel translating to at least US$350 million per annum, while also generating the much needed foreign currency through potential exports projected at over US$1 billion, as well as creating an estimated 3 000 and 20 000 in both direct and indirect jobs, respectively along the iron and steel value chain.

1086. Furthermore, the resuscitation of Zisco-Steel will provide a boon to such industries as Hwange Colliery, the National Railways of Zimbabwe, and Munyati Power Station which was constructed specifically to supply power to Zisco-Steel.

**Coke Plant**

1087. The Transitional Stabilisation Programme initiatives to resuscitate Zisco-Steel will also see the revival of ZimCoke, with investment amounting to US$133 million into the plant segment of the defunct Zisco-Steel coke oven battery plant lined up.

1088. Coke is a fuel with a high carbon content and few impurities, made by heating coal in the absence of air.

1089. In this regard, the Environmental Protection Agency will be monitoring the National Determined Contributions, in line with Zimbabwe’s obligations under the Paris Agreement on Climate Change.

1090. At full capacity, this will produce 500 000 tons of coke annually, for both the local and export markets.
1091. ZimCoke has already acquired the coke making assets of Zisco-Steel, consisting of the plant and machinery, land and buildings, associated infrastructure for coal handling, and rail wagons.

1092. The resuscitation of the plant will be carried out in phases, initially starting with the operationalisation of the Coke Oven Battery Number 3, which has a capacity to produce between 250 000 and 300 000 tons of coke per annum, with potential to generate US$65 million in export shipments.

1093. Phases 2 and 3 of the resuscitation programme will each add a further 125 000 tons of coke output per annum.

1094. The revival of the Coke Oven Plant is expected to create over 500 jobs as well as provide positive ripple effects on the engineering, chemical processing and road construction industries in the country.

*Coke By-Products*

1095. The Transitional Stabilisation Programme quick-win projects include development of further downstream refinery value chains from the resuscitation of the Zisco-Steel plant that manufactures coke, which was last functional in 2008.

1096. This includes production of a multiplicity of products such as tar, creosote, soft pitch, hard pitch, stone pre-coat, coal tar fuels and water gas, offering a new lease of life for such companies as Zimchem Refineries.

1097. Reduced supplies of coke tar to the domestic market by major supplier, Hwange Coal Gasification Company which had also broken into the regional export market, had left companies facing raw material supply challenges.
1098. The Programme targets 70 percent growth in tar and creosote production from 2019, saving the country from dependency on the importation of tar, a critical component under the Roads Rehabilitation Programme.

*Debt Take Over*

1099. The Transitional Stabilisation Programme will also facilitate the take-over by ZimCoke of part of the debt that was owed by Zisco-Steel to various creditors, in particular that to the German Development Bank KfW amounting to US$225 million.

1100. This debt take over will relieve the Government of Zimbabwe of a significant portion of its biggest bilateral debt.

*Steel Manufacturing*

1101. The closure of Zisco-Steel had hampered operations of many companies that relied on it for raw materials, resulting in plants being put under care and maintenance.

1102. Other steel projects include expansion of production at the Steelmakers iron and steel plants in Kwekwe and Masvingo to production capacities of over 60 percent, with coal being sourced from the company’s coal plant in Chiredzi, while other raw materials not available locally are being imported from regional markets.

1103. To facilitate this, Government issued a special coal mining grant that will allow Steelmakers to invest US$120 million towards expanding its production of steel.

1104. This will see the firm’s workforce increasing from 900 to 2 000 as production expands.

1105. In addition, the resuscitation of iron and steel value chains in Zimbabwe will benefit from entry of other investors who are coming in to operationalise Lancashire Steel.

1106. Lancashire Steel, who had been facing operational challenges following collapse of Zisco-Steel, its major raw material supplier, is set to resume production this year,
targeting 800 tons per month or 40 percent production capacity in the first year. This is projected to increase to a targeted 60 percent in the following year, after which this rises to over 80 percent.

1107. When fully operational, Lancashire has capacity to employ 600 workers, producing 4,000 tons of steel monthly.

**Mining Laws**

1108. Government has finalised effecting amendments to the Mines and Minerals Amendment Act, which seeks to promote exploration and mining by revoking unutilised claims being held for speculative purposes.

1109. The amendments are meant to harmonise mining taxation laws with the objective of guaranteeing viability of mining companies.

**Recognition of Small-Scale Miners**

1110. The amendments to the Mines and Minerals Amendment Act, now have a definition of small-scale miners.

1111. This will also see small-scale miners getting recognition at law, as Government steps up efforts to grow the sector and boost mineral production.

1112. Small-scale mining has, over the years, grown to be a major player in the local mining sector and in 2017 the sector accounted for 53 percent of the country’s 24.8 tons of gold deliveries over and above a large chunk they contributed to production of chrome and other metals.

1113. Government also contends that the country’s geology is such that there are mineral deposits which are not amenable to extraction by conglomerates, but viable for exploitation by small-scale miners, thus, the importance of the sector.
Small-Scale Miners Desks

1114. The Ministry of Mines and Mining Development will soon establish small-scale miners desks, to allow for regular interface with the small-scale miners sector umbrella representative bodies.

Safe Small-Scale Mining

1115. A number of miners lives are being lost through mining accidents on a regular basis.

1116. The Ministry of Mines and Mining Development will, therefore, also facilitate development of a framework to reduce accidents.

1117. This will see introduction of safety officers at gold centres who will be going around mining claims, advising on the best ways of mining safety, to ensure zero harm in all mining activities and also the environment.

1118. Gold centres will be rolled out by the Ministry of Mines and Mining Development throughout the country, with the first one being in Bubi.

(xiv) RESUSCITATING INDUSTRY & INDUSTRY DEVELOPMENT

1119. The Transitional Stabilisation Programme recognises the extent of decline in the economy’s industrial sector, with adverse impact on Zimbabwe’s international trade in value added and beneficiated goods over the last two decades.

1120. This has meant export of the country’s abundant mining and agriculture products predominantly in raw form, and loss of regional exports notwithstanding its strategic geographical positioning at the heart of growing regional COMESA and SADC markets.
1121. The on-going deepening of regional market integration on the continent offers immense potential quick-win opportunities for industrial value added products that are available and ready to compete in these markets. This requires developmental State interventions to underwrite private sector export led growth.

**Volume of Manufacturing Indices**

<table>
<thead>
<tr>
<th>Manufacturing</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foodstuffs</td>
<td>101.0</td>
<td>104.0</td>
<td>112.0</td>
<td>120.0</td>
</tr>
<tr>
<td>Drinks, Tobacco and Beverages</td>
<td>98.5</td>
<td>101.0</td>
<td>107.0</td>
<td>112.0</td>
</tr>
<tr>
<td>Textiles and Ginning</td>
<td>80.0</td>
<td>82.0</td>
<td>90.0</td>
<td>97.0</td>
</tr>
<tr>
<td>Clothing and Footwear</td>
<td>95.0</td>
<td>96.0</td>
<td>96.0</td>
<td>97.0</td>
</tr>
<tr>
<td>Wood and Furniture</td>
<td>98.2</td>
<td>99.0</td>
<td>106.0</td>
<td>106.0</td>
</tr>
<tr>
<td>Paper, printing and Publishing</td>
<td>91.0</td>
<td>97.0</td>
<td>93.0</td>
<td>96.0</td>
</tr>
<tr>
<td>Chemical and Petroleum Products</td>
<td>88.0</td>
<td>89.0</td>
<td>94.0</td>
<td>97.0</td>
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<tr>
<td>Non-metallic mineral products</td>
<td>143.2</td>
<td>145.0</td>
<td>149.0</td>
<td>150.0</td>
</tr>
<tr>
<td>Metals and Metal products</td>
<td>70.0</td>
<td>76.0</td>
<td>77.0</td>
<td>81.0</td>
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<td>Transport, Equipment</td>
<td>66.0</td>
<td>69.0</td>
<td>72.0</td>
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<tr>
<td>Other manufactured goods</td>
<td>66.7</td>
<td>67.0</td>
<td>68.0</td>
<td>69.0</td>
</tr>
<tr>
<td>Manufacturing Index</td>
<td>91.6</td>
<td>94.2</td>
<td>98.4</td>
<td>102.6</td>
</tr>
<tr>
<td><strong>Growth Rate %</strong></td>
<td>1.0</td>
<td>2.8</td>
<td>4.4</td>
<td>4.3</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance, Reserve Bank, ZIMSTAT

1122. In this regard, targeted industrial policy interventions are indispensable for sustainable catch up development, underpinned by Vision 2030’s political governance thrust to make short term sacrifices for the realisation of long term economic growth priorities and gains.

1123. These include:

- Manufacturing Value Added growth of 16 percent per year to increase its share of GDP to its level in the 1990s.
- Merchandise export growth rate of 20 percent per year to orient the manufacturing sector toward exports and generate capital for a high savings rate.

1124. These targets are consistent with annual growth in real GDP of 9 percent. Given

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1 Volume of Manufacturing Index base year is 2012
projected annual population growth of about 2 percent per year, this would double GDP per capita in 10 years and bring it close to targeted SADC per capita GDP thresholds.

1125. Underpinning this would be gross domestic savings rates of at least 30 percent of GDP, and preferably as high as 50 percent as was the case historically, for rapid catch-up in growth.

**Industrial Value Addition**

1126. There are several urgent quick-win measures critical to the revival of domestic industrial value addition and exporting that are targeted for implementation during October 2018 to December 2020 under the Transitional Stabilisation Programme.

1127. The re-launch of the country’s industrialisation path is taking advantage of the recent shifts in Government which ushered in the New Dispensation, offering much opportunity for Zimbabwe’s industry to enter a path of rapidly catching up with neighbours and the rest of the world.

1128. Post-Independence political considerations, focussed primarily on narrow short term political gains, had remained a primary obstacle to implementing successful industrial policy to underpin the long term goals of inclusive economic growth and industrial development.

1129. In this regard, the green shoots beginning to emerge across industries under the more open for business and investment environment, ushered by the New Dispensation, offer opportunity for quick-win interventions in manufacturing, with immediate prospects for building a sustainable base for import substitution and value added export led growth.

1130. This will be realised through implementation of the Industrial Development Policy and
the Trade Policy which seek to transform the economy from reliance on production and export of raw commodities, to promotion of diversification into value added products and new export markets.

1131. This entails support for increased domestic production, value addition, beneficiation and exporting across the various sectors, in particular:

- Agriculture, with priority on expansion of agro-processing initiatives, including in the beef to leather, and cotton to clothing, value chains.
- Mining, including that by artisanal, as well as other small scale miners.
- Manufacturing value addition.
- Tourism.
- The other Services sectors.

1132. Initiatives for increased domestic production, value addition, beneficiation and exporting under the Transitional Stabilisation Programme take an inclusive approach that requires broad participation of individual entrepreneurs, as well as those representative of Micro, Small and Medium Enterprises.

1133. Programme support for value addition and beneficiation will also entail initiatives and interventions to facilitate and expedite the resuscitation and revival of key flagship industries, such as David Whitehead Textiles, among others.

*Industrial Policy Framework*

1134. The Industrial Policy strategy will entail:

- Incentives to entrepreneurs to start up in new sectors by covering their risk.
- Facilitation of value chain development.
- Incentives for value addition.
- Creation of physical agglomeration around certain industrial clusters, e.g.
industrial parks under export processing zones.

1135. Also important to the above are:

- High level political involvement.
- Pockets of efficiency in the bureaucracy.
- Private sector coordination.
- Capacity to identify sectors worthy of State support.

1136. A framework for selecting broad technology corridors requires:

- The sector must be desirable, in terms of jobs, wages, technology, non-polluting, and inclusive.
- Feasible, in terms of corresponding to current or future comparative advantage.

1137. This would point towards:

- Agro-processing.
- Metallic mineral products.
- Textile and leather products.

1138. The thrust of the Programme is underpinned by large cross-cutting reforms to underpin the orientation of the economy towards rapid export led catch up growth that contributes to a pathway to prosperity by bringing the country into a position where industrial policy can be conducted successfully.

*Industrialisation Phases*

1139. In line with the SADC Industrialisation Strategy, a phased approach will be undertaken, spanning over the short, medium, and long term, with the Transitional Stabilisation Programme representing the short term.
1140. Under this, quick-wins have been identified so that they generate sufficient foreign exchange reserves and increase confidence in the economy over the coming 1 – 2 years, with orientation being towards competitiveness.

1141. This will anchor the next phase over 10 – 20 years, with the thrust being Industrial Upgrading to prepare the country’s readiness for capturing the growing domestic and regional markets and tapping into global value chains.

1142. Integrating with regional markets will facilitate attracting of foreign direct investment, central for our industries to become more efficient and competitive production centres.

1143. Once Industrial Upgrading has been realised, this will be characterised by catching up with the frontier economies, as companies approach the technological frontier in sectors where the country has a comparative advantage, and where there is greater scope to generate higher skilled jobs.

1144. In this, the strategic focus will be to strengthen the competitive position in these sectors and nurture industrial clusters that are competitive to attract global capital and skills.

1145. Underpinning the above remains the following:

- Sustained Macro-economic and Political stability.
- Enabling Infrastructure, to support Trade connectivity, domestically and internationally.
- Technological capacity and skills.
- Access to competitive Finance.
- A good regulatory environment.
Re-Equipping Industry

1146. The New Dispensation’s quest for *Getting Zimbabwe Back to Work* acknowledges the challenges facing business with regards to obsolete and outdated equipment and machinery.

1147. This requires increased investment in re-tooling and accessing more modern and newer equipment and technology.

1148. It is against this background that Government will facilitate roll out of outreach initiatives partnering domestic and foreign investors, building on the initial measures contained in the Budget and other Government policy pronouncements to improve the investment and business climate.

Industry Requirements

1149. Transitional Stabilisation Programme estimates indicate requirements of over US$2 billion in lines of credit to kick-start investment activity in various sub-sectors of manufacturing, necessitating prioritisation of projects.

1150. The resuscitation and growth of manufacturing under the Programme is premised on growing capacity utilisation across sub-sectors that include those producing strategic and essential products spanning from food products, beverages, packaging, pharmaceuticals, leather and footwear, among others.

1151. Already, capacity utilisation levels of over 60 percent in the food sector, and 90 percent across packaging sub-sectors are being witnessed.

1152. Zimbabwe’s biggest company by market capitalisation, beverages maker Delta, is planning to invest US$50 million in plant and equipment annually for the next 5 years to cut on production costs and boost production.
1153. The increased acceptance of electronic methods of payment had eased the impact of chronic shortage of cash, that way underpinning revenue growth of 40 percent in the first quarter of 2018.

**Special Economic Zones**

1154. Resuscitation of industry under the Transitional Stabilisation Programme will also be pursued through Special Economic Zones (SEZs), given legal effect under the Special Economic Zone Act of 2016.

1155. Potential investors in SEZs will also benefit from improved coordination of the various Government agencies’ and stakeholders' facilitate investments in Special Economic Zones.

1156. This will reduce the time investors take to get their projects approved as all procedures will be done under one roof, the Zimbabwe Investment and Development Agency to be established by December 2018, and will also embrace the SEZs Authority.

**Incentive Framework**

1157. Operationalisation and approval of investment projects in the designated SEZs has already commenced, with the responsible Authority gazetting the necessary Regulations and non-fiscal Incentives, in line with Section 57 of the Act.

1158. Fiscal incentives to enhance the attractiveness of SEZs to potential investors were already gazetted under the Finance Act of 2017, as well as through SI 59 of 2017 with regards to review of Customs and Excise Regulations.

1159. The response has, so far, been very positive with over 50 new investors expressing interest to take advantage of investment opportunities offered by the New Dispensation, coupled with the fiscal and non-fiscal incentive regime, to set up operations in the SEZs.
Designated Zones

1160. This will necessitate Government designating Special Economic Zones across the country, and these include:

- Harare – information communication technology, health services, diamonds, jewellery.
- Bulawayo – heavy industry, leather & footwear, textiles, engineering.
- Matebeleland North – tourism and financial services hub around the Victoria Falls-Hwange-Kariba corridor.
- Matebeleland South – gold production, livestock.
- Masvingo – sugarcane processing, tourism.
- Manicaland – fruit canning, diamond cutting and polishing.
- Mashonaland West – agro-processing, chrome, textiles.
- Midlands – iron and steel corridor, asbestos, gold, leather & footwear, dairy.
- Mashonaland Central and East – agro-processing.

1161. Government, under the Programme will, during 2019 and 2020, broaden the scope for investors and new business to take advantage of tax and business incentives, targeting niche investments that include access to new technology and export markets.

Infrastructure Development

1162. In order to fully operationalise the Special Economic Zones, there is need to put up the basic infrastructure such as roads, water, sewer and electricity in the designated areas.

1163. Initial indications are that it costs over US$100 million to set up such infrastructure for a 300 hectare SEZ.
1164. Given the huge financial requirements for funding the development of such infrastructure at the designated zones, Budget resources alone will not be adequate to provide for the huge expected financial resources due to the constrained fiscal space.

1165. Government will, therefore, be coordinating private sector initiatives from such institutional investors as banks, pension funds and insurance companies, among others, to mobilise resources for the development of the necessary infrastructure under joint venture, BOT, and Public Private Partnership arrangements.

1166. The Programme will also target prioritising projects beginning with the low hanging fruits with quick turn-around for export generation, employment creation, and technology transfers.

1167. This will also benefit from the operationalisation of the various MOUs signed with various partners for the development of Sun Way City and Victoria Falls Special Economic Zones.

Financial & Economic Inclusion for Micro, Small and Medium Enterprises Development

1168. Small and Medium Enterprises are increasingly becoming a major driver to economic growth and development, thereby enhancing employment opportunities and poverty alleviation.

1169. The Transitional Stabilisation Programme will focus on supporting sustainable SME growth and development through business linkages, market access, cluster development, business incubation and support services.
Business Linkages

1170. To enhance the contribution of SMEs to the attainment of Vision2030, the Transitional Stabilisation Programme will focus on forward and backward linkages for SMEs with large businesses in various value chains.

1171. Business Chambers and Confederations, among others, will engage in the strengthening of these linkages, focussing on:

• Price negotiations, taking account issues of distance, quality and support services rendered.

• Availing opportunities to the SMEs.

• Provision of business development support services, including financing of the linkages (e.g., out-grower schemes in agriculture and capitalisation of production for small-scale miners).

• Coordination systems to aggregate products and services from the SMEs.

• Skills transfer through training and benchmarking.

Cluster Development

1172. To enhance production and value addition by SMEs, clusters will be developed through provision of such targeted support as finance, business management training, market linkages, and association building.

1173. Priority sectors include:

• Textiles and clothing.

• Leather and leather products.

• Furniture.

• Metal fabrication.
**SMEs Training**

1174. To enhance SME business operations and adaptation to the changing business environment, business management training will be provided to SMEs in conjunction with other stakeholders.

**Business Incubation**

1175. The Business Incubation Programme will be used as a vehicle to accelerate growth and development of start-up businesses operating in the productive sectors of the economy in all Provinces of the country. The intervention will provide intensive support to start-up companies through the provision of appropriate equipment, technical and business management skills.

1176. The main goal will be to nurture and grow successful start-up companies that will contribute positively to employment creation, technology transfer and promote rural industrialisation.

**SMEs Database**

1177. To strengthen policy formulation for the SME sector, a database for SMEs will be developed. The database will provide information on such details on SMEs as Province, District, sector, and employees, among others.

**Informal Market Value Chains**

1178. Increased informalisation of business activity across the various sectors of the economy has left informal markets playing an important role in the country’s economy, including on fiscal revenue collection.

1179. The Programme acknowledges that the mushrooming of informal markets is predominantly a response to the prevailing economic dynamics that have constrained
investment into industrial value addition and beneficiation and, hence, growth of viable formal business.

1180. Hence, the Programme targets facilitating their full transition to formalisation/semi-formalisation by addressing the very constraints they face.

1181. These include higher taxes, bureaucratic complexities, including a multiplicity of registration requirements, information asymmetry, and lack of opportunities to graduate into the formal sector.

1182. Furthermore, informal sector market participants face challenges in accessing credit at affordable rates, limiting their capacity to progress and positively contribute to Government revenue.

*Linkages with Formal Business*

1183. Vision 2030 envisages a greater role and participation of informal markets which allow farmers, traders, consumers and other actors to participate in business and change processes.

1184. Exposure to the market also enables value chain actors to realise how markets can be vital sources of wealth, prosperity and social values on a larger scale.

1185. To enhance and embrace the informal market, the Transitional Stabilisation Programme will partner business Chambers and Confederations in facilitating development of mechanisms for strengthening linkages with formal business focussing on:

- Price negotiation, taking into account issues such as distance, road networks and other factors.

- Defining market dynamics, and identifying opportunities that drive business growth, and enhancing capacity to anticipate and respond to emerging challenges.
• Enhancing presence in the market, through interaction with established business along the value chain.

• Development of appropriate systems for aggregating, packaging, preserving and distributing different commodities, drawing from established businesses’ knowledge over changes in demand, consumer tastes and preferences.

1186. The above initiatives will be tailored to take account of the following informal market players different sizes and categorisation:

• Micro to small traders and suppliers – catering for subsistence and household consumption.

• Medium traders – catering for supermarkets, fast food outlets, small scale processors and other small markets.

• Large scale traders – catering for large scale processing industries, triggering exports while also satisfying national aspirations.

1187. Insights from informal markets will create a graduation pathway for different classes of operators, who can be registered according to credible socio-economic criteria.

1188. Formal business that want to work with informal markets and vendors will be able to know the required volumes as well as absorptive capacity.

1189. This will inform planning for consistency in supply and introduction of such systems as warehouse receipt systems through which informal operators can access inputs if their commodities are already in the market pipeline.

Towards a Fluid Warehouse Receipt System

1190. This will allow:

• Tracking of commodities in transit from different suppliers to different consumer classes.
• Lowering the cost of aggregating commodities for upstream value chain formal businesses.
• Strategic positioning, connecting and matching different informal traders with appropriate formal businesses along the value chain.
• Developing systems for collecting orders around traders already in the business, anchored on re-building value chains with formal business.

1191. Furthermore, profiling of informal operators will assist development of appropriate production zones, and their capacity to meet demand. That way, informal markets are empowered to promote market oriented production as opposed to supply driven production.

1192. Currently, the playing field in informal markets is not bringing out their real potential.

1193. Lack of system presents risks to processing companies who are always not sure if they are going to get adequate stock for processing. Ideally, processors and contractors should just provide their specifications to informal operators who can go ahead to produce and supply accordingly.

1194. This allows for both parties to focus on the core business that they are good at. Once standards for each process company are codified and shared, processing companies will not struggle to get their requirements from the informal market ecosystem.

(xv) PROTECTING THE ENVIRONMENT

Environmental Management

Uncontrolled De-forestation

1195. Zimbabwe used to pride itself among the best on biodiversity conservation within the region, with 12.3 percent of the land being protected National Parks and Wildlife areas, and 2.6 percent State Forests.
1196. However, there has been a reduction in the quantity and quality of natural resources emanating from uncontrolled deforestation, siltation, as well as pollution of both flora and fauna.

1197. Hence, the Transitional Stabilisation Programme, in line with Sustainable Development Goal 15, targets protection, restoration and promotion of sustainable use of terrestrial ecosystems, sustainable management of forests, combat desertification, halt and reverse land degradation and bio-diversity loss.

1198. This is consistent with the safeguarding the citizens’ Constitutional right to an environment that is not harmful to health and well-being.

Community Wildlife Management

1199. Government will take urgent action to end poaching and trafficking of protected species of flora and fauna, and address both demand and supply of illegal wildlife products.

1200. Furthermore, the Programme will prioritise implementation of livelihood options that ensure that resettled farmers living in areas where crop production has limited potential will engage in profitable, equitable and sustainable use of wildlife and land.

Wetlands Protection

1201. The rate of destruction of wetlands in Zimbabwe’s urban area settlements has reached alarming proportions with a large proportion of hectarage covered by wetlands having been lost in recent years.

1202. Government will scale up adaptation and drought mitigation mechanisms that include preservation of wetlands, construction of weirs, and creation of ‘Climate Smart’ communities that have access to water for household use and can engage in sustainable irrigation development.
1203. Whilst supporting food security, other benefits of protecting wetlands include increased surface water flow and water supply downstream, improved water quality, and provision of habitat for a wider variety of water flora and fauna species.

**Veld Fires**

1204. Veld fires have in recent years not only caused destruction of the environment and property, but have sadly led to the loss of human and animal lives in some instances.

1205. This has further reduced land cover, thus exposing the land to accelerated soil erosion, and thus reducing water carrying capacity of our water bodies.

1206. The uncontrollable spread of veld fires, particularly during the fire season in Zimbabwe which extends from July to October, has seen significant growth in the affected areas.

1207. In addition, the uncontrollable spread of veld fires is posing a threat to the tourism and timber industries, particularly in the Eastern highlands, as a large proportion of timber plantations had been destroyed by veld fires, while the mountains in the area risk losing their picturesque features, which is a major source of tourist attraction.

1208. Government will, therefore, intensify implementation of national fire protection strategies, which incorporate local stakeholder participation in veld fire prevention and management, and awareness campaigns.

1209. The role of local rural Councils and Traditional leadership will also be important in complementing Government programmes for effective and sustainable veld fire prevention.

1210. These will include encouraging land users to take preventive measures such as fireguards around farms, whilst also ensuring that fire-fighting equipment is in good working condition.
1211. Government will also impose stiffer penalties, including enforcement of prosecution of offenders responsible for starting fires.

*Urban Settlements*

1212. In urban areas, the competing interests between economic development and conservation of the environment, rapid urbanisation, and illegal settlements without a matching increase in the necessary infrastructure and services provision by local authorities, have worsened the environmental management burden and seriously affected bio-diversity.

1213. Government will, therefore, ensure that in all areas where land development is proposed, such plans are integrated with overall land use plans to attain development that is environmentally sustainable.

*Waste Management*

1214. Furthermore, within the ambit of the Integrated Solid Waste Management Plan, the Transitional Stabilisation Programme will be coordinating initiatives by the private sector, institutions, and local authorities to reduce waste through resource recovery of reusable and recyclable waste and diversion of bio-degradable waste to energy generation and composting.

1215. This is on the background that almost 90 percent of Zimbabwe’s urban solid waste is either re-usable, recyclable or bio-degradable, and provides opportunities for income generation.

*Climate Change*

1216. The devastating effects of climate change faced by the region in recent years requires interventions towards enhancing climate resilience, in particular rain fed agriculture, central to food security and livelihoods of the rural population.
1217. In this regard, the Transitional Stabilisation Programme targets ‘Taking urgent action to combat climate change and its impacts,’ consistent with Sustainable Development Goal 13.

1218. Government will integrate the necessary mitigatory measures into national policies, strategies and planning, to strengthen resilience and adaptive capacity to climate related hazards and natural disasters.

1219. This will include:

- Improving education awareness.
- Raising human and institutional capacity on climate change mitigation.
- Increasing adaptation capacity.
- Strengthening early warning systems.

1220. Furthermore, Government will promote mechanisms for raising capacity for effective climate change related planning and management, to reduce exposure of such susceptible groups as women, youths, and marginalised communities.

Resilience Fund

1221. Already, the Programme will benefit from a February 2018 DfID £21.5 million five year grant to the Zimbabwe Resilience Building Fund, capacitating vulnerable rural communities withstand shocks, ultimately reducing dependency on humanitarian responses.

1222. This targets 830 000 people in 18 Districts through climate-smart agriculture; nutrition and livelihoods; productive asset creation; access to finance and value chain development; and community-based natural resources management interventions.
Irrigation and Water Management

1223. Irrigation development initiatives highlighted in this Programme will also assist drought proofing rural communities, and guarantee food self-sufficiency at household level.

1224. Government will also promote climate resilient water management systems, focusing on both crops and livestock, also cognisant of the peculiarities of the country’s ecological regions.
PART IV: SERVICES SECTOR REFORMS

1225. The Transitional Stabilisation Programme also recognises the potential contribution of the Services sector, inclusive of tourism, ICT, banking and financial services, encompassing the insurance and pensions industry.

1226. There is also need to realise benefits from the services sector taking advantage of Zimbabwe’s uniqueness with regards to being richly endowed with so much highly educated and committed human capital, most of which is youthful.

1227. This offers scope and opportunities for developing niche for Zimbabwe in this rapidly globalising and inter-connected world economy, along the lines of Mauritius which is benefitting from its targeted focus on provision of financial services beyond its borders.

1228. Opportunities for niche development also exist for Zimbabwe spanning across ICT, financial services, and tourism, among other services. This is over and above existing scope for developing niches around value addition and beneficiation from agro-processing and mineral extraction.

(xiv) TOURISM

1229. As global tourism is set to increase, there are opportunities for Zimbabwe to become a high end tourist destination given its attraction sites, national parks and wildlife.

1230. The Transitional Stabilisation Programme targets support for aggressive marketing and rebranding of Zimbabwe, to facilitate tourism arrivals taking advantage of the country’s diverse tourist attractions, ranging from natural, to man-made historical sites.

1231. This will hinge on provision of innovative incentive packages, and the relaxation of all restrictive visa requirements.
Conference Tourism

1232. To complement existing tourism infrastructure across the country, Vision 2030 envisages investments into Convention Centre facilities in the larger cities to enable hosting of large conferences and conventions, in addition to exhibition facilities.

1233. In particular, Harare, Bulawayo, Mutare, Gweru and Masvingo have potential facilities for such development, targeting existing Exhibition Grounds in these cities.

1234. Investment in state-of-the-art conference facilities outside the traditional conference facilities in Harare and Victoria Falls will assist decentralise national and international business meetings.

1235. Furthermore, the limited state-of-the-art conferencing and accommodation facilities in Victoria Falls and Kariba offer scope for targeted new investments, to generate additional foreign exchange through tapping into this growing industry.

1236. Zimbabwe’s New Dispensation openness to business following its re-engagement into the global economy should facilitate this.

Domestic Tourism

1237. In order to boost domestic tourism, Government will develop a domestic tourism growth strategy that promotes participation of indigenous Zimbabweans in tourism activities.

1238. This initiative will also include establishment of Community Based Tourism Enterprises, where communities will be identifying and offering tourism products peculiar to their locality, in a socially sustainable way that empowers and benefits their livelihoods.
Open Skies

1239. The tourism sector should also benefit from programmes to open up Zimbabwe’s skies, consistent with accelerating Africa’s agenda in opening up the continental skies.

1240. This will see increased connectivity internationally, especially against the background of the current upgrades to Zimbabwe’s international and local airports.

1241. Domestic routes previously monopolised by Air Zimbabwe are being opened up to other players, with Fastjet and Fly Africa now licenced on the Harare-Bulawayo, and the Harare-Victoria Falls routes.

1242. Fastjet will begin, with effect from end of July 2018, daily flights from Harare into Bulawayo, the second largest city and a strategic economic hub that services nearby mining, industrial and agricultural activity.

1243. This increases the network for Fastjet in Zimbabwe to four destinations, pushing up its domestic internal flights.

1244. The Open Skies Policy is not confined to the major cities destinations of Harare, Bulawayo and Victoria Falls, and is being extended to embrace all of Zimbabwe’s attractive tourist destinations across the country.

1245. The liberalisation of air transportation will be of particular benefit to smaller aircraft operators, and Government will, under this Programme, facilitate operationalise the smaller airports and aerodromes, drawing from the East African experiences of Kenya and Tanzania.

1246. This will see improvement at some of the small airports and aerodromes serving the country’s various tourism resorts. Upgrading of facilities will target, among others, the following:
• Buffalo Range Airport.
• Kariba Airport.
• Hwange National Park Airport.
• Masvingo Airport.
• Mutare Airport.

Tourism Operating Requirements

1247. Tourism players have over the years benefitted immensely from the rebate on duty on capital goods for the industry.

1248. This initiative was meant to reduce the cost of doing business, whilst allowing for operators to upgrade the quality of their products to meet international standards.

1249. Operators should, therefore, complement Government’s efforts by improving their products, including quality of service and competitiveness, taking advantage of the conducive business environment ushered in by the New Dispensation.

1250. The Transitional Stabilisation Programme will also review tourism operators’ licencing requirements with a view to improve entry into the industry and competitiveness of tourism products.

1251. This will include the streamlining of the registration, Licensing and Permit requirements, as well as the numerous charges and fees.

1252. Furthermore, the Programme will also target sustainable financing of the tourism industry through the establishment of a Tourism Revolving Fund that will provide capital resources for tourism development.

1253. The fund will complement the already existing tourism support facilities being implemented by Government, through the Reserve Bank.
Rebranding Zimbabwe

1254. Efforts to enhance contributions from the tourism sector are also envisaged to benefit from the initiative to rebrand Zimbabwe under the coordination of the Office of the President and Cabinet, targeting increasing foreign tourism.

(xviii) DIGITAL ECONOMY

Digital Transformation

1255. The Transitional Stabilisation Programme recognises that the digital economy offers immense opportunity for growth to the entire economy, against the background of the role ICT is revolutionising global business and offering multiple products and services.

1256. There are opportunities for technology driven business models and solutions, including out of emerging platforms for online services rather than call centres.

1257. This includes multi-media content and fintech mobile transacting products, which run on data driven digital platforms.

1258. In particular, this has benefitted from high speed data technology investments in network and data infrastructure by the private sector across many countries.

1259. In Zimbabwe, infrastructure investments by such private companies as Econet Wireless are envisaged to play their part in contributing towards set-up of the building blocks for digital transformation, attracting interest from local and international investors.

1260. These have seen average broadband speeds increasing from 2.49 megabits per second in June 2017 to 2.86 megabits per second in May 2018.
1261. Furthermore, internet penetration has risen to over 50 percent, and is expected to further increase on the back of increased investments in 3G, 4G and fixed internet technologies.

*The Digital Economy*

1262. Harnessing the digital economy and digital entrepreneurship contributes significantly to economic growth, and has the potential of creating jobs for the youth and at low cost, benefitting from applications of digital platforms.

1263. Furthermore, studies have shown that SMEs grow by between 2 and 3 times faster when they embrace digital technologies to transform their business activities and provides opportunities for entrepreneurship.

1264. This will entail implementation of concrete plans to create an enabling environment for the digital economy to thrive, including supporting the availability of faster and reliable internet connection.

1265. Already, Government has started introducing fiscal incentives through the Finance Act of 2018, allowing tax deductibility of expenditures related to technical and support services availed to promote entrepreneurship in the ICT sector.

*Skills Development*

1266. The rapid advancement in technology is creating a huge gap between human skills and technology. Government will also prioritise co-ordination efforts towards the roll-out of e-skills for better utilisation of ICT services, as well ensuring that our people, particularly the youths become developers of ICT applications and technology.

1267. The Transitional Stabilisation Programme will, therefore, promote the development of human resource capacities in line with the attendant demand for higher technological and technical skills through enhancing the teaching of science and innovation subjects from early childhood learning up to tertiary education.
Research & Innovation

1268. Central will be support for innovation and collaborative research among institutions of higher learning, in partnership with technology oriented industry, taking advantage of opportunities and niche in the digital economy.

1269. This will also benefit from Government’s initiatives to establish research and innovation hubs across provincial capitals, which will provide incubatory environment for young innovators & entrepreneurs, leading to commercialisation of their innovative initiatives.

Communication Costs

1270. The current high communication costs are the major factors constraining realisation of the full potential of the Internet Economy in Zimbabwe.

1271. Data has recently become the lifeblood of digital economy, and a key source of revenue for telecommunication companies due to falling revenue from traditional major contributors such as voice and SMS, which have suffered from growth in alternative options provided by over-the-top services.

1272. In this regard, Government in consultations with service providers has come up with a roadmap for the review of mobile data and internet charges in line with recommendations from the Long Run Incremental Costing, covering mobile, fixed and internet access networks.

1273. Already, Government reviewed downwards local mobile data and Internet charges to 5 cents per megabyte from 12.5 cents, while the national interconnection rate went down from 4 cents per minute to 2 cents, exclusive of all taxes with effect from July 1 2018.

1274. This reduction had the impact of reducing the high transaction cost of e-payments, and hence, increase financial inclusion.
1275. During the Programme period, Government targets review thresholds for mobile voice and SMS, while fixed voice and internet/data charges for Internet Access Providers will be left to market forces subject to regulatory approval.

Infrastructure Development

1276. Government will continue to facilitate the development of the necessary infrastructure to meet the increased demand for the use of ICT service, which is mainly being done by the private sector.

1277. The Transitional Stabilisation Programme will, therefore, through the Universal Services Fund, enhance the development of telecommunications infrastructure in remote areas that are often sparsely populated and located in difficult geographical environments, and provide low returns on investment for service providers.

1278. Government will also, under the Programme, facilitate through the regulator, the sharing of infrastructure by service providers as it is a viable model to reduction of costs by network operators, as well as ensure that those in the remote areas that suffer poor network connectivity are connected to the digital world.

Community Information Centres

1279. The Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ) has rolled out over 146 community information centres throughout the country, with funding from the Universal Service Fund.

1280. The Universal Service Fund, launched in 2009, is a pool of funds to which all POTRAZ licenced operators who include mobile operators, internet access providers and the fixed line operator are required to contribute 2 percent of annual gross turnover.

1281. This is part of Government’s strategy to promote universal access to broadband services to local communities, including schools. This will particularly benefit remote areas where there is no mobile internet coverage.
1282. The programme comes with free training in computer usage, and digital literacy, which are prerequisites for adoption and demystifying use of the internet.

1283. Increased use of the internet will generate more traffic and content, both which are important in attracting more investment and innovation in the provision and consumption of ICT services.

*Voice & Data Tariffs*

1284. The oligopolistic nature of the provision of ICT services in the economy necessitates the need for a strong set of regulations and firmer policy on data and broadband pricing, also mindful of guarding against undermining the financial sustainability of the ICT operators.

1285. In terms of service affordability, POTRAZ will continue to monitor tariffs charged by operators, balancing affordability for consumers and viability for operators.

1286. Already, implementation of the long-run incremental costing model has seen downward review of tariffs for the benefit of the generality of Zimbabwe’s public.

*Migration to Digital Broadcasting*

1287. The Zimbabwe Digital Broadcasting Migration Project is an important component of our ICT backbone infrastructure. It seeks to replace the current Analogue Broadcasting System with a new digital broadcasting platform, in line with international trends.

1288. The project will also address poor radio reception in some parts of the country where members of the public have had to resort to foreign services.

1289. Overall requirements of the project amount to US$173 million, targeted at the following:
• Construction of 24 new transmission sites – with 2 sites in Binga and Kotwa having so far been digitalised.
• Upgrading of 24 existing Transmission sites – of which 16 have been digitalised.
• Upgrading of 6 Television Studios – with two studios at Pockets Hill having been digitalised.
• Creation of 6 Content Production Centres – (Harare, Bulawayo Gweru, Masvingo, Mutare, and Victoria Falls).
• Digitalisation of 11 Radio studios.
• Renewal of 25 FM radio transmitters – with those in Mutare, Nyanga, Susamoya, Kamativi and Kenmaura having been renewed.
• Procurement of Technical Monitoring equipment.
• Procurement of 7 outside broadcasting Vans – Vehicles procured but await equipping.

1290. To date, a total of US$64 million has been released to the project leaving a balance of US$109 million to be expended on the project.

1291. The Analogue Switch-Off deadline of June 2015 has not been met due to financing challenges and, hence, the Transitional Stabilisation Programme target for completion by December 2019.

1292. The migration from analogue to digital television broadcasting will usher in a new television viewing experience, allowing for more viewer choice and programme diversity for the benefit of the public, including improved picture and reception quality.

1293. The economic benefits include a business opportunity for the creative arts industry in Zimbabwe to produce and supply content as well as associated downstream industries.
1294. Furthermore, the digitalisation project will address the challenge of radio reception currently being experienced in some parts of the country, particularly in rural and border areas where there has been reliance on foreign broadcasts.

**E-Government**

1295. The Transitional Stabilisation Programme targets broadening adoption and utilisation of e-Government across Ministries, Departments, local authorities and State owned enterprises in the provision of public services to cut loopholes for corruption.

1296. Online public service platforms foster arms-length relationships between public officials and the citizenry and, hence, reduce opportunities for graft.

1297. The use of ICTs by Government also improves efficiency in the delivery of public services, simplifies compliance with Government regulations, and yields cost savings to citizens, whilst enhancing revenue generation to the State.

1298. In this regard, delivery and strengthening of electronic services to the citizenry has been central to the e-Government Programme, with online applications for visas and passports, liquor licencing as well as online payments for selected services, now available to the public.

*Online Visa Application*

1299. The online visa application platform is already operational, with services being accessed through this platform, whilst preparatory work on modalities for a fully-fledged online passport application platform should reach fruition during 2018-2020.

*National Data Centre*

1300. To deepen the use of ICTs in Government, a National Data Centre is required to facilitate the sharing of information among all public agencies as well as a High Performance Computer to facilitate processing of complex data.
1301. The second phase of expansion of the High Performance Computer (HPC) at the University of Zimbabwe will be completed during 2018 following the disbursement of US$2.9 million by Government, whilst the building to house the National Data Centre is now complete, which should enable delivery and installation of the equipment during 2018 to 2020.

Other E-Government Flagship Projects

1302. Government is also providing resources towards annual software and maintenance licences for the 7 e-Governments projects that were funded by Government.

1303. The respective beneficiary entities will be able to provide services through these e-Government platforms by end of 2018.

1304. These projects include:

• Chitungwiza Hospital Medical Health Care System – computerisation of the Patient Management and Clinical Solution for Chitungwiza and other Government Hospitals.

• Zimbabwe Investment Authority – Investor Application Processing System and online payments.

• Deeds Company and Intellectual Property – online company registration and deeds processing & online payments.

• Online Liquor Licensing System – online payments of licencing fees.

• State Procurement Board Online Procurement System – automation of the procurement process.

• Lands and Rural Resettlement Online Real Estate Management System – online lands management and online payments.

• Cabinet Secretariat Document Management System, E-filing system and records management.
1305. The details of the status of quick win e-Government projects that are being implemented over 2018-2020 under the Transitional Stabilisation Programme are contained in Annexure 12.

*Electronic Traffic Management*

1306. In policing, this will entail deployment of high-tech policing equipment, including 24 hour live cameras in the major urban centres, in order to enhance traffic policing and cut back on corruption and harassment of motorists.

1307. Government will also acquire new speed traps and breathalyser machines under the Programme.

1308. An Electronic Traffic Management System – a computerised platform that is expected to result in the bulk of road traffic fines being paid electronically, including reducing direct interface between police officers and motorists – will be rolled out.

*Fines on Traffic Offences*

1309. The current standard scale of fines was last reviewed in February 2017 to levels shown below with a view to raise the level of deterrence.

<table>
<thead>
<tr>
<th>Level</th>
<th>Current Fine (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>15</td>
</tr>
<tr>
<td>3</td>
<td>30</td>
</tr>
</tbody>
</table>

1310. The review has, however, not achieved the intended objective, particularly, as the country continues to witness much carnage on the roads, attributed mainly to disregard and failure to observe road traffic regulations.

1311. Some motorists, particularly, commuter omnibus and ‘mshika-shika’ drivers show open disdain to road regulations, routinely risking the lives of passengers, other motorists, and pedestrians.
1312. The most common offences committed include, among others:

- Proceeding against red robots.
- Overtaking against white solid lines.
- Driving on the wrong side of the road.
- Dropping passengers at undesignated points.
- Failing to stop when instructed to do so by the police.
- Stopping to pick up passengers in the middle of the road, in the process blocking flow of vehicular traffic.

1313. Currently, and drawing from the existing *Scale of Fines*, the *Fines* applicable to traffic violations are as low as:

<table>
<thead>
<tr>
<th>Offence</th>
<th>Zimbabwe</th>
<th>South Africa</th>
<th>Zambia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fail to Display registration mark and Number plate OR its illegible</td>
<td>10</td>
<td>68</td>
<td>26</td>
</tr>
<tr>
<td>No rear Number plate light</td>
<td>5</td>
<td>34</td>
<td>26</td>
</tr>
<tr>
<td>No Drivers licence</td>
<td>20</td>
<td>68</td>
<td>26</td>
</tr>
<tr>
<td>No Insurance</td>
<td>10</td>
<td></td>
<td>39</td>
</tr>
<tr>
<td>No white front and red rear reflectors</td>
<td>5</td>
<td>20</td>
<td>26</td>
</tr>
<tr>
<td>No red 'T' on rear trailer</td>
<td>10</td>
<td>20</td>
<td>26</td>
</tr>
<tr>
<td>Motor vehicle + Trailer longer than 8 Mt</td>
<td>5</td>
<td>34</td>
<td>26</td>
</tr>
<tr>
<td>No amber side reflectors @ 4mt – each</td>
<td>5</td>
<td>20</td>
<td>26</td>
</tr>
<tr>
<td>No red triangles</td>
<td>15</td>
<td>34</td>
<td>26</td>
</tr>
<tr>
<td>No horn, fail to use or abuse horn</td>
<td>10</td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>No Stopping, No parking, no left or right turn</td>
<td>5</td>
<td>34</td>
<td>19</td>
</tr>
<tr>
<td>Proceed against red robot</td>
<td>20</td>
<td>136</td>
<td>39</td>
</tr>
<tr>
<td>Proceed against amber robot</td>
<td>10</td>
<td>102</td>
<td>39</td>
</tr>
<tr>
<td>Encroach over white line at a robot</td>
<td>10</td>
<td>239</td>
<td>39</td>
</tr>
<tr>
<td>Fail to stop at flash lights – Railway crossing</td>
<td>20</td>
<td>34</td>
<td>39</td>
</tr>
<tr>
<td>Overtaking over solid white line</td>
<td>20</td>
<td>170</td>
<td>39</td>
</tr>
<tr>
<td>Double parking</td>
<td>5</td>
<td>34</td>
<td>26</td>
</tr>
<tr>
<td>Stop or park within 7.5 mt. of intersection</td>
<td>15</td>
<td>34</td>
<td>26</td>
</tr>
<tr>
<td>Fail to give way to right-uncontrolled intersection</td>
<td>15</td>
<td>34</td>
<td>26</td>
</tr>
<tr>
<td>Cut corner when turning right</td>
<td>10</td>
<td>34</td>
<td>26</td>
</tr>
<tr>
<td>Fail to</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Signal – slow down, stop, turn left or right</td>
<td>10</td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>Stop – minor accident</td>
<td>20</td>
<td>Court</td>
<td>26</td>
</tr>
<tr>
<td>Stop – serious accident</td>
<td>Court</td>
<td>Court</td>
<td>39</td>
</tr>
<tr>
<td>No headlights, one headlight or no side lights</td>
<td>5</td>
<td>68</td>
<td>39</td>
</tr>
<tr>
<td>Offence</td>
<td>Zimbabwe</td>
<td>South Africa</td>
<td>Zambia</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>----------</td>
<td>--------------</td>
<td>--------</td>
</tr>
<tr>
<td>Headlights causing dazzle</td>
<td>15</td>
<td>55</td>
<td>39</td>
</tr>
<tr>
<td>No dip switch</td>
<td>10</td>
<td>55</td>
<td>39</td>
</tr>
<tr>
<td>Foot brakes not working</td>
<td>20</td>
<td>34</td>
<td>26</td>
</tr>
<tr>
<td>Hand brakes not working at all – max</td>
<td>15</td>
<td>102</td>
<td>26</td>
</tr>
<tr>
<td>No windscreen wiper</td>
<td>5</td>
<td>34</td>
<td>26</td>
</tr>
<tr>
<td>Windscreen not providing clear undistorted vision</td>
<td>10</td>
<td>34</td>
<td>26</td>
</tr>
<tr>
<td>No exhaust silencer</td>
<td>10</td>
<td>34</td>
<td>26</td>
</tr>
<tr>
<td>Causing excessive smoke</td>
<td>10</td>
<td>34</td>
<td>26</td>
</tr>
<tr>
<td>Leaks of oil and fuel onto road</td>
<td>15</td>
<td>34</td>
<td>39</td>
</tr>
<tr>
<td>Dangerous tyre – canvas showing – per tyre</td>
<td>10</td>
<td>34</td>
<td>39</td>
</tr>
<tr>
<td>Axles Loading</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-50</td>
<td>10</td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>51-200</td>
<td>15</td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>201-400</td>
<td>20</td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>+ 400</td>
<td>Court</td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>No Safety belt</td>
<td>5</td>
<td>68</td>
<td>26</td>
</tr>
<tr>
<td>Discard rubbish from vehicle</td>
<td>5</td>
<td>34</td>
<td>26</td>
</tr>
<tr>
<td>Speeding – Extra kilometres per hour</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6-15 km</td>
<td>5</td>
<td>14</td>
<td>39</td>
</tr>
<tr>
<td>16-25 km</td>
<td>10</td>
<td>41</td>
<td>39</td>
</tr>
<tr>
<td>26-35 km</td>
<td>15</td>
<td>68</td>
<td>39</td>
</tr>
<tr>
<td>36-50 km</td>
<td>20</td>
<td>95</td>
<td>39</td>
</tr>
<tr>
<td>50 + km</td>
<td>Court</td>
<td>Court</td>
<td>39</td>
</tr>
</tbody>
</table>

1314. With such violations as Proceeding Against Red Robot and Overtaking Over Solid White Line attracting fines of US$20; Not Displaying Registration Number Plates, US$10; and driving without Headlights, US$5; the Transitional Stabilisation Programme targets introduction of more stringent and deterring penalties for traffic offences.

1315. This entails escalation of the Scale of Fines to levels which attract higher fines in order to mitigate against such reckless behaviour on the country’s roads in order to protect the lives of road users.

1316. Furthermore, the Programme will also introduce complementary stiffer non-monetary penalties, including impounding of offending vehicles, and disposing them through auction.
1317. As such, the fines applicable to public transporters will be reviewed as follows:

<table>
<thead>
<tr>
<th>Offence</th>
<th>Current US$</th>
<th>New US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Driving without a valid driver’s licence</td>
<td>300</td>
<td>500</td>
</tr>
<tr>
<td>2. Transporting members of the public without a valid licence</td>
<td>600</td>
<td>2 500</td>
</tr>
<tr>
<td>3. Excessive Speeding</td>
<td>300</td>
<td>1 500</td>
</tr>
<tr>
<td>4. Picking up passengers at undesigned pick up spots</td>
<td>100</td>
<td>1 000</td>
</tr>
<tr>
<td>5. Negligent driving by a commuter omnibus/ heavy vehicle driver</td>
<td>700</td>
<td>5 000</td>
</tr>
<tr>
<td>6. Driving while under the influence of alcohol</td>
<td>2 000</td>
<td>4 500</td>
</tr>
<tr>
<td>7. Failure to obey instruction to stop issued by Police Officer</td>
<td>200</td>
<td>1 000</td>
</tr>
</tbody>
</table>

1318. In addition to the upward revision of the fines, the Programme will also introduce the following measures:

*Minimum Capacity of Public Transporter*

1319. A vehicle with a carrying capacity of less than 12 occupants (including the driver) shall not be permitted to carry out the business of the conveyancing of pedestrians within the urban areas, unless such vehicle is clearly marked as a Taxi and must conspicuously display the name of the proprietor and its contact details.

*Reserved Routes*

1320. The Programme will enforce compliance with adherence by commuter omnibuses to operate on designated routes. Should the driver of a commuter omnibus carry on business along a route other than that which is designated, the vehicle will be subject to immediate confiscation pending payment of a mandatory fine of US$1 000.

*Extension of Liability to Proprietors*

1321. Where the driver of a commuter omnibus commits any of the offences above, the proprietor shall be liable to pay a fine which shall be one and half times the amount payable by the driver.
1322. The Transitional Stabilisation Programme envisages that all banking institutions will continue making concerted efforts to meet the desired minimum capital adequacy threshold of US$100 million by 2020, which will enable banks to underwrite bigger business.

1323. This is notwithstanding that, currently, the banking sector is safe, with adequate capitalisation, and sound asset quality. As at 31 December 2017, 3 banks had already surpassed the envisaged new capital levels.

1324. The banking sector is also highly liquid with liquidity indicators above the stipulated minimum threshold of 30 percent.

### Financial Sector Soundness Indicators (%)

<table>
<thead>
<tr>
<th>Key Indicators</th>
<th>Benchmark</th>
<th>Dec-16</th>
<th>June-17</th>
<th>Sep-17</th>
<th>Dec-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Adequacy Ratio</td>
<td>12</td>
<td>23.70</td>
<td>26.89</td>
<td>26.98</td>
<td>27.63</td>
</tr>
<tr>
<td>Loans to Deposits</td>
<td>70</td>
<td>56.64</td>
<td>52.11</td>
<td>49.01</td>
<td>44.81</td>
</tr>
<tr>
<td>Non-Performing Loans</td>
<td>5</td>
<td>7.87</td>
<td>7.95</td>
<td>8.63</td>
<td>7.08</td>
</tr>
<tr>
<td>Liquidity Ratio</td>
<td>30</td>
<td>61.91</td>
<td>66.87</td>
<td>62.49</td>
<td>62.62</td>
</tr>
</tbody>
</table>

*Source: Reserve Bank*

1325. Banking institutions will also be encouraged to partner with strategic institutions so as to be able to finance increased domestic investments in the economy.

1326. In addition, banks will develop new innovative banking products such as asset securitisation and derivative products.

1327. It is also important that banks promote investment in digital-related financial products and services.
Legal and Regulatory Framework

1328. The legal and regulatory framework in Zimbabwe’s financial sector has been enhanced over the years providing guidance in sound corporate governance, risk management, consumer protection, bank resolution and information sharing.

1329. The legal and regulatory framework for banks and micro-finance institutions will be reviewed in line with evolving global trends in order to foster financial sector stability and promote inclusivity.

1330. The legal and regulatory framework for banking institutions will be enforced to enhance financial sector stability and boost market confidence over the next 5 years.

1331. This will encompass a comprehensive framework that promotes consumer protection, enhance corporate governance and risk management within banking institutions, as well as facilitate speedy resolution of problem banks.

Supervision

1332. The development of an inclusive and robust banking sector capable of efficiently mobilising and allocating resources, including foreign capital which is expected to flow into the economy in line with improvements in the macro-economic environment, will require strengthening supervision.

1333. In this regard, the monetary authorities will:

- Strengthen prudential supervision and proactively and prudently advance the implementation of new regulatory standards in line with domestic and global trends.
- Strengthen its micro-prudential tool-kit, to complement macro-prudential regulation, notably risk based supervision, with particular focus on surveillance processes, supervisory actions, as well as risk management and internal governance enhancements at banks.
1334. Regulation of financial groups on a consolidated basis and oversight of banking groups with cross border operations shall be enhanced, benefitting from platforms for sharing of information with other regulators responsible for different components of cross border banking groups.

*Savings Culture*

1335. Underpinning the above, will be focus on mobilisation of deposits through promotion of a culture of savings and investment, to engender the role of the banking sector in financial intermediation, particularly in supporting productive and export sectors to at least 90 percent of total banking sector lending.

*Lines of Credit*

1336. The banking sector will be key in facilitating mobilisation of lines of credit to augment local resources in provision of resources for development, and building the trust and confidence of a wide and diversified consumer base.

*Competition*

1337. To ensure increased competition and efficiencies, the Reserve Bank will:

- Facilitate entry of international and regional players in the banking sector.
- Promote continuous value chain interrogation by banks – to ensure levying of competitive and sustainable lending rates and charges that reinforce savings mobilisation and reinvigorate of lending activities.
- Support resilience and efficiency of banking institutions through facilitation of restructuring, consolidation and mergers among market players, including foreign investors.

*Innovation*

1338. Furthermore, the Reserve Bank will foster deeper and broader financial intermediation through requiring banking institutions to provide innovative and quality financial
services and products in accordance with the development of the economy through financial inclusion of underserved segments.

1339. This will promote technological innovation spurred by increased globalisation and harness the potential of financial technology in contributing to economic growth and inclusivity.

1340. In this regard, the banking sector will benefit from developments in mobile technologies, cloud computing, big data, cryptography, and security technologies targeting the banking community.

1341. The on-going digital transformation of the economy also offers several opportunities for micro-finance institutions to develop new delivery channels that facilitate instant transmission of information between clients and financial providers, which in turn improves micro-finance operational efficiency.

1342. Micro-finance institutions are, by adopting mobile technology, able to lower cost and time investments by almost 50 percent.

1343. The financial sector regulators and telecommunications regulators will need to create a robust framework for information sharing and development of smart policies that encourage innovative financial products and delivery channels.

*Credit Infrastructure*

1344. The development of a robust credit infrastructure, critical to the functioning of a sound banking sector and the promotion of financial stability, will be a priority under the Programme.

1345. Credit infrastructure, comprising the credit registry, credit bureaus and the collateral registry, plays a key role in promoting sound credit risk management and also serves to promote access to credit.
1346. The key objectives of credit infrastructure initiatives are to:

- Promote access to reliable and comprehensive credit information to enhance lending decisions and credit risk management practices in lending institutions.
- Promote access to finance in line with the financial inclusion strategy.
- Promote responsible borrowing behaviour among borrowers.
- Provide a robust database for policy decision-making processes.

1347. Strengthening credit infrastructure will reduce information asymmetry, thereby unlocking the potential for thousands of businesses to access funding, invest and grow.

*Credit Registry*

1348. The Reserve Bank established a Credit Registry in January 2017 to support its banking supervision mandate while also improving the quality and availability of credit data for supervised financial institutions.

1349. Among the many products offered by the credit registry to lending institutions and other creditors are online access to credit information and the provision of credit scores and consumer reports.

1350. The registry shall enhance its services and provide value added services such as bench-marking and portfolio monitoring as outlined below:

- The credit registry database will be deepened through the inclusion of data from micro-finance institutions, utility service providers, retail credit stores and other credit providers.
- The deepening of the credit registry database will ensure the provision of comprehensive credit data for decision-making by credit providers.
- The credit registry database provides a rich database from which several value-added products may be developed for the benefit of policy makers and banking institutions.
• To this end, the Reserve Bank will leverage on the database to develop value added products such as statistical scoring, portfolio monitoring and benchmarking analysis, among others.

_Collateral Registry for the Publication of Security Interests_

1351. Movable assets, both tangible and intangible, often account for most of small and medium enterprises’ capital stock.

1352. Infrastructure will be developed to allow borrowers and lenders to recognise movable assets as collateral, supporting financing secured with such assets.

1353. The main goal of the collateral registry is to provide public notice of interests in movable assets and to establish priority in the assets described in the notice for secured creditors.

1354. The Reserve Bank will create an effective and efficient online registration mechanism for interests in movable property by end of October 2019.

1355. In order to complement the current legal framework of the registry, the Reserve Bank will finalise the Collateral Registry Regulations to operationalise the registry, following promulgation of the enabling law.

1356. The implementation of the collateral registry will promote access to finance by marginalised segments including SMEs, women and youth.

1357. Consumer education programmes will be carried out to ensure that consumers are aware of their rights with respect to credit agreements and collateral arrangements.
1358. The Reserve Bank will also work on the development of a secondary market for movable assets to ensure that the disposal process is carried out speedily.

1359. The roll-out of the credit registry and collateral registry to the micro-finance sector will enhance access to finance for the marginalised groups, including SMEs.

1360. The Reserve Bank will work with other service providers for the development of low cost ICT infrastructure to enable bottom-end institutions to access the credit registry.

*Supervision and Regulation of Credit Bureaus*

1361. Amendments made to the Banking Act in 2015 brought private credit bureaus under the supervisory ambit of the Reserve Bank.

1362. The Reserve Bank will, over the next five years, develop a supervisory framework for credit reporting institutions to promote the use of sound credit reporting practices among the supervised entities.

1363. Focus areas in the supervisory framework will include requirements for robust infrastructure, sound corporate governance practices and consumer protection.

1364. It is anticipated that the Credit Registry will improve borrower discipline, lower interest rates and support bank supervision and credit risk monitoring.

*Credit Guarantee Scheme*

1365. The Credit Guarantee Scheme, under the Export Credit Guarantee Company, supports MSMEs export initiatives.
The credit guarantee scheme addresses the challenge of lack of adequate and acceptable collateral, which is one of the major challenges faced by marginalised groups including MSMEs, women, youth, small holder farmers and rural population in accessing bank credit.

The Export Credit Guarantee Company has been capitalised to provide guarantees to firms so that they lend to MSMEs.

**Micro-finance Development Strategy**

Development of a robust National Micro-finance Policy which will articulate at a national level Zimbabwe’s vision on micro-finance will be key to the formulation of a comprehensive Micro-finance Development Strategy.

In addition to incorporating financial and social inclusion of the marginalised, the Micro-finance Development Strategy will include strategies to ensure sustainability of the micro-finance institutions that provide access to finance.

In order for the micro-finance sector to play a pivotal role in the attainment of the Vision 2030, it is critical that an enabling environment driven by a well-developed regulatory and supervisory system be put in place.

Therefore, current legislation governing the two major institution types that offer micro-finance services, namely micro-finance institutions and Saving & Credit Cooperative Organisations (SACCOs), will be re-aligned to provide for effective policy implementation for the micro-finance industry.

In addition, amendments to the Micro-finance Act will be enacted to improve the tenure of licences of micro-finance institutions from the current one year to five years.
and corporate governance practices, in order to attract long term funding as well as strong institutional anchor investors.

1373. Further amendments to the Micro-finance Act will incorporate responsible finance and social performance management which will facilitate achievement of the double bottom-line objectives of micro-finance.

*Incubation Facility*

1374. Efforts will be underway for establishment of an incubation facility under the Reserve Bank to nurture micro-finance institutions that are into agriculture, small-holder and manufacturing value-chain financing to enable them contribute meaningfully to sustainable economic development and the financial inclusion agenda.

*Capacity Building of Micro-finance*

1375. The Reserve Bank will embark on extensive capacity building of the micro-finance sector.

1376. In this regard, a micro-finance capacity building fund will be put in place to assist micro-finance institutions and the entire sector to build micro-finance skills. This is expected to enhance corporate governance and risk management practices in the sector.

1377. Further, the Reserve Bank will enhance its micro-finance regulatory and supervisory skills and expertise through study visits, training, workshops and technical assistance.

1378. There will be need to build supervisory capacity in macro-prudential supervision, Basel frameworks and international accounting standards and other international best practices


Payment System

1379. The Central Bank is committed to regional payment system initiatives and has encouraged banks and other payment service providers to utilise the SADC Integrated Regional Electronic Settlement System (SIRESS) platform to settle regional cross-border transactions.

1380. Since the implementation of SIRESS in July 2013, the number of local banks participating on SIRESS has risen to 15. Currently, the SIRESS platform is based on Rand transactions, it is envisaged that by 2019, the regional settlement system shall be able to accommodate other settlements in other currencies such as US dollar, pound Sterling and Euro.

1381. The Transitional Stabilisation Programme will continue to encourage use of plastic money through digital platforms.

1382. In view of the Transitional Stabilisation Programme thrust towards a cash-lite society, the Reserve Bank will:

- Enhance the oversight and risk management activities of payment systems, with a view to achieving a safe and sound payment system infrastructure.
- Review the payment systems’ legal and regulatory framework, in line with market developments, regional and international best practice.
- Increase access channels and devices, as well as usage.
- Grow electronic transaction values and volumes by at least 10 percent per annum.
- Increase Point of Sale availability by 15 percent per annum.
• Grow the number of Mobile Payment Agents by 5 percent per annum.

• Enhance overall financial inclusion to over 90 percent.

• Diversify and deepen financial services to other ancillary products such as insurance and lending.

• Continue digitalisation of the financial service sector.

• Encourage infrastructure sharing and inter-operability of payment systems.

• Enhance consumer protection, financial capability, and literacy.

• Promote local, regional and international collaborative efforts.

Women’s Micro-Finance Bank & Empower Bank

1383. Government’s empowerment initiatives have seen the setting up of two banks targeted at financing empowerment programmes targeting women and youths.

1384. There is a large unbanked market for these banks, and they should be able to create opportunities for previously disadvantaged groups so that they can play a meaningful role in the economy.

1385. The Women’s Micro-finance Bank commenced operations in 2018, with the objective of empowering women across the country through access to loan financing at a rate of 4 percent per month.

1386. The Women’s Micro-Finance Bank targets development of tailor made women empowerment funding products, that way improving their access to credit, including supporting women in small-scale mining projects. Loans can also be accessed for procuring farming inputs, and purchase of such equipment as sewing machines.
1387. Government officially launched the Empower Bank, a deposit taking Micro-finance Bank, on 5 July 2018, with the objective of providing social and financial solutions to the financially excluded population, with particular focus on the youth.

1388. Government has capitalised Empower Bank, which is a micro-bank, to the tune of US$12.5 million. The bank offers a range of products, with its loans attracting an interest rate of 4 percent per month.

1389. Empower Bank loan offers to youth led businesses cut across urban, peri-urban and rural Zimbabwe embracing:

- Credit for agricultural projects, along the agro-value chain.
- Asset finance.
- Guarantees.
- Various forms of micro-credit.
- Cooperative credit.
- Order financing.
- Invoice discounting.
- Consumer credit.

Other Initiatives

1390. In order to further enhance Financial Inclusion initiatives, banking institutions continue to facilitate opening of low cost or ‘no frills’ accounts, with affordable minimum requirements.

1391. Other Banks have also established women’s desks and 13 institutions had established MSMEs units to enable them to better serve the interests of women and SMEs.
**Loan Recoveries**

1392. Success will require that those empowered use the borrowed resources productively, and create capacity to honour their loan repayment obligations.

1393. Management of defaults on loan repayments will be critical, as complacency and lack of discipline would only lead to the failure of both the Women’s Micro-Finance Bank, as well as that of Empower Bank.

1394. Previous experiences highlight the need for the avoidance of the following, among others:

- Poor corporate governance practices.
- Huge non-performing loans.
- Poor credit risk management.
- Weak and ineffective regulatory and supervisory framework.

1395. In 2011, Government went into partnership with local banks to create the Youth Fund in a bid to ease the problem of unemployment and act as a stimulus to economic growth in the country.

1396. Targeting youths aged between 18 and 35, the Fund collapsed due to the youths’ failure to repay their loans, as 84 percent of beneficiaries defaulted and, as a result, it did little to improve the livelihoods of the youths.

1397. Hence, Empower Bank and the Women’s Micro-Finance Bank must avoid past pitfalls and:

- Go beyond doling out funds just on the basis of bankability of the projects on paper.
• Encompass monitoring the projects’ progression.
• Ensure funds are accessed by people with relevant skills.

_Collateral_

1398. Over the years, mainstream banks have been shunning the youth and women, with collateral requirements given as a hindrance to financial inclusion.

1399. This is being overcome through the establishment of a collateral registry to enable disadvantaged groups to pledge movable property as collateral to access funding from financial institutions.

1400. The Credit Guarantee Scheme is also in place, and capitalised to facilitate productive lending to the marginalised groups with inadequate collateral.

_Other Micro-Finance Institutions_

1401. There are also other deposit taking micro-finance institutions in Zimbabwe, making a total of six.

1402. This is complemented by 175 non-deposit taking micro-finance institutions, whose mandate is to ensure that financial inclusion is for all.

(xix) **INSURANCE & PENSION SAVINGS**

1403. Zimbabwe’s insurance penetration rate, which reached a high of 10 percent in the early 1990s, has been declining over the last two decades, with official figures showing that it dropped to a low of 1.5 percent in 2015.

1404. This had since improved to current levels of about 5 percent, with perceptions of insurance as a luxury and unaffordable to many due to subdued disposable incomes still in place. Some of the reasons Zimbabweans have been shunning insurance
include lack of trust due to policy value lost due to hyper-inflation, and poor education on the matter.

1405. The Transitional Stabilisation Programme is targeting insurance penetration to reach 20 percent, with various affordable micro-insurance products via the mobile phone targeted to emerge as the leading drivers of insurance penetration.

**Insurance & Pensions Industry Regulation**

*Supervision & Surveillance*

1406. The Transitional Stabilisation Programme also targets strengthening the Insurance and Pensions Commission (IPEC) **Supervision and Surveillance** of the US$8 billion Insurance and Pension Industry, comprising of agencies, brokers, insurance and re-insurance companies, and retro-cessioners.

**Capacitation of IPEC**

1407. In order to fulfil its mandate of ensuring improved social security for policy-holders and pension fund members, contribution to improved financial stability and ensuring a vibrant insurance and pensions industry, IPEC has instituted several measures to enhance its supervisory capacity in response to the demands of the sector.

1408. These include:

- Revamping the institutional arrangement.
- Increasing staff complement and skills mix.
- Adoption of the e-governance thrust.
- Establishment of a Complaints Handling Unit.
- Training and development.
- Securing technical assistance.
1409. The Commission is conducting continuous development of its staff to enhance regulatory capacity, through technical assistance from cooperating partners such as the World Bank.

Enhancing Supervisory Activities

1410. Drawing lessons from findings of the Commission of Inquiry into the Conversion of Insurance and Pensions Values, and in response to challenges facing policy-holders and pension scheme members, IPEC is strengthening its supervisory policies, frameworks, manuals, and guidelines.

1411. There has also been an increased number of planned onsite inspections owing to improved staffing levels.

Restoration of Confidence in the Sector

1412. IPEC has recorded some achievements in raising the profile of the organisation following the establishment of a Public Relations Department in 2017.

1413. Many public awareness and financial education programmes are underway to deal with low confidence in insurance and pensions following value lost during hyperinflation, as well as to improve insurance access, which according to the 2014 Fin Scope Survey, stood at 30 percent of the adult population.

Consolidation of Insurance Regulation

1414. Whereas, some insurance classes in particular the businesses of medical aid schemes and Legal Aid Societies carry out insurance business in terms of the Insurance legislation, regulation and supervision of these entities, however, does not fall under the purview of IPEC, the regulator of insurance businesses.
Lack of prudential supervision and regulation has the potential to compromise service delivery and protection of consumers of financial services provided by these institutions.

Going forward, medical aid schemes and legal aid societies will be regulated by IPEC to ensure that the public is covered for medical treatment and hospitalisation that is promised.

**Licencing of Brokers**

Drawing from offshore experiences, the Transitional Stabilisation Programme also targets review of some of the stringent Zimbabwe Insurance Industry licencing requirements, including for brokers and underwriters.

With regards to underwriters, IPEC, the regulator, will be guided by risk-based capital arrangements more suitable for this economy.

**E-Governance**

In line with Government’s thrust on easing the doing business environment, IPEC installed an ICT System in 2017 to facilitate interaction with various stakeholders, electronic submissions of licence applications, e-filing of returns by the industry and complaints submissions by members of the public.

IPEC has also revamped its website to meet information requirements of various stakeholders.

In addition, IPEC, cognisant of the dynamism in the development of technology driven products by insurance players, is investing in research and innovation, in order to keep abreast with such developments.
Farm Insurance

1422. The Transitional Stabilisation Programme targets broadening support to agriculture through facilitating development of insurance products that target agriculture, both crops and livestock, benefitting from use of ICT tools and smart solutions.

1423. Opportunities for smart solutions benefit from availability of low cost internet and the rising use of smart phones, with opportunities for development of smart phone based apps, including weather indexed-based insurance, that allow for creation of images that help insurance agencies evaluate the condition of insured crops, geo-tagging and estimates of harvest potential.

1424. Use of ICT helps compilation of data, verification and faster settlement of claims, making insurance attractive to farmers.

1425. Agriculture is a high risk economic activity and investment in farming without insurance is an added risk factor, hence, the Programme targeting innovative insurance product design and delivery.

1426. Crop insurance cushions farmers in times of distress, protects from drought losses, in particular small-holder farmers vulnerable to climatic changes causing prevalence of unusual weather patterns, and unseasonal rains, which lead to extensive crop damage.

1427. Protection of farmers against these risks figure predominantly under the Transitional Stabilisation Programme support towards agriculture, drawing lessons from other countries’ experiences, including India, Zambia, Kenya and Ethiopia.

1428. Also targeted are livestock comprehensive insurance targeting provision of cover for epidemics in cattle, including from such diseases as foot and mouth and anthrax, responsible for many a farmers’ headaches.
1429. This will also benefit dairy farmers, for the economy to achieve the desired milk production targets.

**Micro Insurance & Pensions**

1430. IPEC is complementing financial inclusion initiatives through implementation of the micro-insurance framework, and will soon be unveiling a micro-pensions framework.

1431. This will promote wider access to insurance and pension services by financially excluded segments of the economy, including low-income earners and the informal sector.

**Micro Insurance**

1432. The Micro-Insurance Regulatory Framework that has already been gazetted in 2018 provides for a less onerous minimum capital requirement of US$300 000 for micro-insurers, as opposed to US$2.5 million for short-term insurers.

1433. IPEC has already licenced Econet Insurance, a subsidiary of Econet Wireless, as a short-term insurer. It is envisaged that the insurer will unleash the potential of mobile insurance to reach out to lower segments of the population, including the informal sector, micro, small and medium enterprises and farmers.

1434. Products such as EcoSure are designed to help the poorest and most vulnerable in society get inclusion as well as protection from economic shocks and trauma.

1435. IPEC is now working on a Micro-pensions framework to promote pensions provision to the informally employed.

1436. IPEC is also rolling out public awareness and financial literacy programmes to enhance insurance penetration and pension coverage.
**Social Security Scheme for the Informal Sector**

1437. In line with the National Financial Inclusion Strategy (NFIS), the National Social Security Authority (NSSA), has introduced a Social Security Scheme designed to cater for the informal sector labour force where incomes are generally low and irregular.

1438. The scheme, which is voluntary, will offer benefits that include retirement and invalidity pensions, funeral grants and health insurance, among others.

**Pension Reforms**

1439. IPEC has drafted pensions reform proposals aimed at both the public and occupational pension industry, with a view to increase pension coverage, unleash the potential of the sector in social security provision, domestic resource mobilisation and economic development.

1440. The proposed reforms include curtailing expenses in the pensions industry which are haemorrhaging pension funds, ensuring a healthy co-existence between NSSA and private occupational pension schemes, and opening up the pensions industry to competition, thereby improving efficiency.

1441. Consultations on the proposed reforms are ongoing with various stakeholders that include representatives of:

- Labour organisations.
- Pension funds.
- Insurance companies.
- Pension fund administrators.
- Investment managers.
- Other financial sector regulators.
• International financial development institutions.
• Consumer representative bodies.

_Pension Contribution Arrears_

1442. Since adoption of the multi-currency regime in 2009, a number of sponsoring employers have not been remitting contributions to pension funds.

1443. As at 30 June, 2017, cumulative pension arrears amounted to US$343 million, of which US$280 million is attributable to local authorities and public enterprises.

1444. Contribution arrears have been attributed to the high administrative expenses of pension funds, despite little or no contributions being injected into the fund, and governance malpractices.

1445. Consequently, pension funds and the value of benefits accruing to members have been depleting.

1446. In order to address the perennial arrears problem, Government will, over the Transitional Stabilisation Programme, institute a number of public sector pension reforms, including rationalising and harmonising pension contribution rates for parastatals and local authorities.

1447. Furthermore, statutory pension funds or schemes will be subjected to rigorous prudential regulatory standards under the oversight of IPEC, in order to ensure harmonisation of regulatory regimes for pensions, thereby promoting fairness in the treatment of pension fund members, improved corporate governance practices and improved pension benefits.

1448. Mining, like many other economic sectors, also continues to default on pension contributions, blighting the retirement plans of many pensioners, with arrears now in excess of US$109 million since 2009.
Post Inquiry Reforms

1449. Following approval of the report of the Commission of Inquiry into the Conversion of Insurance and Pension Values from Zimbabwe dollars to United States dollars by Cabinet and Parliament in June 2018, Government is eager to bring to finality the issues of outstanding Zimbabwe dollar liabilities.

1450. The Commission’s terms of reference were, among others:

- Establish total assets value of insurance companies and pension funds.
- The value of insurance policies and pension fund assets before and after dollarisation.

1451. Government has mandated IPEC to unpack the findings and recommendations of the Commission of Inquiry, and come up with an implementation framework that will address complaints relating to low values, low confidence, corporate governance challenges and high expense ratios, among other things.

1452. Necessary amendments to the Insurance and Pensions Legislation will be effected in order to facilitate implementation of some of the recommendations.

Resource Mobilisation for Infrastructure

1453. The Insurance and Pensions Industry is obliged to invest a portion of their investments in prescribed assets such as bonds that are issued in the market, for infrastructure and agriculture development.

1454. By investing in prescribed assets, insurance companies and pension funds usually benefit from tax exemptions.

1455. Since 2017 prescribed assets worth in excess of US$1.3 billion were granted to facilitate raising of funding for agriculture, energy, road rehabilitation, housing, among others.
1456. The Insurance and Pensions industry's compliance with prescribed assets is as follows:

<table>
<thead>
<tr>
<th>Class of Business</th>
<th>Minimum Compliance Requirement (%)</th>
<th>Actual Level of Compliance as at 31 March 2018 (%)</th>
<th>Status i.e. Compliant or Non-Compliant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stand Alone Pension Funds</td>
<td>10</td>
<td>3.32</td>
<td>Non-Compliant</td>
</tr>
<tr>
<td>Self-Administered Funds</td>
<td>10</td>
<td>11.86</td>
<td>Compliant</td>
</tr>
<tr>
<td>Insured Pension Funds</td>
<td>10</td>
<td>8.37</td>
<td>Non-Compliant</td>
</tr>
<tr>
<td>Life Assurers</td>
<td>7.5</td>
<td>12.00</td>
<td>Compliant</td>
</tr>
<tr>
<td>Composite reinsurers</td>
<td>7.5</td>
<td>5.74</td>
<td>Non-Compliant</td>
</tr>
<tr>
<td>Funeral Assurance</td>
<td>7.5</td>
<td>2.12</td>
<td>Non-Compliant</td>
</tr>
<tr>
<td>Short-Term (non-life) Insurers</td>
<td>5</td>
<td>8.68</td>
<td>Compliant</td>
</tr>
<tr>
<td>Short-Term (non-life) Re-insurers</td>
<td>5</td>
<td>3.82</td>
<td>Non-Compliant</td>
</tr>
</tbody>
</table>

1457. IPEC has directed non-compliant players to submit payment plans.

1458. Overall, the Transitional Stabilisation Programme also sets out to encourage Pension Funds, holding billions of dollars which are generally idle, to play a leading role in funding economic activities.

NSSA Infrastructure Development

1459. NSSA, through the National Building Society (NBS), is rolling out a national low-income housing scheme as part of efforts to enhance provision of accommodation to the generality of Zimbabweans.

1460. The housing projects are in line with the Transitional Stabilisation Programme to ease housing shortages.

1461. Under the Programme, Government set a target to build more than 300 000 houses by 2018 to ease the housing backlog, which currently stands at about 1.25 million.
The projects to be undertaken during the remainder of 2018 and into 2019 include:

<table>
<thead>
<tr>
<th>NSSA Projects to Support Infrastructure in Zimbabwe 2018/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amounts Disbursed US$</strong></td>
</tr>
<tr>
<td>---------------------------</td>
</tr>
<tr>
<td>Chinhoyi Housing Facility</td>
</tr>
<tr>
<td>Glaudina Housing Projects</td>
</tr>
<tr>
<td>Direct NBS projects</td>
</tr>
<tr>
<td>Indirect: Honde Hydro-Bond</td>
</tr>
<tr>
<td>Indirect Funding: through Treasury Bills</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

NSSA plans to undertake infrastructure projects in the housing, renewable energy, health and roads sectors amounting to US$144.8 million during the period 2018/2019.

NSSA earmarked a total of 723 housing units of which 360 units will be constructed under Phase 1 under the Chinhoyi Housing facility.

**Zimbabwe Stock Exchange**

Demand for equities has been rising, especially in blue chip counters such as Delta, Econet and Old Mutual, since inception of Zimbabwe’s openness for business by the New Dispensation.

Further improvement in indices and market capitalisation will benefit from the anticipated growth in investor appetite in equities as reform measures to grow the economy gather momentum.

For Old Mutual, the company is benefitting from an unbundling meant to unlock shareholder value that saw the holding company moving its primary listing from the London Stock Exchange to the Johannesburg Stock Exchange.

This frees the local company to strengthen its focus on Africa.
Debt Securities Listing Rules

1469. The Securities and Exchange Commission is pursuing regulatory reforms, with a view to align its regulatory framework to best practice in securities regulation, in line with the International Organisation of Securities Commissions standards.

1470. The proposed reforms contain Rules and Procedures governing new applications, corporate actions and obligations applicable to issuers of debt securities, and also inculcate investor protection.

1471. The Securities and Exchange legislation will be amended to enable the Commission to regulate issuers of securities and approve listing rules, ensuring effective and efficient equity markets.

1472. In this regard, the Debt Listing Rules, being drafted to facilitate the operation of the bond market, are envisaged to come into effect from January 2019.

1473. The bond market is expected to be instrumental in deepening the capital markets and mobilisation of resources.

On-Line Trading of Securities

1474. The introduction of online trading and reporting of securities transactions as well as investments for the capital markets by the Securities and Exchange Commission of Zimbabwe (SECZ) is a welcome development in the country’s securities and capital markets.

1475. Launched by His Excellency, the President, on 16 July 2018, the online trading platform, commonly referred to as C-Trade, opens up the economy for business for both local and foreign investment, through wider participation in the stock market. As at the date of the launch, less than 10 000 individuals were participating on the capital market.

1476. Through the C-trade platform, investors across the country are now able to purchase and trade shares and bonds using mobile devices of any type and internet based
platforms, as well as receive reports on their investments timely. Prior to this development, investors had to physically approach stock brokers to purchase or trade shares.

1477. This development, thus, promotes the ease of doing business initiative, lowers transaction costs, thereby attracting investment.

1478. The development further enhances implementation of the Financial Inclusion Strategy already underway, through increased access to financial products and services.

1479. The introduction of C-trade also follows through Government's thrust to realise a well-developed financial and capital market that offers a variety of products to all walks of life.

1480. To this end, the introduction of the alternative trading platform, which allows for trading of community share ownership and employee share ownership, as well as the gazetting of the bond market rules have also paved way for deepening capital markets through the C-trade launch.

1481. The launch of online trading of listed shares and bonds by the Securities Commission also complements financial inclusion initiatives.

*SMEs Stock Exchange*

1482. In addition, measures are being put in place to establish the SMEs stock exchange with a view to unlock resources for the SMEs.

*Establishment of a Portfolio Fund*

1483. It has been noted that banks take a long time to process repatriation of foreign exchange for securities related transactions, despite such transactions being on the first category of the priority list for the allocation of foreign exchange.

1484. In order to address this challenge, the Reserve Bank will set up a Portfolio Investment Fund to facilitate the efficient repatriation of portfolio related funds to foreign investors on the Zimbabwe Stock Exchange (ZSE).
PART V: INVESTING IN PUBLIC INFRASTRUCTURE

1485. The Transitional Stabilisation Programme recognises that functional public infrastructure remains a key enabler to unlocking economic growth potential, increase competitiveness and productivity, whilst equipping public services to meet demand.

1486. Furthermore, infrastructure is considered a key component of the investment climate by reducing the cost of doing business and enabling people to engage in socio-economic activities.

1487. However, there is a huge funding gap in terms of infrastructure requirement. The African Development Bank estimates that Zimbabwe will require, between 2011 and 2020, around US$1.7 billion annually towards rehabilitation of existing infrastructure networks.

1488. It is in this context that the Programme prioritises quick-wins infrastructure projects in agriculture, energy and power development, water and sanitation, ICT, housing and transport, with focus on expediting completion of ongoing infrastructure projects so that they begin contributing to the economy.

1489. The Transitional Stabilisation Programme, therefore, targets increasing the share of capital expenditures to total Government outlays from the current 16 percent upwards to beyond 25 percent for the 2019 fiscal Budget.

1490. The Programme contains initiatives by Government, and complemented by the private sector, for investments into enabling public infrastructure, against the background of inadequate and antiquated current infrastructure.

1491. The Programme recognises that poor infrastructure impacts negatively on the cost of doing business in Zimbabwe, with a bearing on production costs, and the competitiveness of industry.
Multiplier Effects

1492. Investment in public infrastructure has positive downstream multiplier effects on the rest of the economy, such that a dollar of investment in roads and rail, power, water, ICT, among others, has a potential to generate a 1.6 percent increase in short-term employment and economic activity.

1493. Furthermore, studies have shown that an increase in the stock of infrastructure by one percent can add up to one percent increase to GDP, and hence, economic growth.

1494. Beyond the short term, productivity gains to the overall economy are also going to be realised through utilisation of local content in the construction of projects and increased participation of previously disadvantaged communities in the mainstream economy.

1495. The increased funding under the emergency road rehabilitation programme on some road and construction projects that had been abandoned for more than 20 years has seen over 260 local construction firms being engaged, with 4 000 skilled and semi-skilled jobs being created.

Infrastructure Investment Plan & Funding Arrangements

1496. Zimbabwe's Infrastructure Investment Plan for the next 12 years, 2018-2030, targets to deliver projects that foster inclusive growth, increase domestic competitiveness and productivity, whilst equipping provision of public services to meet the demands of the future.

1497. Government will prioritise and strengthen the country's resource mobilisation mechanisms. Funding for infrastructure will primarily be through the mobilisation of
domestic resources in the form of tax revenues and leveraging on the country's vast opportunities in sectors such as mining, tourism and agriculture.

1498. Government will continue to capitalise the Infrastructure Development Bank of Zimbabwe (IDBZ), in order for it to execute its mandate of championing infrastructure development through:

- Mobilisation of resources.
- Capacity building.
- Knowledge generation and sharing.

1499. The rationale for this is that a well-capitalised and vibrant infrastructure bank, with the required balance sheet, will have the capacity to make significant interventions and mobilise resources at scale to catalyse investment in infrastructure development.

1500. In line with Government’s decision to reduce its shareholding in the IDBZ, a well-capitalised infrastructure bank will be able to partner with local and international financial institutions in providing syndicated financing and raise lines of credit for infrastructure projects.

1501. Additional sources of infrastructure funding will include local institutions with large pool of investible funds such as NSSA, Old Mutual and other local pension funds and insurance companies, the Zimbabwe Sovereign Wealth Fund, and Community Share Ownership Trust Schemes, among others.

1502. Implementation of the milestones on this road map for the country’s infrastructure development, beginning from the last half of 2018, will put Zimbabwe back on a positive trajectory to take its rightful place among the continent's rapidly developing economies.
Needs Assessments

1503. The infrastructure targets from 2018 have benefited from recent studies by Government, Development Partners and other stakeholders, and build on current initiatives towards infrastructure delivery, providing a framework for priority investments during the coming years.

1504. The Needs Assessment for Zimbabwe, undertaken with support from the World Bank, the United Nations Development Programme and the African Development Bank provided useful insight and guidance on the prioritisation of projects within sectors, including sequencing of any such investments.

1505. Besides investments in additional capacity, the scale and scope of the investments include rehabilitation and maintenance of existing assets in order to optimise value and asset life, whilst reducing on costly rehabilitation programmes.

1506. The Transitional Stabilisation Programme sets out the quick-win strategic infrastructural investment projects and programmes across priority sectors during the coming years.

Community Participation in Infrastructure Development

1507. In the delivery of infrastructure projects and programmes, Government will ensure that local projects promote inclusivity and social equity as part of the broader strategy of ensuring communities participate towards the development of their environs.

1508. Community involvement through initiatives such as labour intensive local public works programmes will help address idleness on the part of unemployed rural and urban youths, while at the same time lowering the cost of delivery of infrastructure, thus making this more sustainable financially.
1509. Design, coverage and implementation of such projects as rehabilitation of local roads infrastructure will be tailored to embrace community participation of households, that way also positively impacting on opportunities for those who would have remained excluded in the country’s development process.

1510. This way, such a deliberate strategy would bring immediate benefits through job creation and incomes accruing to unemployed youths and women, whilst addressing delivery of infrastructure that enhances participation in the mainstream economy.

1511. Surrounding communities’ participation in local public infrastructure projects would also mitigate exclusion on the basis of gender, disability and geographical location.

1512. Providing opportunities for communities will necessitate introduction of compulsory local content requirements in bid invitations for publicly funded projects and programmes.

*Infrastructure Priority Projects*

1513. A list of priority infrastructure projects has been identified through engagements with line Ministries, Public Entities and other relevant stakeholders.

1514. Implementation of the identified infrastructure investment projects will benefit from the improving economic and business environment, including prospects for access to higher external lines of funding.

1515. Drawing from successes elsewhere, Zimbabwe’s commitment is to deliver infrastructure that is supportive of the country’s development agenda with the current list providing details of nationally significant projects, identified and prioritised to take account of current gaps in infrastructure funding.
1516. Most of the projects have undergone a full business case, inclusive of rigorous assessments that determine their strategic fit, as well as appropriateness as solutions to current challenges.

1517. With regards to projects on the list in need of further development, Contracting Authorities are investing in the requisite project development activities, drawing from available funding sources, including the Project Preparation Development Fund, funded through the Budget.

1518. The current priority list has also been identified taking into account the following objectives:

- Growth Enhancing Investment Projects, *Economic Enablers*, and those projects that unlock significant private investment.
- Completion of on-going and Stalled Projects.
- Improved public service delivery.
- Creating employment and other opportunities for citizens.
- Investments that save lives, protect existing assets and build new capacities that match services to demand.

1519. The investment projects contained herein are, however, not exhaustive but indicative of the priority areas for immediate support, investment, and allocation of resources over 2018-2020 in support of future economic growth.

1520. Some of the identified priority projects, to be implemented under the Programme are described hereunder\(^6\).

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\(^6\) The Compendium of Projects contains a comprehensive list of infrastructure projects identified for implementation under the Transitional Stabilisation Programme.
PRIORITIZED PROJECTS

Given their contribution to long term economic growth, economic enablers will be prioritised during the Programme period together with investments that improve the social well-being of citizens.

Energy

Investments to maximise domestic generation capacity at the lowest social, environmental and economic cost from all sources will be pursued. This includes upgrading the transmission infrastructure to ensure that electricity generated is delivered to consumers with minimal losses.

The Rural Electrification Fund will be strengthened to ensure empowerment of rural communities through extension of the electricity grid to rural service centres, business centres, growth points, households, schools and clinics.

- Power Generation
  - Kariba South expansion, successfully completed with a capacity of 300 MW.
  - Hwange Unit 7 and 8
    - US$1.5 billion construction project to add 600 MW to the national grid.
    - Ground breaking ceremony held on 27 June 2018, marking commencement of works expected to take 42 months.
  - Batoka Hydro-Electric Scheme
    - Feasibility studies, project engineering and legal assessments completed in 2016.
    - Principles for the US$4.5 billion project agreed on by Zambia and Zimbabwe.
    - Expressions of interest received to develop the 1 600 MW Power Project along Zambezi River.
    - Project will ease power shortages in Zambia and Zimbabwe, with potential to supply other regional countries.
    - Batoka Project is being implemented under the auspices of the ZRA, a bi-national organisation, mandated to operate, monitor and maintain the Kariba Dam Complex as well as exploit the full potential of the Zambezi River.
    - Project specifications indicate the Scheme will be undertaken on a Build, Operate and Transfer basis upstream of the Kariba Dam Hydro-electric Scheme.
    - The proposed scheme includes a 181-metre-High Roller Compacted Concrete Gravity Arch Dam, Radial Gated Crest type spillway, two underground Power Stations on each side of the river with four 200 MW turbines installed in each, giving a total capacity of 1 600 MW for the Scheme.
    - The Scheme is designed as a run of the river scheme.
  - 3 Small Thermals (Harare, Munyati, Bulawayo):
    - Focus is on upgrading Harare and Bulawayo power plants by changing the boilers from old technology of coal powered to fluidised bed combustion boiler technology which will improve on efficiency at a cost of US$265 million.
    - This investment will increase output from the current 30 MW to 90 MW for each plant.
Tugwi Mukosi:
- Completion of the Tugwi Mukosi Dam provides scope for a 15 MW power plant.
- Feasibility studies for the power plant completed.
- Civil works for power plant have commenced at a cost of US$9 million.
- Estimated cost for the power plant amounts to US$33 million.

Other planned energy projects to be implemented through the IDBZ include the following:
- Manako (Osborne) Mini Hydro Electric Power.
- Rufaro Solar Energy.
- Harava Solar Energy.
- Odzani Mini Hydro Electric Power.
- Rooftop Solar Energy (Bulawayo, Harare and Kwekwe).

Solar
- Solar is an alternative source of power, particularly for rural households in off-grid areas. Its clean and environmentally friendly source of power that also augments grid efforts to improve on access to energy supply. Adoption of the use of renewable energy sources through installing solar street lights along all rehabilitated roads across towns. The introduction of a solar lighting system is also a cost cutting measure. Furthermore, increased reliance on solar energy will be boosted by local authorities’ requirements for all new housing development plans to embrace solar geysers.
- Leveraging on the Rural Electrification Fund, resources of US$50 million will be mobilised from the market in support of solar mini grid systems for targeted communities and small rural based business ventures.

Transmission Projects
- Zimbabwe’s transmission infrastructure, besides rehabilitation, requires upgrading in support of new generation projects, providing electricity for new settlements as well as addressing changes in demand.
- Targeted projects during the plan period include the following:
  - Alaska-Karoi 85km 132kV line, with support of US$22 million from AfDB, is currently under implementation and expected to be completed in 2020.
  - Atlanta-Mutoko 62km 132kV line, with support of US$13 million from AfDB, is expected to be complete in 2020.
  - ZIZABONA – Linking Zimbabwe, Zambia, Botswana and Namibia transmission networks at a cost of US$154 million. The first phase of the project relates to the construction of the 101 km Hwange-Victoria Falls line, with support of US$33 million from AfDB and is expected to be complete in 2020.
  - US$32.8 million Emergency Power Infrastructure Rehabilitation Project under ZimFund targeting rehabilitation of transmission and distribution networks for Harare, Kwekwe, Gweru, Bulawayo and Mutare. These projects are expected to be complete by December 2018.
  - US$40 million has been earmarked for national grid extension to unserved rural communities throughout the country, drawing from the Rural Electrification Fund.
  - Government and the African Development Bank are also finalising on the development of the US$14 million, 45 km Tugwi-Masvingo 132 kV Transmission Line.

Water & Sanitation
- By 2024 all sewer should be treated before being discharged to the environment, whilst 90 percent of urban dwellers should have access to safe drinking water.
- City fathers must plan for the growth in urban settlements by providing basic services and affordable housing for urban dwellers.
All ongoing dam projects will be completed and measures put in place to ensure all water bodies are fully utilised.

The City of Harare will need to invest in new water sources from Kunzvi and Musami to supplement existing supplies. Furthermore, an amount of US$135 million is required for additional reservoirs for Caledonia, Hatcliffe, Warren Control and Southern as well as replacement of 100 km distribution mains.

Bulawayo City Council on the other hand, will prioritise water upgrades for Criterion, Rangemore, Cowdry Park as well as investments in prepaid water meters at a cost of US$83.5 million.

The above is over and above the current support council is receiving from AfDB of US$34 million for the water and sewer upgrading project, under implementation which is expected to be complete by 2020.

With regards to the other local authorities, an amount of US$45 million will be earmarked towards addressing current challenges facing residents in accessing reliable water and sanitation services.

During the plan period, the following water projects will also be prioritised:

- Dam projects, comprising of Causeway, Gwayi-Shangani and Marovanyati will be completed by 2019 at a cost of US$194.2 million, with measures being put in place to ensure the water is fully utilised.
- Support of US$60 million will target execution of works for Chivhu, Semwa, Bindura and Tuli-Manyange dams.
- Emergency Water Supply and Sanitation Rehabilitation Project under ZimFund, targeting Harare, Ruwa, Redcliff and Chitungwiza is under implementation and expected to be complete in 2018.
- Guruve, Lupane and Zimunya sewer and water upgrading works under ZIMREF are on-going and expected to be completed in 2018 at a cost of US$5.5 million.
- Through the IDBZ, Government will prioritise the completion of the Victoria Falls Municipality Water and Sanitation Project and the Chiredzi Town Council Water and Waste-Water Augmentation.

Additional boreholes will be constructed countrywide, through DDF and ZINWA, to ensure that rural households also have access to safe drinking water.

**Transport & Communication**

An efficient and adequate transport system is critical for the development of the country, providing access to markets including reducing regional disparities.

The road, rail and air sub-sectors are critical in rapid industrialisation and agricultural advancement as they facilitate trade and movement of goods and people, hence, the need to rehabilitate and upgrade the current stock of assets.

**Roads**

- AfDB and World Bank studies estimate US$5.5 billion needed to rehabilitate Zimbabwe’s entire road network.
- Final take off of road projects that have been in the pipeline for over 30 years.
- Treasury funded road projects span across all projects, with Provincial Roads Engineers Departments receiving the largest funding since the turn of the Century, such that contractors are overwhelmed by work.
Government has been rehabilitating roads and bridges destroyed by Cyclone Dineo in 2017, through the Emergency Road Fund, while new and old projects are being fast-tracked under the auspices of the Department of Roads.

- Recovery of wash-aways on major bridges targeted.

- Through the fiscus, an amount of US$252 million has already been availed to the Department of Roads for the Roads Development Programme, targeting to re-establish trafficability on all State roads and set to complete the following:

- **Roads Dualisation**

  **Mutare-Harare-Gweru-Bulawayo Dualisation**

  - Phased approach earmarked upon, with Harare-Marondera and Harare-Selous portions in progress. 10km Karina Garage in Norton to Toll Gate almost complete by August 2018 at a cost of US$1.2 million per kilometre.

  - Department of Roads working with local companies after receiving US$8 million from Government, while works on 10km project after the Norton Toll Gate has also begun. The project currently employs about 120 causal workers, of which 55 are women. Road designs are in place for the project up to Selous Roundabout.

  - The project is wholly funded by Treasury. A survey team is on the ground and by end of 2018, Government will have designs up to Chegutu for a higher standard road which is very durable with asphalt overlay. For the period to December 2019, an amount of US$47.4 million will be earmarked towards the dualisation up to chainage 73+700 to Bromley and up to chainage 68+200 along Harare-Gweru road.

  **Beitbridge-Harare-Chirundu Dualisation**

  - A new contractor from China, is being engaged for the dualisation of the Harare-Beitbridge and Harare-Chirundu highways after failure by Geiger International to achieve financial close.

  - Meanwhile implementation of works for the improvement of steep gradients around the Makuti Escarpment on the Makuti – Chirundu section will benefit from the US$21 million grant extended by Japan. This should reduce the final cost of rehabilitating the Harare-Chirundu section of the North-South corridor. The grant agreement with Japan was signed on June 19 2018. This targets upgrading 6.5km through provision of overtaking lanes between Marongora – Hells Gate on the Chirundu-Makuti highway.

- **Roads Development Programme**

  - A comprehensive Roads Development Programme, with support from the fiscus, and targeting upgrades from gravel to bituminous surfacing is already underway at an average cost of US$500 000 per kilometre. The target is to complete 20km for each road every year until completion.

  - The targeted roads, being implemented under the Department of Roads Provincial Road Engineers in each province, estimated to cost US$542 million, are as follows:

    - **Matebeleland North** – Dete-Binga Road and Binga-Karoi Road.
- Mashonaland Central - Guruve-Kanyemba, Mt Darwin-Mukumbura.
- Mashonaland West - Golden Valley-Sanyati, Skyline-Mubaira-Chegutu, Alaska-Copper Queen, Kirkman Road.
- Matebeleland North - Bulawayo-Nkayi, Bulawayo-Tsholotsho, Ingwingsi bridge.

With regards to DDF, Treasury has already disbursed US$11.2 million towards re-gravelling of feeder roads and bridge construction countrywide, with an additional US$15 million being targeted for 2019.

In addition, IDBZ has been involved in the monitoring of the Emergency Roads Rehabilitation Programme by Government that covered 8 Provinces where it facilitated the disbursement of US$24.1 million. Some of the roads monitored include the Harare-Mutare Road dualisation (5.5 km), Goromoni Turnoff-Tollgate, Bindura-Shamva (4.4 km), Harare-Bulawayo Road dualisation (9 km), and Norton Turnoff-Tollgate.

In collaboration with relevant authorities, IDBZ is planning to get involved in the preparation and construction of the Chitungwiza-Harare Rail link and play an advisory role on the following road expansion projects:
- Harare-Nyamapanda.
- Bulawayo-Victoria Falls.
- Mutare-Christmas Pass.
- Kwekwe-Slobela-Nkayi-Lupane.
- New Victoria Falls Bridge.

**ZINARA**

Lessons will be drawn from construction and rehabilitation of 823 km highway from Plumtree to Mutare through ZINARA’s Special Purpose Vehicle, Infralink Private Limited, jointly owned by ZINARA and Group 5, with a shareholding of 70 and 30 percent, respectively.

Plans to construct and rehabilitate the country’s road infrastructure to assist kick start economic activity are already underway with the Emergency Road Rehabilitation Programme having created 534 jobs in Matebeleland South alone.

Through the ZINARA Infrastructure Bond, US$400 million will be raised in 2018 and 2019 from the market in support of the Emergency Road Rehabilitation Programme and hot spots rehabilitation.

Targeted roads through the Road Fund include the following:
- In Bulawayo, City Council is in the process of refurbishing major and artery roads through surfacing, pothole filling, rescaling and reconstruction, among other projects and the target is to cover the entire network of 2,100 km at a cost of US$750 million.
- In Harare, an amount of US$1.2 billion will be needed to rehabilitate the 4,500 km network as well as expand and construct interchanges at major intersections along Harare Drive.
- For the 32 urban councils, the Road Fund is availing US$44 million for routine and periodic maintenance during 2018.
- The 60 RDCs will receive US$32.5 million for grading and re-gravelling of rural roads.
- The Department of Roads and DDF will receive US$40 million and US$25 million respectively, for routine and periodic maintenance as well as bridge repairs.
- Support will also be made to DDF for procurement of road equipment amounting to US$8.3 million.
AIRPORTS

- Under the Plan, the upgrading of the R. G. Mugabe International Airport will be pursued at a cost of US$153 million which entails upgrading of the runway, construction of new terminal building, additional four aero-bridges, and communication system, among others.

- Furthermore, procurement of five weather radar systems, to be networked around the country, at a cost of about US$6.5 million will be prioritised.

RAIL

- The recapitalisation of NRZ has commenced with the injection of US$400 million in capital under a joint venture which will enable the parastatal to refurbish existing rolling stock and track infrastructure, including procurement of new assets.

Environmental Protection and Reclamation

- Reclamation of Gokwe Centre gully now complete. Gokwe Town, including the DAs Office, the new Court Building, Police Station and civil servants’ residences were on the brink of collapse due to a gully which was eating its way towards the Town Centre.

- Reclamation of small-scale miners’ degradation, including de-siltation of waterways and scooping of dams.

- The Environmental Management Agency is investing in the latest chemical monitoring technology following an influx of imported chemicals in the country and a rise in chemical spillages, especially on the country’s highways, which is posing health risks to communities and the environment. The management of chemicals in Zimbabwe was presenting great challenges given that the quality and quantity of chemicals being imported is on the increase. Zimbabwe, being a transit corridor, implies that the volume of chemicals transiting through Zimbabwe requires improved emergency response mechanisms. Need for environmentally sound management of hazardous and other waste.

- Veld fires – these threaten the environment, with potential to also destroy late planted crops, hence, the need for the relevant stakeholders to broaden preventive measures.

- Artisanal Miners and the Environment – The rise in artisanal and small-scale gold mining is seeing increased use of mercury in gold processing, with several environmental contamination contributing to serious health and ecological impacts. Mercury is a persistent, highly toxic heavy metal whose continued inhalation can cause death.

Research by UNIDO conducted between 2007 and 2012 estimated artisanal and small-scale miners in Zimbabwe, and mostly from vulnerable backgrounds, at over 500 000 with the number expected to have increased over the years.

Concerns on the negative impacts of mercury gave rise to the promulgation of the Minamata Convention on Mercury of October 2013, an International Treaty designed to protect human health and the environment from human induced emissions and releases of mercury and its compounds. Zimbabwe is one of the 128 countries which signed the Convention and is working towards ratification. The Convention aims at managing use of mercury in an efficient, effective and coherent manner, while member states work towards its total elimination.

The Convention recognises the need for the development of sustainable technologies to extract gold in preparation for the restrictions that will be imposed on trade in mercury. Once ratified, it will provide direction on development of national legislation to tackle control of use and influx of mercury.

Toxic mercury vapour impacts negatively on miners and their families and nearby communities. Most gold mining activities are carried out in rivers and streams which drain into dams and lakes,
contaminating water which accumulates in sediments and bio-accumulates in fish and tissues in other aquatic species. Once present in aquatic ecosystems, elemental and inorganic mercury can undergo transformations to methylated mercury species and enter the food web and highly level predators such as birds, water mammals and humans will be in danger of contamination.

EMA conducts awareness programmes on artisanal miners and other stakeholders, in all the 10 Provinces on the dangers associated with the use of mercury. Small-scale gold mining is one of the major release source of mercury in Zimbabwe. It is estimated that the sector is responsible for the release of over 1 600 tons of mercury per year to the air and on the land.

• **Health**
  - Health infrastructure will be upgraded to enable provision of comprehensive health services and re-establishment of the referral system. Access will be enhanced through construction of additional facilities especially in new resettlement areas as well as those areas where current facilities are failing to meet demand.
    - Construction of 63 Rural Health Posts, covering a staff house and basic equipment for primary care at a cost of US$4.4 million. The target is to construct 6 602 throughout the country that will provide the first line of defence in disease prevention and treatment.
    - Commencement of works for the construction of two District hospitals for both Harare and Bulawayo at a cost of US$240 million.
    - Rehabilitation and upgrading of infrastructure at provincial hospitals will also be prioritised including the construction of Lupane Provincial Hospital which is expected to commence in 2019.
    - Through the IDBZ and in the health sector, plans are advanced to roll out medical staff accommodation (on-site) across the country and academic and medical staff accommodation.

• **Education**
  - Government will ensure the achievements of the sector are maintained and broaden access by investing in the upgrading of infrastructure and additional new facilities.
    - Construction of 17 primary and secondary schools, funded through OFID is on-going at a cost of US$21 million and are expected to be complete by end of 2018.
    - Feasibility studies for 100 schools underway, with resources being mobilised through joint ventures.
    - Construction of innovation hubs at six state universities currently underway with the scope being broadened to cover other universities. The Midlands State University’s innovation hub was commissioned in June 2018.
    - Development of infrastructure at new state universities will also be prioritised.
    - Construction of accommodation, teaching and learning facilities will be implemented, complemented by private sector funding through joint ventures.

• **Housing**
  - Provision of housing stands and the requisite social amenities will be prioritised to address the housing backlog. All outstanding institutional accommodation projects that had stalled due to the economic challenges of the past decade will also be completed.
    - Through the Infrastructure Development Bank, UDCORP and NSSA, Government will mobilise funding from the market towards the servicing of stands and construction of houses countrywide. Some of the projects already underway include the following:
      - **IDBZ- Sumbem** (370 low density stands in Mt Pleasant Harare), Empumalanga West (2 135 high density stands in Bulawayo), Kariba (1 560 high, medium and low density stands), Clipsham II (600 medium and low density stands), Gwanda (1 000 high density stands), Chiredzi (1 800 mixed density stands), Nemamwa (222 medium density stands), Makonde (197
mixed density stands) and Dzivarasekwa phase 2 (737 high density stands). Through on-going land acquisitions, IDBZ plans to develop housing schemes and accommodation for students, academic and medical staff in towns such as Zvishavane, Marondera, Harare, Masvingo, Plumtree, Lupane, Bulawayo, Gwanda, Chegutu, and Kadoma, among others.

- **NSSA** - Dzivarasekwa (600 houses), Newmara (400 houses), Knochmallock (267 houses), Stoneridge (200 houses), Batanai Lot A (360 houses), Batanai Lot B (363 houses), Glaudina Apartments (288 flats), Glaudina Merwede (100 houses) and Hopeville (71 houses).

- **UDCORP** - Hatcliff (6,000 stands), Shirt in Bulawayo (50 stands of 2,000m² each), Caledonia (29,000 stands), Dunottar (10,000 stands), Glenview (Construction of 4 storey flats each with 8 apartments), Manresa (Development of 320 flats in Tafara), Chirundu, Umvutcha, Gimboki and Retreat.

- The Financial Sector, particularly building societies are also implementing various housing development programmes through provision of housing stands in most urban settlements.

- With regards to institutional accommodation, all projects that had stalled due to the economic challenges of the past decade will be completed, particularly the following:
  - Courts – Chinhoyi, Gwanda and Marondera provincial magistrates’ courts, at a cost of US$23.1 million
  - Composite offices – Lupane, Mutoko, Wedza, Siakobvu, Mhondoro and Mbire at a total cost of US$21.3 million.
  - Institutional housing – Lupane Civil Servants houses, Zimbabwe Prisons staff houses, Dzivarasekwa houses, Immigration and ZIMRA staff houses as well as staff houses for Mahusekwa, Mpilo and Tsholotsho hospitals, at a cost of 12.2 million
  - New Parliament building – to be constructed through a grant from the People’s Republic of China at an estimated cost of US$145 million.
  - Construction of Lupane provincial hospital, Mbuya Maswa clinic in Zaka, Chiromo clinic in Gokwe and rehabilitation and upgrading works for the four central hospitals.

### ICT

- Digital technology has drastically changed our everyday life and business processes, providing opportunities for countries to leapfrog decades of under-development and catch up with the rest of the world.

- Government will invest in digital infrastructure that connects all major economic centres with fibre optic to improve access to key services and markets to citizens, whilst the E-Government programme will be expanded to cover other public services in order to bring more convenience to the public.

- The Zimbabwe Digital Broadcasting Migration Project, under implementation at a cost of US$173 million, has so far received US$64 million which has allowed for the completion of two digital television studios and 18 transmitter sites among others. The balance of US$109 million will target digitalisation of the remaining 30 transmission sites, 4 television studios, 11 radio studios, 6 content production facilities and 7 outside broadcasting vans among others.

- Consistent with Vision 2030, Government is intensifying efforts to bring internet connectivity to every household countrywide.

- This will also facilitate development of community information centres across the country, with 250 centres already set up.

- To complement Government efforts, the IDBZ is involved in ICT through exploring the domain of fibre optic backbone and distribution infrastructure. In addition, the Bank is exploring to finance the roll
out of dedicated ICT infrastructure to facilitate inter-connectivity among institutions of higher learning across the country.

- The Bank is scanning for investment opportunities in the roll-out of wireless broadband network across Zimbabwe under PPPs. This programme is expected to deliver efficient communication systems at lower cost to the economy, consistent with the country’s development thrust.

**Irrigation Development**

- Vision 2030 recognises that limited irrigation infrastructure facilities increase vulnerability of agriculture to drought and, hence, compromise all other interventions such as financing and technical support.
- To date, the country has 210 000 hectares of developed irrigation of which 175 000 hectares are operational.
- The existing Irrigation Master Plan targets support for the eventual rehabilitation and establishment of irrigation facilities to cover 2.5 million hectares.
- The target is, therefore, to add 200 hectares per Administrative District per year over the Vision 2030 period of 12 years, and this requires forging partnerships with external partners.
- This will boost production across the country’s vast arable and under-utilised tracts of land, drawing from several dams whose waters remain idle.
- As a result, critical areas for investment are in irrigation and mechanisation equipment, fertilizer and other inputs production, among others.
- Targeted irrigation schemes are:
  - Nyanje Irrigation Scheme rehabilitation idle for over a decade in Gokwe, set to benefit over 1 000 farmers in Kana, Sessame, Manoti, Nkayi, Silobela and Zhombe, among others.
  - Nyakomba Irrigation Scheme with support from JICA, set to benefit 570 hectares in Nyanga.
  - The Zhove Irrigation Project with support of US$37 million from Kuwait Fund to benefit 2 600 households in Beitbridge at an average of 1ha per household.
  - Small-holder Irrigation Support Programme with support of US$52 million from IFAD, OFID and Government to benefit 12 200 households in Manicaland, Midlands, Masvingo and Matabeleland South.
  - Tugwi Mukosi Irrigation scheme, which is still at feasibility study stage, targets 25 000 hectares in the Chivi and Masvingo districts at an estimated cost of US$150 million.
  - Muzwi Irrigation Scheme, targeting 800 hectares in Masvingo District is at feasibility study stage at an estimated cost of US$5 million.
  - Osborne Irrigation Scheme, targeting 5 000 hectares in Mutasa District is at feasibility study stage at an estimated cost of US$70 million.
  - Biri Irrigation Scheme, targeting 2 000 hectares in Chegutu District is at feasibility study stage at an estimated cost of US$8 million.
  - Lilstock Irrigation Scheme, targeting 2 000 hectares in Bindura District is at feasibility study stage at an estimated cost of US$12 million.
  - DDF small irrigation schemes, distributed across the country will be implemented at a cost of US$15 million.
- The African Development Bank will also be supporting data collection enhancement for effective water-related disaster management to the tune of €387 628. The Grant will finance procurement and construction of hydrological systems, weather stations, rainfall sensors, water pump and information technology equipment, as well as consulting services.
Other Projects

1521. It is pertinent to note that the country will also invest in a wide range of less costly projects and programmes that are strategically important, but have not been individually identified in the Transitional Stabilisation Programme, and hence, will be developed on a rolling programme within each sector.

Power Generation

1522. Growth in power generation over the Programme period is underpinned by investment by Government in the Kariba South Extension plant, which is adding on 300 MW of electricity to the national grid.

1523. This assists overcome forced outages that are periodically experienced, including at the thermal power plants at Hwange, and the small thermals at Bulawayo, Munyati and Harare. Some of the challenges relate to coal flow logistic bottlenecks, and other operational and maintenance challenges at power generation plants.

1524. The increased water inflows into the Kariba Dam reservoir during this and past season is benefitting improved water allocation for power generation by the Zambezi River Authority (ZRA) by 32 percent to Kariba Hydro Power Company.

1525. The Kariba Lake level rose to peak on 9 July 2018 at 486.9 metres, translating to 55.96 billion cubic metres of live storage, or 86 percent full.

1526. In addition, investments being undertaken by independent power producers also continue to augment the country’s electricity generation, and most recently in April 2018 Nyangani Renewable Energy commissioned a new 2.5 MW solar plant in Mutoko.
Electricity Generation Projections

<table>
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1527. This year, power generation is expected to exceed 8 100 GW/h, against the 2017 output of 7 852 GW/h, implying a growth of 3.2 percent.

1528. Over the Programme period, growth in electricity generation is projected at 2.6 percent and 2.2 percent in 2019 and 2020, respectively, sustained by increased water allocation at Kariba and on-going rehabilitation and maintenance exercises at the thermal power stations.

1529. The Transitional Stabilisation Programme recognises that the anticipated recovery of business and investment will require additional investments in electricity supply.

GDP Growth vs Electricity Consumption

1530. Hence, the Programme will oversee implementation of the Hwange 7 and 8 project, coupled with a number of other ongoing power projects by independent power producers, also targeting exploitation of solar. This would minimise the country's resort to power imports to cover up for domestic generation shortfalls.

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\(^7\) Actuals for January to June 2018, and projection thereafter.
1530. Hence, the Programme will oversee implementation of the Hwange 7 and 8 project, coupled with a number of other on-going power projects by independent power producers, also targeting exploitation of solar. This would minimise the country’s resort to power imports to cover up for domestic generation shortfalls.

1531. The Tokwe Mukorsi Hydro Power Company has also applied to the Zimbabwe Energy Regulatory Authority to construct, own, operate and maintain a hydro-power station at Tugwi Mukosi Dam.

1532. This should see some 15 MW being added to the National Power Grid, through a new 33 kV feeder from Tokwe sub-station to Triangle 132/33 kV sub-station.

**Fuel Supply**

1533. The security of fuel supply is vital for economic stabilisation and growth, necessitating prioritisation of use of the pipeline to guarantee efficient and cost effective supplies.

1534. Hence, the National Oil Infrastructure Company of Zimbabwe will monitor the pipeline utilisation capacity, which currently stands at 68 percent. Once the threshold of 70 percent is reached, a phased upgrade of the capacity will be initiated.

1535. Furthermore, in order to ensure consistent supply of ethanol, two ethanol storage tanks of 6 million litres capacity each will be constructed at the Mabvuku depot. This will provide a buffer for ethanol shortages during the rainy reason, thereby maintaining a consistent blending ratio throughout the year, that way reducing fuel imports.

**Roads Reclamation & Development**

1536. Benefiting from the abundant local resources such as cement, aggregates and labour, which constitute about 80 percent of inputs into road construction, the current
Emergency Road Rehabilitation Programme (ERRP) will be expanded into a Roads Reclamation and Development programme.

1537. The Programme will target rehabilitation of localised roads in urban centres as well as upgrading from gravel to bituminous surfacing in selected districts and growth points.

1538. The execution of the Programme will be through a National Blitz Initiative over the period July 2018 to December 2020, which will empower local communities through the establishment of “Local Gangs” that will provide labour for the works.

1539. A sustained Programme will also stimulate the demand for goods and services at the local level, thus providing an opportunity for locally based contractors and suppliers to expand their operations as well as create additional employment opportunities for locals.

1540. On its part, Government will prioritise and ring-fence resources for the Programme, including foreign currency for imported inputs such as bitumen and fuel, in order to sustain the works.

1541. In addition, production capacity for existing Asphalt Plants will be enhanced through procurement of new equipment and spares, for them to meet the envisaged increase in demand for asphalt.

1542. The Roads Reclamation and Development programme will target:

- Urban high density roads.
- Urban low density roads.
- Urban trunk roads, including development of roundabouts.
- Urban shopping centres repaving.
• District trunk roads.
• Growth points roads recovery.

1543. Specifically, the dualised portion of the Harare-Marondera carriageway will have roundabouts and traffic lights at:
• Mabvuku exit.
• Zimre Park exit.
• Old Windsor exit.
• Ruwa shopping centre.
• Goromonzi exit.

1544. On the dualised portion of the Harare-Selous carriageway, development of roundabouts and traffic lights will be at:
• Tynwald, in-between the Warren Park D and Kuwadzana roundabouts.
• Kuwadzana - Dzivarasekwa exits.
• Snake Park exit.
• Norton exits, before and after rail over bridges.

*Equipment for Road Authorities*

1545. The success and sustainability of the Road Development Programme will depend on the extent to which Road Authorities are capacitated with road construction and maintenance equipment as well as skilled manpower.

1546. The slow reaction by the majority of Road Authorities to the Government’s call to the Emergency Road Rehabilitation Programme was mainly due to inadequate and obsolete equipment within Road Authorities and in the market at large.
1547. Current expenditures under the Emergency Road Rehabilitation Programme show that over 50 percent of disbursements to Road Authorities went towards hire of equipment with less than 40 percent of funds going to actual road works.

1548. In addition, lack of requisite technical capacities in some Road Authorities, particularly Local Authorities, has also resulted in project implementation delays and in some cases, substandard work.

1549. Noting the capacity challenges facing Road Authorities, Government, under the Road Development Programme, will prioritise procurement of road construction and maintenance equipment as well as technical capacity building for technical staff in the various Road Authorities.

1550. This will reduce unit costs of construction through reduction in equipment hire costs, allowing more resources to be deployed to actual road works, as well as provide flexibility for Road Authorities in reacting to emergencies.

1551. The overall estimated capitalisation requirement towards re-equipping Road Authorities is estimated at over US$300 million.

1552. Hence, Programme interventions to provide for this requirement will be undertaken in phases that stretch beyond the initial targeted period over 2019-2020.

1553. The Transitional Stabilisation Programme will provide resources towards the procurement of equipment for Road Authorities targeting rebuilding equipment capacity for the typical Road Construction Unit, as well as that for a Maintenance Unit as follows:

*Construction Unit*

- Motorised Grader.
- Tipper Trucks 15 m³.
• Pneumatic Roller (25 ton).
• Water Bowser (20 000 litre).
• Front End Loader.
• Excavator (30 ton).
• Bitumen Distributor.
• Chip Spreader.
• Flat Body Truck (7 ton).
• Paver.
• Road Milling Machines (Road Reclaimers).
• Road Marking Machine.
• Jet Patcher.

Maintenance Unit
• Motorised Grader.
• Tipper Trucks 6 m³.
• Water Bowser (20 000 litre).
• Steel Vibratory Roller.
• Back Hoe Front End Loader.
• Flat Body Trucks (7 ton).
• Flat Body Trucks (3.5 ton).
• Tractor.
• Tractor Trailers.
• Pedestrian Rollers.
• Plate Compactor.
• Grass Mowers.
• Hydraulic Platform.
• Trucks (0.5 ton).
• Technical Skills

1554. With regards to technical capacity building, Government, working in partnership with tertiary education institutions, multilateral institutions and the private sector, will develop and deliver specialised coaching clinics and courses on various technical skills required in the sector.

Ports Management

1555. As part of measures to improve the doing business conditions, Government is expediting the establishment of a Ports Authority that will immediately address the challenges faced by businesses, with regards to delays and red tape at border posts.

1556. The creation of the Ports Authority is also critical as the country embarks on investment promotion and export led growth trajectory, for efficient trade facilitation.

Ports Expansion & Upgrading

1557. As part of facilitating the ease of doing business, Beitbridge, SADC’s busiest inland port, is being upgraded and expanded under a Cabinet approved plan with the ground breaking ceremony for works on the modernisation taking place on 11 July 2018.

1558. The upgrading and modernisation project of Beitbridge Border Post is estimated to cost US$241 million, and will see its transformation into a robust, efficient economic enabler of trade, commerce and tourism, in line with Government’s thrust to open Zimbabwe for business.

1559. An inter-Ministerial Committee has been set up to oversee project implementation by Zimborders, a consortium of local and international investors, on a Build Operate and Transfer model.
1560. The key elements of the upgrade entail:

- Road network refurbishment, to and from the Border post.
- Traffic separation, inside the Border area.
- Passenger, Freight and Bus terminals construction.
- Commercial Centre and Staff Accommodation construction.
- Weigh bridge construction.
- Communication, Security and Lighting systems upgrades.
- Water and Sewer Reticulation facilities renovation for Beitbridge town.

1561. Over and above the physical infrastructure, the project will see an Integrated Border Information Management System which will smoothen the flow and coordination of operations among all border agencies.

1562. On completion, Beitbridge capacity will be able to handle three times the current passenger and traffic flow.

1563. It is also part of the greater Beitbridge Master Plan which entails the construction of an airport, and industrial parks to complement development of a special economic zone.

1564. The modernisation of Beitbridge Border Post, set to boost trade and tourism, will be complemented by the construction of the Beitbridge-Chirundu, and Beitbridge-Victoria Falls highways.

**Infrastructure Projects Delivery**

1565. The success of delivering on infrastructure projects to the economy will be measured in terms of whether planned projects are executed within time and Budget.
1566. Matching resources to programmed project activities, building the necessary project implementation capacity as well as a robust monitoring and evaluation system will be critical in ensuring project delivery.

1567. In this regard, implementing agencies will need to consider a wide range of delivery models. This will include combining the conventional capital funding through the Budget with other innovative finance initiatives from the market, through blending public and Grant resources with private interest bearing instruments, including Public Private Partnership arrangements.

_Spending on Infrastructure_

1568. Government has committed to gradually increase the share of infrastructure spending to at least 30 percent of the Budget, whilst exploring other innovative ways of mobilising resources from the private sector.

1569. The Infrastructure Sinking Fund at the Infrastructure Development Bank of Zimbabwe will be strengthened, in order to provide predictability and consistency in funding of projects.

1570. The country will also partner with regional and international development finance institutions in the region and beyond in leveraging engagements with business towards infrastructure development.

1571. Furthermore, the User Pay Principle, which has been successful in mobilising resources for the roads upgrading programme through tolling, will be cascaded to other sectors depending on circumstances.

_Public Private Partnerships_

1572. Public Private Partnerships (PPPs) assist in mobilising private capital to finance key infrastructure projects, at a time when Government has limited resources.
1573. Implementation of projects through PPPs will be broadened in line with our capacity to manage the PPP process, targeting sectors such as energy, transport, housing and water. Through this Programme, best infrastructure PPP case studies in the region and internationally will be studied for possible replication in Zimbabwe.

1574. Crowding in private sector funding will entail development of a robust and bankable pipeline of projects ready for the market, requiring investments in project preparatory activities, including feasibility studies, to make evidence-based infrastructure decision making.

1575. Furthermore, user fees charged by public utilities should, at the very least, be at cost recovery levels in order to guarantee maintenance of our national assets, including investments in new capacity.

1576. It is also critical that billed amounts are collected, not only for financial stability, but to enhance the credit worthiness of parastatals and local authorities, which in turn enhances their capacity to mobilise funding from the private sector.

Development Partners

1577. Support from cooperating partners, particularly in the social sectors, has been critical in sustaining social service delivery at a time when the capacity of the Budget was limited.

1578. Our re-engagement efforts will also target support from Development Partners, particularly for projects that improve the well-being of citizens, including encouraging of blending Grants from Development Partners with interest bearing instruments to promote infrastructure development.

Institutional Reforms

1579. Timely delivery of infrastructure projects largely depends on a capable public service with the requisite skills to execute projects in the most efficient and expedient way.
1580. In this regard, the Transitional Stabilisation Programme emphasises capacity building and knowledge generation and sharing in infrastructure development. This will include strengthening capacity of public institutions to better manage infrastructure assets, ensuring projects move to bankability and delivery, as well as sustainable delivery of public services.

1581. Furthermore, the role of regulatory bodies in deregulated sectors such as the telecommunications, energy and transport sectors will be strengthened to ensure projects meet implementation time frames, including budget and service delivery objectives.

1582. By creating clear division of responsibilities between the regulator, responsible Ministry and other regulatory agencies, transparency and predictability in policy is enhanced, which in turn, improves private sector investment decision making.

1583. Timeous and cost effective delivery of the much needed public infrastructure will also require development of synergies that tap on the capacities across Zimbabwe’s public institutions.

*Project Preparation & Documentation*

1584. The ultimate objective of Vision 2030 is to identify and invest in backbone infrastructure that meets the basic needs of the country, boosts productivity and competitiveness of industry as well as make a difference to people’s quality of life.

1585. Projects identified for investment should, therefore, contribute towards delivery of national strategic priorities as well as provide positive returns to the country and economy.

1586. In this regard, capacity building measures will also be undertaken, including a framework to enhance the quality of projects funded from Government resources.
1587. Benefiting from international best practice, all new projects will now be subject to governance procedures as provided for in the Public Investment Management Guidelines that were produced on November 15, 2017.

1588. In addition, development of a pipeline of bankable projects for investors will also be critical, taking advantage of the various sources of finance.

*Other Investment Opportunities*

1589. While the above Vision 2030 Agenda for infrastructure investment is ambitious, its successful implementation will be central to Zimbabwe meeting the strategic goals, priorities and targets of its Vision, necessary to generate sustainable economic growth in a challenging environment.

1590. The Transitional Stabilisation Programme will endeavour to ensure sound economic management, characterised by macro-economic stability entrenched under policy consistency, predictability and credibility.

1591. Government is, therefore, inviting all potential investors, across the globe, to prioritise Zimbabwe as a development partner and safe investment destination, complementing domestic efforts towards sustainable economic growth and development.
PART VI: HUMAN DEVELOPMENT

1592. Additional fiscal resources generated from the re-orientation of Budget expenditures\(^7\), will in part, be directed towards improving the coverage and quality of our social services.

1593. Cognisant of the huge unmet demands for social services and the limited capacity of the National Budget to fill this gap, the continued contribution by communities and Development Partners in the delivery of social services is critical to the sustained improvement of the standard of living and the rolling back of poverty frontiers.

**Education Delivery**

*Basic Education*

1594. Investment in education is a key poverty reduction strategy, as well as a vehicle for producing a skilled and capable workforce which will greatly assist in our agenda of pushing the frontiers of production.

1595. Consistent with the Constitution, the Education Sector Strategic Plan to 2020 gives emphasis to addressing inequities and ensuring inclusive socio-economic development.

1596. The policy stance is in tandem with Sustainable Development Goal 4 that seeks to “Ensure inclusive and equitable quality education and promote life-long learning opportunities for all.”

1597. This is also in line with aspirations of the African Union wherein focus is on harnessing the demographic dividend and ensuring that no one is left behind through specific initiatives to address the educational needs of marginalised groups, including persons with disabilities.

\(^7\) The re-orientation of the Budget seeks to reduce the share of expenditures supporting the Public Service Wage Bill.
In this regard, priorities in the Basic Education sub-sector over the Transitional Stabilisation Programme period will be on:

- Ensuring access for all, which will include providing adequate infrastructure as well as opportunities for Non-Formal Education; early identification of children at risk of not entering the education system, dropping out or falling behind and strategies to support those unable to meet fee and levy charges.

- Phasing the implementation of a competency-based curriculum, which emphasises on ICT, STEM, Education for Sustainable Development and provision of life skills.

- The improvement in learning outcomes to be achieved in part by building, developing, monitoring and upgrading the professional skills of teachers already in the service.

The above priorities are informed by the presence of various socio-economic challenges and developments as well as structural bottlenecks.

These include:

- A disproportionate number of learners who are out of school, inclusive of those living with disabilities, on account of inability to afford fees and absence of nearby learning facilities with inclusive and appropriate learning environments.

- Infrastructure deficit, inclusive of classrooms and laboratories, as well as an existing infrastructure stock that is dilapidated.

- Progressive increase in enrolment levels especially at the Early Childhood Development level (ECD).

- A disproportionate percentage of untrained teachers at the ECD level: around 67 percent of ECD teachers were untrained in 2014 compared to a range of 10 – 26 percent at the Junior and Secondary School levels\(^8\).

- Limited stock of learning materials and equipment.

\(^8\) Ministry of Primary and Secondary Education Management Information System (EMIS) data for 2014.
**Higher and Tertiary Education**

1601. Investment in human capital development remains a cornerstone of our economic development agenda.

1602. Accordingly, the Transitional Stabilisation Programme will prioritise the production of additional human capital at our local Polytechnics, Teachers Colleges and State Universities, through the construction of new tertiary institutions and rehabilitation of existing ones.

1603. The provision of vocational and technical skills to learners and practising artisans in industry and the establishment of research and innovation hubs across provincial capitals will also be prioritised.

**Reconfiguring the Education System**

1604. Zimbabwe’s educational system will be made more relevant to the demands of the economy and markets.

1605. The reconfiguration of the country’s famed education system targets to create an inclusive structure that answers to the demands of society.

1606. Vision 2030 recognises that education which cannot produce jobs by itself is not relevant to the growth and development of the economy.

1607. Graduates should be equipped with skills acquisitions that empower them to become innovative towards societal development, rather than acquiring, in universities and colleges, skills that leave them in need of prescriptions on what they should do after college.

1608. This is being realised through restructuring the higher and tertiary education sector to deliver university and college training institutions focused on five missions:
• Teaching.
• Research.
• Community service.
• Innovation.
• Industrialisation.

1609. An inclusive education system is envisaged, breeding peace, hope and prosperity through its products, that way developing and propelling Zimbabwe into a prosperous future.

1610. This is after years of neglect under the Old Dispensation, reversing the huge gains which had been realised in the early years of majority rule.

1611. Institutions of higher learning will be challenged to consider the results of the Critical Skills Audits in their strategic planning processes so that Faculties and Departments appropriately respond to national and industry skills gaps.

Skills Audit

1612. Shaping the country’s modernisation agenda, in line with Vision 2030 towards transforming Zimbabwe into an Upper Middle Income Economy in the next 12 years, requires assessment of the National Critical Skills Audit to drive the transformational agenda.

1613. The Skills Audit will interrogate skills deficits, surpluses and trends in economic Clusters, which include:

• Engineering and technology.
• Natural and applied sciences.
• Agriculture.
Medical and health sciences.
- Business and commerce.
- Applied arts and Humanities.

1614. The results of the skills analysis will undoubtedly provide information that will enhance precision in the Human Capital Development Plan and serve as a guiding tool in Zimbabwe’s industrialisation and modernisation agenda.

*National Qualifications Framework*

1615. Greater synergies of skills and competencies of human capital, in tandem with Vision 2030s economic thrust, will necessitate that primary and secondary school level education systems also be aligned to the audit results to chart the career paths of learners.

1616. This will be enhanced by Government facilitation of training in critical skills to increase quantity, quality and relevance of our higher education curricula, in line with present and future needs.

1617. Government will modernise and equip higher learning institutions to increase competencies in scientific fields.

1618. Furthermore, Government will standardise educational qualifications and ease the movement of students from one institution to another. Prior learning and experience will now be recognised for acceptance into institutions of higher learning.

1619. This framework integrates education into a unified structure by coordinating education, training institutions and qualification awarding bodies into a national recognisable qualification system.
National Geospatial & Space Programmes

1620. Zimbabwe’s re-engagement with the global community will benefit development of National Geospatial and Space Programmes to enhance agriculture, mineral exploration, wildlife conservation, disease surveillance, and infrastructure management and mapping.

1621. Such deployment of intellectual capabilities will serve as a catalyst for growth of the country’s international competitiveness, underpinned by research, development and innovation in solving real life problems encountered by the generality of the population.

1622. Government would set aside 1 percent of GDP to support innovation, research and development and establishment of incubation hubs.

Private Sector Participation in Learning Environment Infrastructure

1623. Over the years, Government has, with the assistance of Development Partners, invested in establishing and development of schools in the country.

1624. These schools have continued to grow, particularly in terms of learner enrolment.

1625. However, due to fiscal constraints as a result of economic challenges, investment by Government in school infrastructure such as teacher accommodation, boarding facilities, classrooms, sporting and other facilities at these schools has been severely constrained.

1626. This resulted in available infrastructure and services being inadequate to meet demand and projected growth of the schools. The country is in need of 2 000 new schools.
1627. Furthermore, the new Curriculum requires additional infrastructure such as science laboratories, technical/vocational workshops and sporting facilities from ECD to A-level.

1628. Significant investment is, therefore, required in teaching and learning infrastructure.

1629. Additionally, there is need for massive investments for the digitalisation of the education system in line with 21st Century trends.

1630. Given the scale of investment required to address these infrastructure demands, the Transitional Stabilisation Programme is supportive of investment models that facilitate increased private sector participation in the education sector, such as Joint Ventures and Build-and Transfer (BT) which, where applicable, will be underpinned by necessary Government approvals within the framework of the Joint Venture Act [Chapter 22: 22].

1631. Consequently, Government initiatives to facilitate private sector participation are being coordinated through the Infrastructure Development Bank of Zimbabwe (IDBZ) and entail crowding in private sector investment into schools.

1632. The investor institutions are encouraged to approach the Bank to take advantage of the investment opportunities available in this sector.

1633. On a smaller scale, and within their means, schools are encouraged to work out funding arrangements for the upgrade of infrastructure in order to be compliant with the demands of the new Curriculum.

1634. Government, through the respective Ministries and Departments, will accelerate any required approvals to facilitate investments coming on board.

1635. The requisite legal framework is being developed.
Students Accommodation

1636. Provision of students’ accommodation, across Zimbabwe’s 11 State universities, will benefit from innovative interventions by Government through the IDBZ in partnership with the private sector.

1637. To implement university students’ and staff accommodation projects, IDBZ will sign partnership MOUs with private firms under which there is sharing of contributions towards total funding requirements.

1638. The IDBZ, in partnership with external funders, will engage local institutional investors who can come in as equity partners, or through a combination of equity and debt capital, to provide the local funding component.

1639. Overall, of the projects now signed off at four State universities, the direct beneficiaries are at least 40 000 students.

Other Education Infrastructure Facilities

1640. The Transitional Stabilisation Programme will also see launch of other Infrastructure Facilities by international and local investors who will partner Government to build university or college towns, modern accommodation infrastructure for students and lecturers, as well as innovation, research and learning facilities.

1641. Already, a number of private sector firms have been identified and will attend to some of the infrastructure developments.

Provision of Internet Facilities

1642. Similarly, private telecom companies will partner Government in the introduction of broadened provision of internet service and connectivity to educational institutions, including the country’s 11 State owned universities.
1643. This targets tertiary students who will access reliable internet services and affordable gadgets, the objective being to enable full learning through digital platforms.

1644. The project will see the creation of communication and learning zones within campuses and will ensure that students have free, fast and efficient access to information, databases, internationally renowned research centres and e-books.

*Student Loan Facility*

1645. In the furtherance of Sustainable Development Goal 4: “Ensure Inclusive and Quality Education for All and Promote Lifelong Learning,” which is complemented by the African Union Theme of “Leave No Child Behind for Africa’s Development”, Government has since launched a Student Loan Facility which targets leaners at all institutions of higher learning inclusive of those from disadvantaged backgrounds.

1646. The Student Loan Facility will facilitate the provision of flexible and affordable loans under a Pay as You Learn concept, for supporting payment of tuition fees, accommodation and educational materials.

1647. To kick-start this initiative, the Ministry of Higher and Tertiary Education, Science and Technology Development on behalf of Government, has partnered a leading education fund in South Africa, which has committed US$10 million as seed capital.

1648. The National Budget and local financial institutions and venture capital funds will also be providing additional capitalisation towards this initiative, which seeks to ensure the provision of affordable student loan financing critical for the rebuilding of our human capital base.
**Health Provision**

**Health Services**

1649. Investment in health services will be guided by the 2016-2020 National Health Strategy, which seeks to sustain the gains achieved thus far through a comprehensive response to the burden of disease and strengthening of the health system to deliver quality health services to all Zimbabweans.

1650. This is in line with Sustainable Development Goal 3 that strives to ‘Ensure healthy lives and promote well-being for all at all ages.’

1651. Concerted efforts by Government, Development Partners and communities in recent years has re-galvanised the public health system as evidenced by:

- Tremendous progress in the HIV response programme with Zimbabwe headed toward epidemic control wherein, among other indicators, nearly every pregnant woman now has access to antiretroviral medicines.

- A reduction in the maternal mortality ratio from 960 per 100 000 live births in 2010–11 to 651 per 100 000 live births in 2015.

- Tuberculosis incidence has dropped by nearly 60 percent over the last decade.

- The overall incidence of malaria falling drastically by 79 percent from 136 per 1 000 population in 2000 to 29 per 1 000 population in 2015.

- Improved immunisation coverage and uptake of contraceptives, antenatal care, and enhanced provision of skilled birth attendances.

- The operationalisation and enhancement of the cervical cancer programme.

- The provision by health facilities of clinical and counselling services for sexual and reproductive health and gender-based violence.

- The establishment of an integrated procurement and supply chain management system.
• Maintaining the level of essential maternal, new-born and child health commodities at the primary health care level at an average of 80 percent through coordinated support from the Health Development Fund.

• The AIDS and Airtime Levies have contributed to improvements in the coverage and quality of high-impact health interventions and strengthened broader health systems.

1652. That said, the incremental improvement of health outcomes requires substantial investments to achieve equitable coverage and enhanced quality of health services.

1653. Urgent and critical interventions are, thus, needed to address critical challenges in the health sector, inclusive of the following:

• Sub-standard quality of maternal health services such as antenatal care, delivery, and postnatal care, including prevention of mother-to-child transmission of HIV and sexually transmitted infections.

• Medicine shortages, as well as family planning and other essential commodities.

• Inadequacy of emergency transport and communication systems which influence the mortality rate.

• A growing burden of non-communicable diseases due to suboptimal dietary habits, lifestyle, and poor health services.

• Inadequate mitigation of environmental pollution, poor water, sanitation, and hygiene (WASH) infrastructure, and seasonal deficits in nutrition and food security, which continue to affect the health status of citizens.

• Strengthening the Health and Management Information System at the facility level.

1654. This will be buttressed by interventions targeted to ‘Ensure availability and management of water and sanitation for all,’ in line with Sustainable Development Goal 6.
Public Health Insurance

1655. Government will improve support towards growth of public servants’ access to public health insurance through provision of drugs and other services at PSMAS.

1656. Central will be turn-around, and expansion of the PSMAS network to allow for more cost effective service provision in more geographical areas and more medical disciplines through investment in expansion of facilities.

1657. Interventions over 2018 to 2020 will see further cost cutting measures and improved operational strategies to reduce the liabilities of PSMAS.

1658. This should grow the number of service providers accepting PSMAS members, with Mission hospitals and Council facilities targeted as service providers.

Public Service Medical Aid

1659. At inception, PSMAS was a public service medical aid society where Government was the major shareholder. It has since been privatised into a profit-making entity.

1660. Following the privatisation, it has become increasingly difficult and in other cases impossible for members of the Civil Service to access health services country-wide.

1661. Most medical institutions do not recognise the medical aid when members present it. Members are also requested to make huge co-payments and at times paying for the full treatment in cash up front.

1662. This undermines the principle of medical insurance where one contributes monthly towards medical aid to enable access to medical treatment without having to pay cash. As a result, PSMAS is not serving its intended purpose, notwithstanding that Government is contributing over US$10 million each month towards the now private institution.
1663. Failure to address the above challenges will necessitate Government to create a dedicated Public Service Medical Aid with Government and public servants as the shareholders, to ensure affordable and full medical coverage and assurance for the civil servants.

Drugs Supply

1664. Improved availability of health care consumables at sustainable pricing structures for drugs should assist guarantee quality management of health care services.

1665. In this regard, the Transitional Stabilisation Programme also targets new domestic and foreign investor partnerships towards setting up generic drugs manufacturing plants in Zimbabwe during 2019.

1666. The partnerships will be on joint venture basis and, that way benefitting from transfer of know-how, technology and skills.

1667. This, in the process, will create value chain benefits for local Zimbabweans in the form of direct jobs and foreign exchange generation through regional exports of generic drugs.

1668. Currently, the absence of domestic produced generic drugs is leaving the public unable to afford purchase of expensive drugs.

Supply Chain Management & Importation of Medicines

1669. In the health sector, the Ease of Doing Business initiative, among other issues, is giving emphasis to the expeditious clearance of imported medicines and allied substances, guided by the over-arching import substitution policy which seeks to promote local production.
1670. Accordingly, the focus of the Transitional Stabilisation Programme will be on reducing time taken to issue import permits across designated ports of entry for medicines from 5 to 2 working days as well as reducing the fees for export licences.

1671. In the event that there are defects or non-conformances that are observed at the time of importation, consignments will be conditionally cleared and placed on quarantine to avoid storage charges whilst remedies are being sought.

1672. In instances wherein defects related to product quality, which may be harmful to the public are cited, the importer is given the option to re-export.

1673. Furthermore, the Programme will also review some of the constraints related to red tape and controls by the Medicines Council of Zimbabwe to improve on supply of medicinal drugs across the health delivery system.

Supplements for Children

1674. Government will be rolling out a food and nutrition home fortification programme targeting households to use micro-nutrient powders to improve vitamin and mineral deficiencies among children.

1675. The introduction of household vitamin and mineral supplements targets children between 6 and 23 months, a critical stage of development where children need balanced diets.

1676. Under this programme, small levels of vitamin and minerals will be added into porridge and the sachets will be availed across all health institutions.

1677. Training for health officials to be able to administer the fortified supplements is already underway for staff in clinics and hospitals across the country.
1678. The food fortification concept is fairly new in Zimbabwe and is already being implemented by some food manufacturing industries in the production of maize, cooking oil, wheat flour, salt and retail sugar.

1679. Government will develop the necessary Statutory Instrument on food fortification, with some food items already undergoing the fortification process.

1680. Backward linkages with industrial food fortification will extend to bio-fortified seed varieties for farmers.

1681. Recent food and nutrition surveys indicate that Zimbabwe is currently experiencing 26 percent stunted growth among children under the age of five.

**Investment in Health Delivery System**

1682. The health delivery system is in need of further development embracing new technological advances while at the same time seeking to attain capacity promotive of health tourism.

1683. Further focus will be on establishment of specialised and well-equipped health care facilities that draw both from internal and external expertise to reverse increased reliance on referring patients outside the country.

1684. Government will initiate the establishment of Oncology and Dialysis centres at the eight Provincial hospitals that way reducing travelling distances for patients seeking access to cancer and renal health services currently only available in Harare and Bulawayo.

1685. Government will strengthen public private partnerships to carry out large scale infrastructure projects in the health sector such as provision of medical equipment and building of general and specialised hospitals.
Ekusileni Hospital

1686. The Transitional Stabilisation Programme targets the operationalisation of Ekusileni Hospital which had been lying idle since its completion in 2001.

1687. The Hospital will provide Secondary and Tertiary care, covering Preventive, Diagnostic, as well as Curative services, critical to ensuring improved access to health services for the people in Bulawayo and surrounding environs.

1688. In this regard, the operationalisation of Ekusileni Hospital will be undertaken in two phases.

1689. This will be done under a joint venture arrangement between the National Social Security Authority (NSSA) and an identified private investor.

1690. The private investor will contribute medical equipment, and carry out renovations to the health facility, as well as provide the medical services, and linkages with local medical personnel.

1691. Phase I of the operationalisation Plan will begin in January 2019, targeting opening of the Accident and Emergency, Out Patients and Casualty Units, among others.

1692. Phase II, targeting opening of Operating Theatres, High Dependency Unit, Intensive Care Units and Dialysis, among others is expected to commence in January 2020.

Results Based Financing

1693. A key component of the broader array of Transitional Stabilisation Programme reforms being undertaken in the public health sector towards improving the health status of citizens is the implementation of Results-Based Financing, an innovative financing mechanism which focuses on maternal and child health services, giving emphasis on:
• Results-based contracting of health services.
• Monitoring and documentation of health records at the health facility level.

1694. On the back of gains achieved thus far in the initial 18 Districts targeted at the phased implementation, supported under the US$50 million Health Sector Development Support Project, Government has since commenced the process of rolling out and institutionalising the RBF framework across the remaining Districts.

1695. In this regard, in May 2018, the World Bank approved additional financing to the Project amounting to US$3 million, under the Global Financing Facility.

1696. The resources will support implementation of the National Plan for institutionalisation of the RBF, as well as support the phased implementation of the urban RBF scheme which facilitates the provision of maternal and child health services to vulnerable mothers through a Voucher programme.

Public Health

1697. The Transitional Stabilisation Programme also targets overcoming recurrence of seasonal and periodic outbreaks of public health challenges related to communicable diseases that the New Dispensation’s Vision 2030 targets to eradicate.

1698. In particular, urban settlements with higher densities of populations end up victims of such diarrheal diseases as typhoid and cholera on account of lack of access to clean water.

Sanitation

1699. Government has made significant investments to augment water treatment and sewerage reticulation systems across the country through provisions from the National Budget, as well as through loan facilities from bilateral creditors.
1700. These resources are being complemented by funds mobilised by various Development Partners for the rehabilitation and upgrading of water and sanitation infrastructure.

1701. The level of public investment in such infrastructure has, however, remained inadequate, and hence most local authorities are still unable to provide adequate clean and safe water to residents, with experiences of recurring leakages and burst pipes widespread.

1702. Furthermore, most urban sewer reticulation systems can no longer sustain the rapid expansion in urban settlements and population, resulting in persistent sewer systems overflows, aggravated by recurrent water shortages.

1703. The absence of reliable water supply has often forced communities to rely on drawing water from boreholes and wells, under environments of high dependence on pit latrines and sceptic tanks, which contaminates such water supplies.

1704. The Transitional Stabilisation Programme, therefore, targets re-orienting local authorities towards enforcement of by-laws and enhancing water, sanitation and hygiene programmes in both urban and rural areas.

Hygiene

1705. The failure by local authorities to enforce by-laws has seen the rampant spread of vending, unregistered restaurants, churches and informal settlements across urban centres under un-sanitary and un-hygienic conditions, which has tended to exacerbate scope for breeding and spread of diarrheal diseases and cross contamination of the available unprotected water sources.

1706. In most urban areas, vendors have been engaging their activities, selling vegetables, raw meat, as well as ready cooked meals from the back of motor vehicles, and on pavements in front of formal retail shops.
1707. This situation has become disruptive to formal business operations, and hence, undermining such operators’ capacity to honour their obligations, including payment of local authority rates, and hence undermining service delivery.

1708. The Transitional Stabilisation Programme will facilitate implementation of coordinated initiatives amongst all stakeholders, including Government, Local Authorities, Development Partners, business, and vendor associations in ensuring compliance with local authorities’ by-laws.

1709. This will include the development of the necessary vending infrastructure and ensuring that no vending and church services are conducted at places where there are no proper public amenities and sanitary facilities.

Social Protection

1710. Concomitant with the weak state of the economy over the recent past, poverty and vulnerability continue to be major challenges confronting Zimbabwe as evidenced by a decline in the level of our human development indicators.

1711. Guided by the National Social Protection Policy Framework for Zimbabwe, key investment needs will focus on:

- Improving the efficiency and effectiveness of the basic safety net programmes, inclusive of the Basic Education Assistance Module and the Harmonised Social Cash Transfers.
- Strengthening household resilience and the links between emergency and development assistance.
- Enhancing longer-term productive inclusion of communities into socio-economic programmes in sectors such as agriculture, mining and industry through the SME window.
- Reviewing of the options to establish a single registry for social protection, including through an Integrated Management Information System.
1712. The above interventions recognise that seasonal food insecurity is a major concern for many households wherein an estimated half a million chronically poor people need year-round assistance to meet their food needs.

1713. Even in years with a normal to good harvest, an additional half a million people typically face a shortfall for part of the year, being unable to meet their food needs during the lean season.

1714. In the event of a shock or stress, up to 3 million more people may find themselves in need of temporary food and other assistance, as during the El Niño event of 2016.

1715. Key to addressing some of the vulnerabilities will be the improvement in coverage for the anchor safety net programmes such as BEAM and HSCT.

1716. Currently, BEAM is providing an educational safety net of US$20 million for around 416,000 vulnerable and orphaned learners against registered claimants of around 1.1 million. Actual vulnerability is higher than this number.

1717. Within the context of limited fiscal space, the National Budget has accumulated arrears of around US$72.8 million relating to the period 2016–2018.

1718. Government in partnership with Development Partners is currently providing cash transfers to around 61,502 vulnerable households in only 24 of the targeted 64 districts that have pockets of vulnerable households.

**Children’s Rights & Development**

1719. Government in partnership key stakeholders will continue to support policies and measures that seek to promote maximum protection and development of children under the Transitional Stabilisation Programme, in line with the Constitution.

1721. This is over and above Section 81 of the Constitution which provides for protection of children from economic and sexual exploitation, child labour, maltreatment, neglect or any form of abuse, that way upholding the fundamental human rights of children.

1722. Targeted interventions during 2019 and 2020 will mainly be directed towards:

• Alignment of various pieces of pro-child legislation with the Constitution, side-by-side with strict enforcement of penalties against child abuse.

• Prioritisation of resource allocations towards strengthening and coordination of programmes for protecting and promoting children’s rights, including awareness campaigns to end child marriages, sexual exploitation and abuse.

• Accelerating programmes to capacitate and empower all children, including access to equal educational opportunities, irrespective of gender and physical status, also paying attention to those with disabilities.

• Improving rural school infrastructural facilities to ensure that all children benefit from the roll-out of the new education curricula.

Empowerment

1723. Over the years, Government has prioritised gender equality in order to enhance women and youth participation in the development process, in line with the United Nations’ Sustainable Development Goal 5 which seeks to “Achieve Gender Equality and Empower all Women and Girls”.

1724. The youth alone account for 36 percent of economic activity.
1725. The Transitional Stabilisation Programme will, therefore, be enhancing gender mainstreaming in all sectors of the economy in order to eliminate all negative economic, social and cultural practices that impede equality of sexes.

1726. Furthermore, financial inclusion of women and youths is also envisaged to reduce poverty, consistent with Zimbabwe’s obligations under the SDGs by 2030.

1727. Vision 2030 also recognises that those born with impairments also need empowerment for them to realise their potential towards contributing to overall economic development.

1728. Hence, the Transitional Stabilisation Programme also contains tailor made interventions targeted at people facing physical challenges.

Mainstreaming Gender in the Development Process

1729. The Transitional Stabilisation Programme will further foster integration of gender mainstreaming across all sectors, cognisant of Gender Equality as fundamental to achieving equitable, sustainable and inclusive socio-economic development.

1730. This builds on Government’s commitments under its Gender Responsive Budgeting Strategy and the National Gender Policy with the Guidelines drawing from, adopted from 2007 to mainstream and integrate gender issues into the Budgetary cycle.

1731. Key milestones and deliverables will relate to:

- **Further mainstreaming** of gender sensitive policies and legislations.
- **Integrating** gender issues into national and sectoral economic policies, national budget policies, Call Circulars and Guidelines.
- **Programming and budgeting**, which involves identification of gender issues, interventions, budget costings, and setting of performance benchmarks.
• **Prioritisation of resource allocation**, disbursement and implementation of national and sectoral gender plans and programmes.

• **Implementation** of gender sensitive programmes and projects, targeting women and the youths.

• **Monitoring and Evaluation**, which involves tracking performance, and feedback for policy review.

1732. The main actors in Gender Responsive Budgeting remain, among others, Government and its Agencies, Parliament, Development Partners, and Civil Society.

1733. In particular, the Zimbabwe Women Resources Centre Network is facilitating national Budgetary process to mainstream gender, partnering Government in gender responsive Budget capacity building programmes.

1734. To date, a pool of gender experts comprising Budget Officers, Finance Directors, Gender Focal Persons and some Heads of Departments in line Ministries have received training in Gender Responsive Budgeting.

1735. Parliamentarians have also been sensitised on the need to make Government accountable for its gender equality commitments and this has seen the Women’s Parliamentary Caucus debates on the Budget holding Government accountable for gender equality commitments. Such interventions aid development of gender sensitive policies and legislation.

1736. Some of the interventions implemented on account of gender mainstreaming have included, among others:

• Operationalisation of the Gender Commission to spearhead the gender agenda.

• Enactment and popularisation of the Domestic Violence Act, to combat Gender Based Violence.
• Prioritisation of resource allocation and disbursement to women and youth empowerment programmes.
• Operationalisation of the Women and Youth Empowerment Banks.
• Introduction and enforcement of policies for free maternal health care services, with the objective to reduce maternal mortality rates.

Support for Informal Traders

1737. The Transitional Stabilisation Programme recognises the rising role of informal trading by individuals and households as safeguards against decline in formal employment.

1738. This has seen upsurge in vending across urban centres, undesignated roadsides and major highway junctions, where vendors sell their wares undermining the smooth flow of traffic.

1739. In the Central Business Districts (CBD), vendors have created vending stalls, retailing their wares along shop pavements, with effects on business activities of formal retailers, as well as flow of both pedestrian and vehicular traffic. Some vending has left complete road lanes permanently unavailable to road traffic, notably along Robert Mugabe Rd in Harare.

1740. The obstruction to traffic driving through the Mbudzi traffic circle along the Harare-Masvingo highway has left motorists spending hours to navigate past the roundabout.

1741. Non-compliance by commuter omnibus and pirate taxi drivers, coupled with non-enforcement of traffic and municipal by-laws, often exacerbates the situation.

1742. This will entail Government working with other stakeholders towards a participatory and inclusive approach in the planning and provision of appropriate infrastructure, including support towards designating appropriate, accessible and hygienic sites for vending.
PART VII: GOVERNANCE REFORMS

1743. The values and objectives that anchor the aspirations of Vision 2030 recognise good governance as the bed-rock for a new democratic and developmental Zimbabwe.

1744. These values are enshrined in the Constitution, and the new Dispensation commits to live by them, never overstepping its mandate.

1745. Hence, Transitional Stabilisation Programme measures to underpin economic reforms, broad based Citizenry participation in national and socio-economic development programmes, and re-engagement with the global community will be complemented by governance reforms ushered in by the New Dispensation from November 2017.

1746. Accelerating governance reforms will require responsive public institutions, transparency and accountability, equity and inclusivity, consistent with Zimbabwe’s commitments and obligations under SADC, the African Union, and the United Nations.

1747. In this regard, Government will work with all stakeholders in the implementation of governance reforms, inclusive of political parties, and civil society, among others, under the auspices of the Nation’s people driven Constitution.

1748. This will also necessitate collaborations with cooperating partners, including the recent pointers set out in the US legislation, the Zimbabwe Democracy and Economic Recovery Act (ZIDERIA), as well as the roadmap towards Zimbabwe resuming membership to the Commonwealth.

Rule of Law

1749. Government will strengthen the rule of law with all Zimbabweans mandated to subordinate their power and will to the guidance of the laws made and enforced, and
to serve their purpose, which is in the public good and service to the community as a whole.

1750. They shall, at any point, strive to abide by the dictum that no one is above the law and the law should protect everyone.

**Political Governance & Democratisation**

1751. The conduct and conclusion of the 30 July 2018 Harmonised Elections in a *Free, Fair, Credible, Transparent, and Violence Free* environment, under the watchful eyes of regional, continental and global observers, facilitated inculcation of the country’s *Democratic Principles* as required by the Constitution.

1752. In this regard, the isolated post-Election violence event of 1 August 2018 in Harare will not be allowed to mar Zimbabwe’s progress with peace and democracy. The findings of the post-Election Commission constituted by His Excellency the President to probe this occurrence will assist reconcile and heal the Nation.

1753. This will assist social cohesion, central to moving the Nation forward towards an Empowered and Prosperous Upper Middle Income Society.

1754. Going forward, this will set the tone for further reforms to Zimbabwe’s electoral systems and processes, and establishment of strong and independent institutions for a well governed Republic of Zimbabwe, with clearly defined and separation of powers among various arms of the State.

**Servant Leadership**

1755. The political leadership is, under Vision 2030, a *Servant* of the public that it serves, and undertakes to listen, embrace, and engage citizens in an interactive manner.

1756. The spirit of working with all stakeholders, inclusive of *Political Parties, Churches, Youths, Women Groups, Professional Associations, Students, Traditional Leaders,*
Academia, the Business Fraternity, among others, allows for cross-pollination of views and building of Trust and Common Understanding that informs public policy interventions.

Respect for Human Rights


1758. The law enforcement agencies will focus on their Constitutional mandates, benefitting from far reaching reforms implemented across law enforcement services with a view to instilling professionalism and eliminating corruption.

1759. Similarly, the capacity of Independent Judiciary and Competent Courts is being enhanced to deal with any injustices and violations of the Law.

1760. In support of this thrust, Government will continue to work with Civil Society and International Organisations, and also maintain open channels for dialogue with Political Parties to ensure that Human Rights concerns are adequately and timeously addressed.

1761. Furthermore, the country’s upholding of human rights, including overall developments and progress made in the human rights area, will be monitored regularly by Government under the auspices of Zimbabwe’s commitments in the context of the Universal Periodic Review process.

1762. The Universal Periodic Review is a unique process which involves a periodic review of the human rights records of all 193 UN Member States.

Upholding Property Rights

1763. Government, public and private institutions, as well as individuals, are bound to observe and respect Property Rights in accordance with the laws of the country and international conventions.
National Unity, Peace & Reconciliation

1764. The Programme also acknowledges National Cohesion as a necessary condition for a peaceful and developing new Zimbabwe, entailing departure from the past omissions and commissions, peaceful co-existence of various segments of the society, including people of diverse political views.

1765. Drawing from the National Peace and Reconciliation Act and establishment of the respective Commission, promotion of Unity across the country and healing wounds of the past, offers opportunity to foster Peace, Reconciliation and Harmony.

Tolerance, Freedom of Speech and Association

1766. In moving away from the past, Vision 2030 pronounces commitment to the promotion of Tolerance and Freedom of Speech and Association, and extension of mutual cooperation among different political parties, that way setting the necessary tone for tolerance and co-existence among people of diverse opinion.

Alignment of Statutes to the Constitution

1767. Furthermore, Government is amending all laws, including the Public Order and Security Act (POSA), the Citizens Act, Access to Information and Protection of Privacy Act (AIPPA), as part of aligning the laws to the Constitution.

1768. The alignment of the remaining statutes to the Constitution will be completed over the next twelve months.

1769. This will include enactment of legislation to give effect to the devolution of governmental powers and responsibilities to Provincial and Metropolitan Councils and Local Authorities.
1770. Devolution will be supported by a legal and implementation framework for the allocation of revenues between Provincial and local tiers of Government so that not less than 5 percent of the national revenues in any financial year will be allocated to the Provinces and Local Authorities.

1771. Over the same period, an Integrity and Ethics Committee of Chiefs will be set up through the passage of the necessary law.

1772. In that regard, institutions such as the Courts will be further capacitated to ensure effective and efficient enforcement of the law, to protect private property, safeguard investments and enforce contracts.

**Access to Justice**

1773. The Transitional Stabilisation Programme will give impetus to the New Dispensation initiatives to improve access to justice for the citizenry, including women and other vulnerable groups.

1774. This will target enhanced efficiency, transparency, integrity and accountability across the entire spectrum of the justice delivery system.

1775. Currently, there are many barriers inhibiting delivery of and access to justice for the ordinary citizen, relating to:

- Complex civil and criminal court procedures.
- Lengthy, cumbersome and frustrating Court processes, that often force the ordinary citizen to give up before finalisation.
- Delayed conclusion of judicial cases and justice.
- High costs of litigation.
- Limited availability of legal aid service providers.
- The physical inaccessibility of formal courts located largely in urban areas.
1776. Accessibility to Justice by marginalised communities is further compounded by poverty and social differences based on gender, age, disability, and health status.

1777. Persons living with disabilities face particular challenges due to the inaccessibility of Courts, the lack of availability of Court documents and procedures in braille, limited use of sign language during Court hearings, as well as limited legal aid and awareness services for this community.

1778. In fulfilment of rights enshrined in the Constitution, Government, through the Judicial Service Commission (JSC), has since commenced the programme of bringing Court services to the people through the decentralisation of Court Houses across Districts.

1779. Already, construction of new Courts has been undertaken in various parts of the country where, historically, access to judicial services in these locations was mainly through the conduct of Circuit Courts. Government acknowledges the support of the Danish Government in availing funding for construction of some of the Courts.

1780. The JSC is also decentralising access to the High Court wherein, beyond Harare and Bulawayo, Mutare and Masvingo now have a High Court, with the Programme targeting one for every Province.

1781. Government has also since embarked on efforts to improve the administration of Justice through initiatives such as:

- Operationalisation of Commercial Courts in the High Court and Magistrates Courts, under the Ease of Doing Business initiative.
- Establishment of Small Claims Courts at every Magistrate’s Court.
- Setting up of specialised Anti-Corruption Courts across the country.
- Strengthen traditional justice systems.

1782. In tandem with the decentralisation of Court services, legal aid services to Provincial and District centres will be provided, to facilitate access to justice by citizens without the financial means to afford private legal services.

9 Please refer to Annexure 13
PART VIII: IMPLEMENTATION, MONITORING & EVALUATION

1783. Zimbabwe has never been short of Blueprints of National Economic Strategies, Development Plans and Programmes.

1784. Indeed, the First Republic saw the Old Dispensation craft and launch ZIMCORD, Transitional National Development Plans, ESAP, ZIMPREST, the Millennium Economic Recovery Programme, NEDPP, Short Term Economic Stabilisation Programme, STERP, MTP, and ZIM ASSET, among others.

1785. Regrettably, Government under the Old Dispensation lacked the ultimate discipline to see through implementation of most of the above blueprints.

1786. Indeed, the focus of the Old Dispensation remained rooted in a mentality that focussed more on parcelling out a declining cake at the expense of growing the cake in sync with the aspirations of a growing population.

1787. There was never a concerted Vision of implementing more longer-term strategies that entailed pain and sacrifice, extending beyond short-term populist consumptive interventions.

1788. The Old Dispensation behaved as if the rest of the world owed us, content to dwell on past and historical injustices without developing and adopting strategies that pulled out the nation from under-development.

1789. The result has been continued decline in all the overall macro-economic and social indicators, as standards of living declined and the public was condemned to growing poverty and non-existent public service delivery.

1790. Basic infrastructure was allowed to decay as caution over undermining developmental expenditures on basic maintenance and increasing the capital Budget went through the window.
1791. Hence, to avoid repeat of the above scenario, the New Dispensation would need to demonstrate a break with the past, through development of implementation modalities, monitoring and evaluation systems that remain forward looking guided by the quest for results and the aspirations of Vision 2030.

**Implementation, Monitoring & Evaluation Framework**

1792. The implementation, monitoring and evaluation of this Transitional Stabilisation Programme will involve the participation of all key stakeholders\(^\text{10}\).

1793. This will embrace Government, Business, Labour, Civil Society, Academia, Development Partners, and Communities.

**High Level Results Framework**

1794. The formulation of a high level results framework and associated indicators for tracking the performance of the Transitional Stabilisation Programme against clear baselines and targets will be central for success.

1795. Accordingly, a *Comprehensive Matrix of Policies, Projects and Programmes*\(^\text{11}\) to be undertaken, as well as the attendant results to be achieved over the Programme period will be developed.

1796. This will be for purposes of tracking progress and measuring results during the implementation of the Transitional Stabilisation Programme, and offer opportunity for periodic reviews.

**Steering Committee**

1797. The Office of the President and Cabinet will play an oversight role in the provision of policy guidance and leadership during the implementation, monitoring and

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\(^{10}\) Please refer to Annexure 14

\(^{11}\) The Section on Implementation Matrices contains the preliminary Matrix of Policies, Projects and Programmes
evaluation of policies, programmes and projects within this Transitional Stabilisation Programme.

1798. Oversight will be undertaken through a Steering Committee comprising of co-chairs of the Focal Areas, and chaired by the Chief Secretary to the President and Cabinet, and will meet on a quarterly basis.

*Technical Committee*

1799. The Ministry of Finance and Economic Development will coordinate the implementation of the Transitional Stabilisation Programme by Line Ministries through the Technical Committee which will include co-chairs and focal persons from Line Ministries.

1800. This will be chaired by the Ministry of Finance and Economic Development and will meet on a monthly basis and will produce reports which will be submitted to the Steering Committee.

1801. The thrust of the Technical Committee will be to identify gaps in the implementation of policies, programmes and projects and make appropriate recommendations for policy reviews so as to improve the efficiency and effectiveness in the delivery of the scheduled results.

1802. Furthermore, the Ministry of Finance and Economic Development shall ensure allocation of adequate budgetary resources for Monitoring and Evaluation of policies, programmes and projects under this Transitional Stabilisation Programme.

*Fiscal and Financial Stabilisation Committee*

1803. As already alluded to under the discussion on the Policies to Adjust Macro-Economic Imbalances, Treasury will also preside over a Fiscal and Financial Stabilisation Committee to coordinate and monitor adherence to the fiscal and monetary targets outlined in the Transitional Stabilisation Programme.
Devolution Monitoring Committee

1804. Under devolution, in order to monitor movement towards devolution, a Monitoring Committee made up of experts will benchmark all services so that funds can be applied equitably across Provinces, and that communities are not left behind.

Focal Areas

1805. The actual implementation will be done by line Ministries, including all the development players. Consequently, in order to ensure the enhanced partnerships and synergies in the implementation of the Transitional Stabilisation Programme, Ministries will be grouped into Focal Areas to be co-chaired by line Ministries and Private Sector or Civic Society.

1806. These Focal Areas shall be cascaded as well to the Provincial and District levels.

Integrated Results Based Management

1807. Concomitantly, the Framework for Implementation, Monitoring and Evaluation of the Transitional Stabilisation Programme will also be premised on the principles of Integrated Results-Based Management that focus on tracking and measuring envisaged results (outputs, outcomes and impacts), with the overall objective of improving the quality of life of the Zimbabwean citizens.

1808. It will complement already existing approaches, such as Results Based Budgeting, Personnel Performance Systems, e-Government, Management Information Systems, and Monitoring & Evaluation, all intended to ensure tangible results from developmental interventions.

1809. The concept of the Rapid Results Approach will also be employed in order to expedite the effective implementation of the various policies, projects and programmes within the Transitional Stabilisation Programme.
Rapid Results Initiative

1810. Adoption of the Results Based Management approach will benefit from use of the 100 Days Rapid Results Initiative (RRI) methodology.

1811. In this regard, RRI training programmes, which have been targeting implementing line Ministries and State Owned Enterprises, will be continued. From this time around, Local Authorities will also be brought on board.

1812. Government will seek to ensure that the IRBM and RRI approaches are refined and domesticated to ensure that they serve the purpose to enable efficient service delivery and attainment of results.

1813. The performance targets and benchmarks for the Transitional Stabilisation Programme will be set for various implementing entities, with a strict monitoring and evaluation framework developed. This is being coordinated and administered by the Office of the President and Cabinet.

Programme Oversight

1814. Cabinet, through Cabinet Committees and Parliament, through Parliamentary Portfolio Committees will also periodically review the progress of the implementation of the Transitional Stabilisation Programme.

1815. The above monitoring arrangements will also give an opportunity for prompt tracking of implementation, and institution of corrective measures to keep the Programme on course, also using the Presidential Electronic Dashboard.
CONCLUSION

1816. Sustained and consistent implementation of the above Transitional Stabilisation Programme measures represents Government’s commitment towards realisation of the aspirations of Zimbabwe’s Vision 2030: “Towards a Prosperous and Empowered Upper Middle Income Society with Job Opportunities and High Quality of Life for its Citizens”.

1817. In order to facilitate assessment of progress during implementation, Government will also benefit from private sector tools and indices that track business and consumer confidence.

1818. Implementation of the measures to transformation will be further institutionalised during the 12-year Vision 2030 span, stretching from 2018 to 2030 through the First Five Year Plan for 2021-2025, as well as the Second Five Year Plan 2026-2030.
## IMPLEMENTATION MATRICES

<table>
<thead>
<tr>
<th>Objective</th>
<th>Action to be taken</th>
<th>Milestones</th>
<th>Due Date</th>
<th>Responsible Actor</th>
<th>Resources Required</th>
<th>Technical Assistance</th>
<th>Outcome</th>
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<tbody>
<tr>
<td><strong>Electoral reforms</strong></td>
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<tr>
<td>Reforms to the electoral system</td>
<td>Establish a commission of enquiry into the post 2018 election violence</td>
<td>Action plan for remedial actions</td>
<td>12-2018</td>
<td>Commission of enquiry</td>
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<td></td>
<td>Social cohesion enhanced</td>
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<td>Rule of law</td>
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<td>Improve the efficiency and capacity of critical institutions mandated to deliver the rule of law and human rights</td>
<td>2019 Budget for National Prosecuting Authority</td>
<td>Full staffing of NPA</td>
<td>06-2019</td>
<td>MoFED</td>
<td>Budget</td>
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<td></td>
<td>Set up integrity and ethics committee of traditional chiefs</td>
<td>Passage of the necessary laws</td>
<td>12-2019</td>
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<td></td>
<td>Establish an independent complaints mechanism as provided for in article 210 of the constitution</td>
<td>Mechanism in place</td>
<td>12-2019</td>
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<td>Empowering rights holders to seek recourse from chapter 12 and 13 institutions</td>
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<td></td>
<td>Provide additional budget support to the National Peace and Reconciliation Commission, in coordination with the Zimbabwe Human Rights Commission</td>
<td>Office of the special advisor on peace and reconciliation fully established</td>
<td>06-2019</td>
<td>NPRC</td>
<td>Budget</td>
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<tr>
<td>Align existing laws with the constitution</td>
<td>POSA, Citizen Act, Access to information and AIPA amended in line with the constitutional provisions</td>
<td></td>
<td>12-2019</td>
<td>Ministry of Justice</td>
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<td>Additional support to the Attorney general's office?</td>
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<tr>
<td>Objective</td>
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</table>
| Macro-Economic Stabilisation | Restoring Fiscal Balance | • Formulation, Approval and Execution of the 2019 & 2020 Budgets within a framework which restores fiscal balance. | • Quarterly Fiscal Targets on:  
  - Fiscal Deficit.  
  - Government Overdraft  
  - Domestic Public Debt  
  - Wage Bill  
  - Treasury Bill Issuances  
  - Contingent Liabilities & Guarantees | • Jan 2019 & 2020  
• Mar, June, Sep and Dec 2019 & 2020 | • Cabinet  
• Parliament  
• Treasury | | Attainment of Fiscal Sustainability through adherence to Statutory and Administrative Targets |

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| Re-orienting Budget Expenditures towards development expenditures & social services by reducing Consolidated Public Sector Wage Bill from 68.9% at end 2017 to 50% of fiscal revenue by 2020. | • Implementation of Wage Bill Rationalisation Measures | • Realisation of financial savings of US$200m and US$130m by end 2019 & 2020 respectively through:  
  - Review of the 13th Cheque benefit framework.  
  - Reducing Budget subventions by quasi-Government institutions.  
  - Rationalisation of Foreign Service Missions.  
  - Right-sizing Public Service through adoption of lean structures.  
  - Introducing a voluntary retirement scheme.  
  - Enforcing the retirement policy.  
  - Maintaining freeze on filling non-critical posts. | • On-going  
• Jan 2019  
• Jan 2020 | • Cabinet  
• Public Service Commission  
• Health Service Board  
• Judiciary Service Commission  
• Treasury | | Generation of additional fiscal space for infrastructural development and social services. |
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</table>
• System connectivity processes | • End Dec 2018 | • Public Service Commission  
• Treasury | Budget | PFM Service Providers | • Strengthened payroll controls  
• Strengthened Information System that facilitates Budget Planning & Wage Bill forecasting |
| Rationalisation of Operational & Capital Expenditures | • Implementation of expenditure rationalisation measures | • Generation of additional financial savings through:  
➢ Foreign travel rationalisation measures.  
➢ Review of Parliamentary Sitting Allowances.  
➢ Amending legislation on the conduct of By-Elections.  
➢ Review of fuel benefit levels to Senior Government officials.  
➢ Further review to the Personal Vehicle Loan Scheme.  
➢ Restricting utilisation of Government pool and operational vehicles to working hours. | • On-going  
• Jan 2019  
• Jan 2020 | • Cabinet  
• Treasury  
• Line Ministries & Independent Commissions | | | • Reduction of non-essential expenditures.  
• Improving the quality of Budget expenditures. |

**Fiscal Sustainability**
<table>
<thead>
<tr>
<th>Objective</th>
<th>Action to be taken</th>
<th>Milestones</th>
<th>Due Date</th>
<th>Responsible Actor</th>
<th>Resources Required</th>
<th>Technical Assistance</th>
<th>Outcome</th>
</tr>
</thead>
</table>
| Restoring Fiscal Sustainability   | • Adoption of a Defined Public Service Pension Fund                                 | • Introduction of Employer Contributions  
  • Establishment of a Pension Fund  
  • Institution of requisite institutional arrangements. | Aug 2019 | • Public Service Commissions  
  • Treasury                         | •                                               | •                    | A fiscally sustainable pension fund scheme. |
<table>
<thead>
<tr>
<th>Objective</th>
<th>Action to be taken</th>
<th>Milestones</th>
<th>Due Date</th>
<th>Responsible Actor</th>
<th>Resources Required</th>
<th>Technical Assistance</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reduce ratio of Employment cost to total revenue from 90.6% of total Revenues in 2017 to 62.5% by 2020</strong></td>
<td>Right sizing Public employment</td>
<td>Retiring staff over 65</td>
<td>Identify staff Retire 65% Retire 100%</td>
<td>12-2018 10-2019 10-2020</td>
<td>PSC</td>
<td></td>
<td>Savings of y million$</td>
</tr>
<tr>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Reduce vehicle numbers</td>
<td>Sale of x vehicles in</td>
<td></td>
<td>MOFED</td>
<td></td>
<td></td>
<td>Savings of y million$</td>
</tr>
<tr>
<td></td>
<td>Reduce Treasury subventions to quasi-Government institutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lower Wage Bill outlay by US$60 million annually</td>
</tr>
<tr>
<td><strong>Improve efficiency of Agriculture subsidies</strong></td>
<td>Improve targeting and monitoring</td>
<td>Introduce vouchers</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Reduce footprint of SOEs on Budget from …to</strong></td>
<td>Reform SOEs by demerging, departmentalising, PPPs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Compendium of Infrastructure Projects

### Energy

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Project Scope</th>
<th>Location</th>
<th>Responsible Entity</th>
<th>Milestone To 2020</th>
<th>Technical Assistance Required</th>
<th>Source of Funding</th>
<th>Estimated Total Cost (US$m)</th>
<th>2019 Proposed Allocations (US$m)</th>
<th>2020 Proposed Allocations (US$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hwange 7 &amp; 8 Expansion</td>
<td>Expansion of Hwange Thermal Power Station through the addition of 2 units (7 &amp; 8) of 300MW each, including associated transmission infrastructure.</td>
<td>Matabeleland North</td>
<td>ZPC</td>
<td>65% overall completion with manufacture of major equipment and civil structures completed</td>
<td>Loan</td>
<td>1,489.0</td>
<td>430.5</td>
<td>519.2</td>
<td></td>
</tr>
<tr>
<td>Batoka Hydro Electric Power Plant</td>
<td>Construction of a compacted concrete gravity arch dam, spillway, four intakes, 2 Power Plants with a capacity of 1 200MW each and associated transmission lines.</td>
<td>Matabeleland North</td>
<td>ZRA</td>
<td>Updating of project documents, financing secured including commencement of works.</td>
<td>Finalisation of documents and resource mobilisation</td>
<td>PPP/Loan</td>
<td>4,600.0</td>
<td>35.0</td>
<td>1,000.0</td>
</tr>
<tr>
<td>Deka water Pumping Station and Pipeline Matabeleland North</td>
<td>Rehabilitation of existing line and construction of a new line.</td>
<td>Matabeleland North</td>
<td>ZPC</td>
<td>Project completed</td>
<td>Loan</td>
<td>48.1</td>
<td>28.0</td>
<td>14.0</td>
<td></td>
</tr>
<tr>
<td>Kariba Dam Rehabilitation</td>
<td>Rehabilitation of the plunge pool, spillway, emergency gates among others.</td>
<td>Mashonaland West</td>
<td>ZRA</td>
<td>Rehabilitation of plunge pool completed</td>
<td>Loan</td>
<td>292.4</td>
<td>30.0</td>
<td>60.0</td>
<td></td>
</tr>
<tr>
<td>Gwanda Solar Energy Project</td>
<td>Construction of 100MW solar plant in Gwanda. Project to be implemented on a phased approach with delivery of at least 20MW per phase.</td>
<td>Matabeleland South</td>
<td>ZPC</td>
<td>Feasibility study revalidated and funding for first phase secured.</td>
<td>Loan</td>
<td>172.0</td>
<td>4.0</td>
<td>30.0</td>
<td></td>
</tr>
<tr>
<td>Bulawayo Power Station Repowering</td>
<td>Upgrading of existing plant by changing the boilers to increase capacity from 30MW to 90MW</td>
<td>Bulawayo</td>
<td>ZPC</td>
<td>Project 50% complete.</td>
<td>Loan</td>
<td>142.8</td>
<td>35.7</td>
<td>106.0</td>
<td></td>
</tr>
<tr>
<td>Solar Systems</td>
<td>Solar Grid connected Plant and procurement and installation of Mini-Solar grid systems, solar home system, solar water pump system for communities away from the national electricity grid</td>
<td>National</td>
<td>REA</td>
<td>SMW Solar Grid Connected Plant and 15 Micro Grids completed.</td>
<td>Feasibility/project scoping</td>
<td>REF/Loan</td>
<td>358.0</td>
<td>7.0</td>
<td>16.0</td>
</tr>
<tr>
<td>Tugwi Mukosi Mini-Hydro Project</td>
<td>Construction of a 15MW Mini-Hydro power plant at Tugwi Mukosi Dam</td>
<td>Masvingo</td>
<td>ZPC</td>
<td>Feasibility study, ESIA and civil works completed.</td>
<td>PPP</td>
<td>28.5</td>
<td>9.0</td>
<td>9.8</td>
<td></td>
</tr>
</tbody>
</table>

| Sub-Total                               |                                                                               |                |                    |                                                                                |                              | 7,122.8           | 579.2                        | 1,755.0                         |                                 |

### Transmission
<table>
<thead>
<tr>
<th>Project Description</th>
<th>Project Scope</th>
<th>Location</th>
<th>Responsible Entity</th>
<th>Milestone To 2020</th>
<th>Technical Assistance Required</th>
<th>Source of Funding</th>
<th>Estimated Total Cost (US$m)</th>
<th>2019 Proposed Allocations (US$m)</th>
<th>2020 Proposed Allocations (US$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska – Karoi Transmission Line</td>
<td>Construction of Karoi 132/33kV Substation and Alaska – Karoi 85km x132kV line together with associated 132kV line bays at Karoi and Alaska</td>
<td>Mashonaland West</td>
<td>ZETDC</td>
<td>Project completed</td>
<td>Strengthening oversight and performance monitoring</td>
<td>GoZ/AFDB</td>
<td>22.0</td>
<td>4.1</td>
<td>4.4</td>
</tr>
<tr>
<td>Atlanta - Mutoko Transmission Line</td>
<td>Construction and installation of a 300 km, 400kV line and upgrading of Orange Grove and Tokwe 330/132kV substations.</td>
<td>Mashonaland East</td>
<td>ZETDC</td>
<td>Project 50% completed</td>
<td></td>
<td>AFDB</td>
<td>16.0</td>
<td>9.6</td>
<td>6.4</td>
</tr>
<tr>
<td>Sherwood &amp; Orange Grove Substations Upgrade</td>
<td>Installation of transformers and associated bay equipment at Sherwood Substation and Orange Grove substation funded thorough ZimFund.</td>
<td>Midlands</td>
<td>ZETDC</td>
<td>Project completed</td>
<td></td>
<td>ZimFund</td>
<td>6.7</td>
<td>5.9</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>44.7</strong></td>
<td><strong>19.6</strong></td>
<td><strong>11.6</strong></td>
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<td><strong>RURAL ELECTRIFICATION</strong></td>
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<tr>
<td>Biogas</td>
<td>Construction of biogas digesters at public institutions, growth points, domestic use as well as farms.</td>
<td>National</td>
<td>REA</td>
<td>5 Biogas Digesters completed.</td>
<td></td>
<td>REF</td>
<td><strong>13.8</strong></td>
<td>1.3</td>
<td>1.3</td>
</tr>
<tr>
<td>Grid Extension</td>
<td>Extension of the national grid to unserved rural communities throughout the country</td>
<td>National</td>
<td>REA</td>
<td>600 public institutions connected to the National Grid</td>
<td></td>
<td>REF</td>
<td><strong>146.7</strong></td>
<td>21.0</td>
<td>23.0</td>
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<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>160.5</strong></td>
<td><strong>22.3</strong></td>
<td><strong>24.3</strong></td>
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<td><strong>ENERGY TOTAL</strong></td>
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<td></td>
<td></td>
<td></td>
<td><strong>7,336.0</strong></td>
<td><strong>621.1</strong></td>
<td><strong>1,790.9</strong></td>
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<td><strong>TRANSPORT &amp; COMMUNICATION</strong></td>
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<tr>
<td><strong>RAIL</strong></td>
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<tr>
<td>Phase 1 Recapitalisation Programme</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Tracks Infrastructure</td>
<td>Removal of track cautions system wide</td>
<td>National</td>
<td>NRZ</td>
<td>100km mainline rehabilitated</td>
<td></td>
<td>PPP</td>
<td><strong>102.4</strong></td>
<td><strong>38.0</strong></td>
<td><strong>36.5</strong></td>
</tr>
<tr>
<td>Signals, Electrical and Telecoms</td>
<td>Radio System installation</td>
<td>National</td>
<td>NRZ</td>
<td>11 Corridor track warrant system installed</td>
<td></td>
<td>PPP</td>
<td><strong>110.0</strong></td>
<td><strong>57.5</strong></td>
<td><strong>38.8</strong></td>
</tr>
<tr>
<td>Traction and Rolling Stock</td>
<td>Refurbishment of locomotives and scheduled maintenance services</td>
<td>National</td>
<td>NRZ</td>
<td>10 mainline, 5 shunt locomotives and 322 high side wagons procured</td>
<td></td>
<td>PPP</td>
<td><strong>144.9</strong></td>
<td><strong>101.1</strong></td>
<td><strong>41.7</strong></td>
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<tr>
<td>Project Description</td>
<td>Project Scope</td>
<td>Location</td>
<td>Responsible Entity</td>
<td>Milestone To 2020</td>
<td>Technical Assistance Required</td>
<td>Source of Funding</td>
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<td>2019 Proposed Allocations (US$m)</td>
<td>2020 Proposed Allocations (US$m)</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Works and Building Services</td>
<td>Rehabilitation yard infrastructure and institution buildings</td>
<td>National</td>
<td>NRZ</td>
<td></td>
<td>PPP</td>
<td>GoZ/Development Partners</td>
<td>42.7</td>
<td>19.5</td>
<td>12.6</td>
</tr>
<tr>
<td>Capacity building/Institutional reforms</td>
<td>Market survey on selected routes to identify opportunities. Feasibility studies for the Harare-Moatize line and training.</td>
<td></td>
<td></td>
<td></td>
<td>Feasibility studies and market surveys completed.</td>
<td>GoZ/Development Partners</td>
<td>400.0</td>
<td>216.0</td>
<td>129.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Sub-total</td>
<td>GoZ/Development Partners</td>
<td>400.0</td>
<td>216.0</td>
<td>129.5</td>
</tr>
<tr>
<td>AVIATION</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>153.0</td>
<td>43.6</td>
<td>37.5</td>
</tr>
<tr>
<td>Robert Mugabe International Airport</td>
<td>Upgrading of runway, new terminal building, additional aero-bridges, and communication systems, among others.</td>
<td>Harare</td>
<td>CAAZ</td>
<td>Terminal building, VVIP Lounge and runway completed</td>
<td>Loan</td>
<td></td>
<td>153.0</td>
<td>43.6</td>
<td>37.5</td>
</tr>
<tr>
<td>J.M. Nkomo International Airport</td>
<td>Construction of ATC Tower, Fire Station, Road Dualisation and Runway Rehabilitation.</td>
<td>Bulawayo</td>
<td>CAAZ</td>
<td>Control tower completed</td>
<td>GoZ</td>
<td></td>
<td>153.0</td>
<td>43.6</td>
<td>37.5</td>
</tr>
<tr>
<td>Airspace Management System</td>
<td>Procurement and installation of primary and secondary radar systems.</td>
<td>National</td>
<td>CAAZ</td>
<td>Project completed</td>
<td>Loan</td>
<td></td>
<td>153.0</td>
<td>43.6</td>
<td>37.5</td>
</tr>
<tr>
<td>Capacity building/Institutional reforms</td>
<td>Finalisation of legislative reform to ensure separation of regulatory and operational functions of CAAZ.</td>
<td>National</td>
<td>CAAZ</td>
<td>Act to separate regulatory and operational entities promulgated.</td>
<td>GoZ/Development Partners</td>
<td></td>
<td>153.0</td>
<td>43.6</td>
<td>37.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Sub-total</td>
<td>GoZ/Development Partners</td>
<td>400.0</td>
<td>216.0</td>
<td>129.5</td>
</tr>
<tr>
<td>ROADS</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td>153.0</td>
<td>43.6</td>
<td>37.5</td>
</tr>
<tr>
<td>Road Dualisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>153.0</td>
<td>43.6</td>
<td>37.5</td>
</tr>
<tr>
<td>Harare - Gweru - Bulawayo</td>
<td>Dualisation of 439km road section from Harare-Bulawayo.</td>
<td>National</td>
<td>DOR</td>
<td>46km dualised</td>
<td>GoZ</td>
<td></td>
<td>520.0</td>
<td>26.0</td>
<td>39.0</td>
</tr>
<tr>
<td>Mbudzi Traffic Interchange</td>
<td>Construction of interchange at Mbudzi Roundabout.</td>
<td>Harare</td>
<td>DOR</td>
<td>Traffic interchange design completed and alternative routes completed</td>
<td>Feasibility studies and detailed designs</td>
<td>GoZ</td>
<td>35.0</td>
<td>20.0</td>
<td></td>
</tr>
<tr>
<td>Harare - Mutare</td>
<td>Dualisation of 265km road section from Harare-Mutare.</td>
<td>National</td>
<td>DOR</td>
<td>45km dualised</td>
<td>GoZ</td>
<td></td>
<td>344.5</td>
<td>10.4</td>
<td>35.1</td>
</tr>
<tr>
<td>Harare - Masvingo - Beitbridge</td>
<td>Partial dualisation of 892km road from Beitbridge to Harare including compensation of affected properties.</td>
<td>National</td>
<td>DOR</td>
<td>Concession agreement, EPC and financial close achieved.</td>
<td>Loan</td>
<td></td>
<td>571.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Makuti - Chirundu upgrading</td>
<td>Upgrading of 6.5km stretch between Marongora - Heilsgate through provision of overtaking lanes on the Chirundu-Makuti highway.</td>
<td>Mashonaland West</td>
<td>DOR</td>
<td>6.5km upgraded</td>
<td>Grant</td>
<td></td>
<td>21.0</td>
<td>21.0</td>
<td>21.0</td>
</tr>
<tr>
<td>Project Description</td>
<td>Project Scope</td>
<td>Location</td>
<td>Responsible Entity</td>
<td>Technical Assistance Required</td>
<td>Source of Funding</td>
<td>Estimated Total Cost (US$m)</td>
<td>2019 Proposed Allocations (US$m)</td>
<td>2020 Proposed Allocations (US$m)</td>
<td></td>
</tr>
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<td>-----------------------------------</td>
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<td>-------------------------------</td>
<td></td>
</tr>
<tr>
<td>Harare- Chirundu</td>
<td>Upgrading of 400km from Harare to Chirundu.</td>
<td>National</td>
<td>DOR</td>
<td>EPC and loan agreements signed</td>
<td>Loan</td>
<td>497.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bulawayo-Victoria Falls</td>
<td>Rehabilitating and upgrading of the 439km Bulawayo- Victoria Falls road targeting affected sections.</td>
<td>Matabeleland North</td>
<td>DOR</td>
<td>Detailed designs completed. Feasibility studies and detailed designs</td>
<td>GoZ</td>
<td>610.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bulawayo - Beitbridge</td>
<td>Dualisation of 322 km.</td>
<td>Matabeleland South</td>
<td>DOR</td>
<td>26km dualised Feasibility studies and detailed designs</td>
<td>GoZ</td>
<td>418.6</td>
<td>26.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Roads Development Programme - Upgrading</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chipinge - Espungabera</td>
<td>Low cost surfacing of 48km</td>
<td>Manicaland</td>
<td>DOR</td>
<td>22km constructed</td>
<td>GoZ</td>
<td>16.8</td>
<td>7.0</td>
<td>3.9</td>
<td></td>
</tr>
<tr>
<td>Ngundu-Tanganda</td>
<td>Rehabilitation of 55km</td>
<td>Manicaland</td>
<td>DOR</td>
<td>55km rehabilitated</td>
<td>GoZ</td>
<td>17.3</td>
<td>7.0</td>
<td>4.9</td>
<td></td>
</tr>
<tr>
<td>Rusape-Nyanga</td>
<td>Rehabilitation and upgrading of 80km</td>
<td>Manicaland</td>
<td>DOR</td>
<td>26km rehabilitated</td>
<td>GoZ</td>
<td>28.0</td>
<td>4.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Murambinda - Birchnough</td>
<td>Reconstruction for 119km</td>
<td>Manicaland</td>
<td>DOR</td>
<td>40km constructed</td>
<td>GoZ</td>
<td>59.5</td>
<td>10.0</td>
<td>10.0</td>
<td></td>
</tr>
<tr>
<td>Nyanga - Ruwango</td>
<td>Construction and Low cost surfacing for 80km</td>
<td>Manicaland</td>
<td>DOR</td>
<td>40km constructed</td>
<td>GoZ</td>
<td>28.0</td>
<td>10.0</td>
<td>10.0</td>
<td></td>
</tr>
<tr>
<td>Odzi- Marange- Zviripiri</td>
<td>Construction and Low cost surfacing for 28km</td>
<td>Manicaland</td>
<td>DOR</td>
<td>28km constructed</td>
<td>GoZ</td>
<td>14.0</td>
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Note: DOR = Department of Roads
GoZ = Government of Zimbabwe
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<td>14 bridges completed</td>
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**Notes:**
- **Maphisa - Mpoengs:** Low cost surfacing for 103km.
- **Gokwe - Siyabuwa:** Construction and Low cost surfacing for 133km.
- **Kwekwe - Nkayi:** Construction and Low cost surfacing for 50km.
- **Kwekwe - Gokwe Road:** Resealing of 141km.
- **Mberengwa - Mataga:** Low cost surfacing for 71km.
- **Mashonaland West - Mashonaland Central:** Re-gravelling of gravel roads.
- **Mashonaland East:** Re-gravelling of gravel roads.
- **Manicaland:** Re-gravelling of gravel roads.
- **Matabeleland North:** Re-gravelling of gravel roads.
- **Matabeleland South:** Re-gravelling of gravel roads.
- **Masvingo:** Re-gravelling of gravel roads.
- **Mashonaland West:** Re-gravelling of gravel roads.
- **Mashonaland Central:** Re-gravelling of gravel roads.
- **Mashonaland East:** Re-gravelling of gravel roads.
- **Manicaland:** Re-gravelling of gravel roads.
- **Matabeleland North:** Re-gravelling of gravel roads.
- **Matabeleland South:** Re-gravelling of gravel roads.
- **Rural Feeder Roads (DDF):** Re-gravelling and upgrading of sections of the 25 000km rural feeder road network and crossing points.
- **Bridge Construction:** Rehabilitation and upgrading of targeted bridges and crossing points.
<table>
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<tr>
<th>Project Description</th>
<th>Location</th>
<th>Responsible Entity</th>
<th>Source of Funding</th>
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<th>2020 Proposed Allocations (US$m)</th>
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<td>Chikuti / Chigoya Bridge</td>
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Sub-total: 5,544.2

5,544.2
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<td>Causeway Dam</td>
<td>Zoned earth fill dam with maximum height of 18m, crest length of 455m, a concrete 200m ogee spillway and two saddle dams as well as 8.2km long all weather road.</td>
<td>Manicaland</td>
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<td>GoZ</td>
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<td>Project Description</td>
<td>Project Scope</td>
<td>Location</td>
<td>Responsible Entity</td>
<td>Milestone To 2020</td>
<td>Technical Assistance Required</td>
<td>Source of Funding</td>
<td>Estimated Total Cost (US$m)</td>
<td>2019 Proposed Allocations (US$m)</td>
<td>2020 Proposed Allocations (US$m)</td>
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<td>Construction of Nyangombe raw water source, water treatment unit and storage reservoirs.</td>
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<td>Chivhu</td>
<td>Expansion of the treatment plant, reticulation extension and rehabilitation of existing reticulation pipelines.</td>
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<td>Midlands</td>
<td>ZINWA</td>
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<td>Source of Funding</td>
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<td>Kunzvi water supply project</td>
<td>Construction of Kunzvi and Musami dams, water treatment plant &amp; conveyance</td>
<td>Harare</td>
<td>ZINWA &amp; City of Harare</td>
<td>Financial Close and</td>
<td>Project design and</td>
<td>Loan</td>
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<td></td>
<td>system to Harare including conveyancing and water treatment works.</td>
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<td>Mvurwi Town</td>
<td>Complete sewer ponds started in 2018</td>
<td>Mvurwi</td>
<td>Mvurwi Town Council</td>
<td>Project completed</td>
<td>Project design and</td>
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<td>Norton Town Council</td>
<td>Upgrading of existing sewer ponds and connections to new settlements</td>
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<td>Norton Town Council</td>
<td>Project completed</td>
<td>Project design and</td>
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<td>Sewer reticulation completion of 2018 project</td>
<td>Beitbridge</td>
<td>Beitbridge Town Council</td>
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<td>Project design and</td>
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<td>Lupane Local Board</td>
<td>Construction of sewer ponds and reticulation of waste water.</td>
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<td>Lupane Local Board</td>
<td>Project completed</td>
<td>Project design and</td>
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<td>Other</td>
<td>Rehabilitation and upgrading of sewer systems in 32 urban local authorities</td>
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<td>Improved sewage services</td>
<td>Project design and</td>
<td>Project design and</td>
<td>GoZ/Develop</td>
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<td>Partners/Loan</td>
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<td>Water</td>
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<tr>
<td>Marondera Municipality</td>
<td>Augmentation of water works to complete project started in 2018.</td>
<td>Marondera</td>
<td>Marondera Municipality</td>
<td>Project completed</td>
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<td>Bindura Municipality</td>
<td>Water augmentation works and installation of prepaid metres.</td>
<td>Bindura</td>
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<td>Victoria Falls Municipality</td>
<td>Water augmentation works.</td>
<td>Victoria Falls</td>
<td>Victoria Falls Municipality</td>
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<td>Rehabilitation and extension of water and sewer reticulation systems</td>
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<td>Karoi Town Council</td>
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<td>Water augmentation and reservoir construction</td>
<td>Zvishavane</td>
<td>Zvishavane Town Council</td>
<td>Project completed</td>
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<td>Plumtree</td>
<td>Water main construction, rehabilitation, and upgrading of water and sewer</td>
<td>Plumtree</td>
<td>Plumtree Town Council</td>
<td>Project completed</td>
<td>Project design and</td>
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<td>Chiredzi Town</td>
<td>reticulation infrastructure.</td>
<td>Chiredzi</td>
<td>Chiredzi Town Council</td>
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<td>Project design and</td>
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<td>Continuation of installation of prepaid water meters.</td>
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<td>Project Description</td>
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<td>Location</td>
<td>Responsible Entity</td>
<td>Milestone To 2020</td>
<td>Technical Assistance Required</td>
<td>Source of Funding</td>
<td>Estimated Total Cost (US$m)</td>
<td>2019 Proposed Allocations (US$m)</td>
<td>2020 Proposed Allocations (US$m)</td>
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<td>Chegutu Municipality</td>
<td>Complete the roll out of prepaid meters and upgrade of mains commenced in 2018</td>
<td>Chegutu</td>
<td>Chegutu Municipality</td>
<td>Project completed</td>
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<td>Gokwe Town</td>
<td>Connect new suburbs to reticulation system</td>
<td>Gokwe</td>
<td>Gokwe Town Council</td>
<td>Project completed</td>
<td>Project design and management</td>
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<td>Masvingo City</td>
<td>Extension of water reticulation in Rhodene</td>
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<td>Masvingo Municipality</td>
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<td>Kwekwe City</td>
<td>Installation of prepaid water meters</td>
<td>Kwekwe</td>
<td>Kwekwe Town Council</td>
<td>Project completed</td>
<td>Project design and management</td>
<td>GoZ</td>
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<td>Other</td>
<td>Rehabilitation and upgrading of water systems in other urban local authorities.</td>
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<td>RURAL WASH</td>
<td>Drilling and maintenance of boreholes, piped water schemes, and other water points.</td>
<td>National</td>
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<td>GoZ/Grant/Loan</td>
<td>1,255.0</td>
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<tr>
<td>Capacity building/Institutional reforms</td>
<td>Address technical and non-technical water losses and billing challenges. Ring-fence service revenue for maintenance and expansion of infrastructure.</td>
<td>National</td>
<td>MLGPW&amp;NH</td>
<td>Financial performance and improved service delivery</td>
<td>Technical experts in the respective areas</td>
<td>GoZ/Development Partners</td>
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<tr>
<td><strong>Sub-total</strong></td>
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<td>3,433.0</td>
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<td><strong>Meteorological Services</strong></td>
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<td>Radar Equipment</td>
<td>Procurement and installation of 5 weather radars</td>
<td>National</td>
<td>Met Dept</td>
<td>Equipment installed and operational</td>
<td>Skills enhancement</td>
<td>GoZ</td>
<td>6.5</td>
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<td><strong>WATER &amp; SANITATION TOTAL</strong></td>
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<td><strong>INFORMATION COMMUNICATION TECHNOLOGY</strong></td>
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<td><strong>ICT BACKBONE INFRASTRUCTURE</strong></td>
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<tr>
<td>Broadcasting Digitalisation Migration Project</td>
<td>Rehabilitation of 24 existing transmission sites, construction of 24 additional transmission sites, upgrading of television and radio studios, content production centres as well as outside broadcasting vans.</td>
<td>National</td>
<td>BAZ</td>
<td>Digitalisation of 30 transmitter sites and 10 FM radio stations completed</td>
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<td>Loan/GoZ</td>
<td>173.0</td>
<td>34.0</td>
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<td>Tel-One - Upgrading Programme</td>
<td>Construction of 11 telecommunication transmission links with a total of 3 936km</td>
<td>National</td>
<td>Tel-One</td>
<td>Project 40% completed</td>
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<td>Loan</td>
<td>70.0</td>
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<td>Milestone To 2020</td>
<td>Technical Assistance Required</td>
<td>Source of Funding</td>
<td>Estimated Total Cost (US$m)</td>
<td>2019 Proposed Allocations (US$m)</td>
<td>2020 Proposed Allocations (US$m)</td>
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<tr>
<td>National Access Network</td>
<td>Installation of fixed wireless access solutions for 2 million subscribers, fibre access broad band solution to 100k subscribers.</td>
<td>National</td>
<td>Tel-One</td>
<td>Project preparation and financial close</td>
<td>Loan</td>
<td>180.0</td>
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<td>Assembly and Distribution of Digital ICT Gadgets</td>
<td>Local manufacturing of ICT equipment such as computers.</td>
<td>National</td>
<td>Tel-One</td>
<td>Loan</td>
<td>6.0</td>
<td>2.0</td>
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<tr>
<td>NetOne Network Expansion (NMBB)</td>
<td>Network expansion and upgrading</td>
<td>Harare</td>
<td>Net-One</td>
<td>Loan</td>
<td>71.0</td>
<td>1.5</td>
<td>2.0</td>
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<tr>
<td>ZIMRA Automation</td>
<td>Procurement of scanners, electronic filing systems, Video Surveillance systems and automatic radiation detection equipment</td>
<td>Harare</td>
<td>ZIMRA</td>
<td>GoZ</td>
<td>30.0</td>
<td>6.0</td>
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<td>National Data Centre</td>
<td>Development of Data Recovery System</td>
<td>Harare</td>
<td>MICT&amp;CS</td>
<td>Project completed</td>
<td>GoZ</td>
<td>15.0</td>
<td>8.0</td>
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<td><strong>E-GOVERNMENT</strong></td>
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<tr>
<td>Cadastral System</td>
<td>Procurement of equipment, consultancy services and installation of Computerised Mining Title System(Cadastral System)</td>
<td>Harare</td>
<td>MOMD</td>
<td>Project completed</td>
<td>GoZ</td>
<td>3.0</td>
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<tr>
<td>E-Government Flagship Projects</td>
<td>Development of 121 online services for selected Government departments.</td>
<td>Harare</td>
<td>MICT&amp;CS</td>
<td>8 projects fully implemented and 121 online services developed</td>
<td>GoZ</td>
<td>7.0</td>
<td>3.5</td>
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<tr>
<td>Voice over internet (VOIP)</td>
<td>Deployment of TelOne Voice Over Internet Protocol (VOIP) Solution for 10 Provinces and 59 Districts</td>
<td>National</td>
<td>Tel-One</td>
<td>Project completed for Head office and provincial offices</td>
<td>GoZ</td>
<td>32.0</td>
<td>5.0</td>
<td>10.0</td>
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<tr>
<td>Maintenance of National Systems</td>
<td>To upgrade the software and hardware for National Systems in line with modern trends.</td>
<td>National</td>
<td>MICT&amp;CS</td>
<td>GoZ</td>
<td>20.0</td>
<td>4.0</td>
<td>6.0</td>
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<tr>
<td>Expansion of E-Services (Government &amp; Schools)</td>
<td>To set up ICT Laboratory at every school, improve schools internet connectivity and expand e-government services</td>
<td>National</td>
<td>MICT&amp;CS</td>
<td>GoZ</td>
<td>100.0</td>
<td>10.0</td>
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<td>Construction of 6,682 Rural Health Posts nationwide, comprising 3 staff houses, waiting shed, main clinic block, ablution facilities, main water supply and incinerator</td>
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<td>Construction of 250 Rural Health Centres nationwide, comprising 3 staff houses, waiting shed, main clinic block, ablution facilities, main water supply and incinerator</td>
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<td>District Hospitals</td>
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<td>Construction of 9 District Hospitals (Jveva, Bindura, Masvingo and Mutare)</td>
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<td>Construction of 5 new Provincial Hospitals (Gwanda, Lupane, Bindura, Masvingo and Mutare)</td>
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<td>Procurement of curative and diagnostic medical equipment for 182 health facilities</td>
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<td>Construction and equipping of 2,756 Primary and Secondary Schools, rehabilitation of existing infrastructure</td>
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<td>Construction and equipping of 11 Primary and 6 secondary schools</td>
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Sub-total | | | | | | 3,256.8 | 56.0 |
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<td>BUSE Student Hostel</td>
<td>Construction of 704 capacity hostel, kitchen dining hall and two warden houses</td>
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<td>2 phases of engineering works completed</td>
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<td>Masvingo</td>
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<td>HIT Business incubator</td>
<td>Construction of business incubator</td>
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<td>LSU Staff houses</td>
<td>Construction of two (junior and senior) staff apartments</td>
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<td>LSU</td>
<td>Two staff flats completed</td>
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<td>Equipping and completion of a 3 Storey engineering Block</td>
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<td>Zimbabwe National Defence University</td>
<td>Expansion of National Defence University</td>
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<td>Library completed</td>
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<td>New Universities</td>
<td>Construction of student's accommodation, staff accommodation, lecture theatres, library and other ancillary facilities. This also includes rehabilitation of existing infrastructure.</td>
<td>Manicaland, Matebeleland South, Mashonaland East</td>
<td>MHTES&amp;TD</td>
<td>Existing infrastructure rehabilitated. Detailed designs and specifications for new infrastructure completed.</td>
<td>GoZ/PPP</td>
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<td>Infrastructure at Existing Polytechnics</td>
<td>Construction and rehabilitation of student and staff accommodation, teaching and learning facilities and workshops as well as provision of equipment at Polytechnics</td>
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<td>MHTES&amp;TD</td>
<td>Existing infrastructure rehabilitated. Detailed designs and specifications for new infrastructure completed.</td>
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<td>132.0</td>
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<td>Construction and rehabilitation of student and staff accommodation, teaching and learning facilities at teachers colleges</td>
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<td>2019 Proposed Allocations (US$m)</td>
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<td>Infrastructure at Existing Vocational Colleges</td>
<td>Construction and rehabilitation of student halls of residence and staff</td>
<td>National</td>
<td>MHTES&amp;TD</td>
<td>Existing infrastructure rehabilitated.</td>
<td>Detailed designs and specifications for new infrastructure completed.</td>
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<td>Innovation Hubs</td>
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<td>University of Zimbabwe</td>
<td>Construction of a block comprising laboratory, fabricating workshops, offices,</td>
<td>Harare</td>
<td>UZ</td>
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<td></td>
<td>GoZ</td>
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<td>Construction of a structure comprising laboratories, offices, boardroom,</td>
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<td>Midlands State University</td>
<td>Construction of innovation rooms, co-working spaces, conference rooms, offices,</td>
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<td>Harare Institute of Technology</td>
<td>Construction of Auditorium, 30 incubation units, main boardroom, seminar room,</td>
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<td>Chinhoyi University</td>
<td>Construction of workshops, reception and ablution blocks, 8 laboratories,</td>
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<td>Zimbabwe National Defence University</td>
<td>Construction of a structure comprising laboratories, offices, boardroom, and</td>
<td>Mazowe</td>
<td>ZNDU</td>
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**Sub-total** 2,135.3 134.6 106.8

**SOCIAL WELFARE**

| Rehabilitation centres | Rehabilitation and upgrading of rehabilitation institutions | National | MPLSS | GoZ | 30.0 | - |

**Sub-total** 30.0 -
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<td>UDCorp</td>
<td>Servicing of stands and construction of houses/flats and apartments for targeted beneficiaries</td>
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<td>6000 stands serviced Statutory Instruments to regularise 3 informal settlements issued</td>
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<td>Servicing of stands including construction of onsite infrastructure</td>
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<td>New Parliament Building at 70% complete</td>
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<td>MLGPW&amp;NH</td>
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<td>Tomlinson flats completed.</td>
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<td>ZPCS</td>
<td></td>
<td>GoZ</td>
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<td>70.0</td>
<td>9.9</td>
<td>10.0</td>
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<td>Courts Facilities</td>
<td>Rehabilitation and upgrading of existing courts facilities</td>
<td>National</td>
<td>JSC</td>
<td>Rwanda and Chinhoyi Magistrate's Courts completed</td>
<td>GoZ</td>
<td></td>
<td>150.0</td>
<td>7.4</td>
<td>9.0</td>
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<tr>
<td>Sports Facilities</td>
<td>Rehabilitation of existing sports facilities</td>
<td>National</td>
<td>MLGPW&amp;NH</td>
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<td>GoZ</td>
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<td>1.8</td>
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<td>National</td>
<td>ZEC</td>
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<td>AGRICULTURAL INFRASTRUCTURE</td>
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<td></td>
<td></td>
<td></td>
<td>GoZ</td>
<td></td>
<td>260.9</td>
<td>37.0</td>
<td>42.0</td>
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<tr>
<td>Irrigation Development</td>
<td>Rehabilitation &amp; development of at least 200 ha per district during the next ten years.</td>
<td>National</td>
<td>DOI</td>
<td>24 000ha developed</td>
<td>GoZ/Development Partners</td>
<td></td>
<td>260.9</td>
<td>37.0</td>
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<td>Project Scope</td>
<td>Location</td>
<td>Responsible Entity</td>
<td>Milestone To 2020</td>
<td>Technical Assistance Required</td>
<td>Source of Funding</td>
<td>Estimated Total Cost (US$m)</td>
<td>2019 Proposed Allocations (US$m)</td>
<td>2020 Proposed Allocations (US$m)</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>----------------</td>
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<td>-------------------------------</td>
<td>---------------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>Zhove Irrigation Project</td>
<td>The project involves the development of 2 500 ha of irrigable land in Beitbridge district, drawing water from Zhove dam to benefit 2 600 households.</td>
<td>Matabeleland South</td>
<td>DOI</td>
<td>Main canals and 9 night storage dams completed</td>
<td>Loan/GoZ</td>
<td></td>
<td>37.0</td>
<td>15.3</td>
<td>10.0</td>
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<tr>
<td>Smallholder Irrigation Support Programme</td>
<td>Rehabilitation and expansion of at least 125 schemes in communal and old resettlement areas covering at least 6 100 ha in Manicaland, Masvingo, Midlands and Mat South Provinces to benefit 12 200 households.</td>
<td>National</td>
<td>DOI</td>
<td>Feasibility studies completed and 12 Irrigation schemes completed</td>
<td>IFAD/OFID/GoZ</td>
<td></td>
<td>52.0</td>
<td>10.0</td>
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<tr>
<td>Nyakomba Irrigation Scheme</td>
<td>Development of 580 ha of irrigable land to benefit 1 160 households.</td>
<td>Manicaland</td>
<td>DOI</td>
<td>Project completed</td>
<td>JICA/GoZ</td>
<td></td>
<td>15.0</td>
<td>-</td>
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<tr>
<td>Tugwi Mukosi Irrigation scheme (25000 Ha)</td>
<td>Development of a 25 000 ha scheme to benefit 12 500 households and commercial purposes</td>
<td>Masvingo</td>
<td>DOI</td>
<td>Detailed designs and feasibility studies completed, Commencement of work</td>
<td>GoZ/Development Partners</td>
<td></td>
<td>150.0</td>
<td>7.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Muzhwi Irrigation Scheme</td>
<td>Development of an 800 ha scheme through construction of a 40km canal as well as infield equipment to benefit 1 600 households in Masvingo.</td>
<td>Masvingo</td>
<td>DOI</td>
<td>Project completed</td>
<td>GoZ/Development Partners</td>
<td></td>
<td>5.0</td>
<td>3.5</td>
<td>0.5</td>
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<tr>
<td>Osborne Irrigation</td>
<td>Development of a 5 000 ha scheme through construction of a 40km conveyance, pumping systems canal as well as infield equipment for 5 000 households.</td>
<td>Manicaland</td>
<td>DOI</td>
<td>Detailed designs and feasibility studies completed</td>
<td>GoZ/Development Partners</td>
<td></td>
<td>70.0</td>
<td>2.0</td>
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<tr>
<td>Bri Irrigation</td>
<td>Development of a 2 000 ha scheme to benefit 1 000 households in Chegutu.</td>
<td>Mashonaland West</td>
<td>DOI</td>
<td>Detailed designs and feasibility studies completed</td>
<td>GoZ/Development Partners</td>
<td></td>
<td>8.0</td>
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<tr>
<td>Lilstock</td>
<td>Development of a 2 000 ha scheme to benefit 2 000 households in Bindura.</td>
<td>Mashonaland Central</td>
<td>DOI</td>
<td>Detailed designs and feasibility studies completed</td>
<td>GoZ/Development Partners</td>
<td></td>
<td>12.0</td>
<td>1.0</td>
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<tr>
<td>DDF Irrigation Schemes</td>
<td>Development of small holder irrigation schemes countrywide.</td>
<td>National</td>
<td>DOI</td>
<td></td>
<td>GoZ</td>
<td></td>
<td>15.0</td>
<td>5.0</td>
<td>5.0</td>
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<tr>
<td>Capacity building/Institutional reforms</td>
<td>Development of bankable irrigation pipeline projects</td>
<td>National</td>
<td>DOI</td>
<td>Feasibility studies and detailed designs for schemes</td>
<td>GoZ/Development Partners</td>
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<td>15.0</td>
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<tr>
<td>Sub Total</td>
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<td></td>
<td></td>
<td>624.9</td>
<td>81.8</td>
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<td>Milestone To 2020</td>
<td>Technical Assistance Required</td>
<td>Source of Funding</td>
<td>Estimated Total Cost (US$m)</td>
<td>2019 Proposed Allocations (US$m)</td>
<td>2020 Proposed Allocations (US$m)</td>
</tr>
<tr>
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</tr>
<tr>
<td>Agriculture Research</td>
<td>Rehabilitation and upgrading of infrastructure at Agriculture Research Institutions</td>
<td>National</td>
<td>MOLA</td>
<td></td>
<td></td>
<td>GoZ</td>
<td>18.0</td>
<td>7.0</td>
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<td>Institutions</td>
<td></td>
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<td></td>
<td></td>
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<td>20.0</td>
<td>3.0</td>
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<td>Equipment</td>
<td>Procurement and installation of equipment at Agriculture Research Institutions</td>
<td>National</td>
<td>MOLA</td>
<td></td>
<td></td>
<td>GoZ</td>
<td>3.5</td>
<td>2.4</td>
<td>1.1</td>
</tr>
<tr>
<td>Dip tanks</td>
<td>Construction of an additional 207 dip tanks and rehabilitation and upgrading of 2 637 existing facilities.</td>
<td>National</td>
<td>MOLA</td>
<td></td>
<td></td>
<td>GoZ</td>
<td>150.0</td>
<td>0.5</td>
<td>1.0</td>
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<tr>
<td>Agriculture Colleges</td>
<td>Rehabilitation and upgrading of infrastructure at Agriculture Colleges</td>
<td>National</td>
<td>MOLA</td>
<td></td>
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<td>GoZ</td>
<td>191.5</td>
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<td>Sub Total</td>
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<td>AGRICULTURE TOTAL</td>
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<td></td>
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<td>816.4</td>
<td>94.7</td>
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<td>OTHER</td>
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<tr>
<td>Project Preparation</td>
<td>Development of feasibility studies and other project development costs</td>
<td>National</td>
<td></td>
<td>Number of projects</td>
<td>Number of projects developed to bankability</td>
<td>GoZ</td>
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<td>Development Fund</td>
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<tr>
<td>Capacity building for public investment management</td>
<td>Cascading of public investment management guidelines to line Ministries and implementing agencies, Development of national and sector specific investment plans, project sequencing and prioritisation, Project costing, appraisal and analysis</td>
<td>National</td>
<td>MoFED</td>
<td></td>
<td></td>
<td>GoZ/Development Partners</td>
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<td>OTHER INFRASTRUCTURE TOTAL</td>
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<td>75.0</td>
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<td>GRAND TOTAL</td>
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<td>26,971.4</td>
<td>2,496.1</td>
<td>3,739.7</td>
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### Annexure 1: Trends in Per Capita Income Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Nominal GDP (US$ m)</th>
<th>Real GDP (US$ m)</th>
<th>Population (m)</th>
<th>Inflation</th>
<th>GDP Growth (%)</th>
<th>GDP Nominal Per Capita (US$ m)</th>
</tr>
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<tbody>
<tr>
<td>2010</td>
<td>10 141.9</td>
<td>9 706.3</td>
<td>12.3</td>
<td>3.1</td>
<td>12.7</td>
<td>822.1</td>
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<tr>
<td>2011</td>
<td>12 098.5</td>
<td>11 205.5</td>
<td>12.5</td>
<td>3.1</td>
<td>15.4</td>
<td>971.0</td>
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<tr>
<td>2012</td>
<td>14 242.5</td>
<td>12 861.6</td>
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<td>14.8</td>
<td>1 090.4</td>
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<tr>
<td>2013</td>
<td>15 451.8</td>
<td>13 572.8</td>
<td>13.4</td>
<td>2.4</td>
<td>5.5</td>
<td>1 155.8</td>
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<tr>
<td>2014</td>
<td>15 891.0</td>
<td>13 861.5</td>
<td>13.7</td>
<td>-0.2</td>
<td>2.1</td>
<td>1 164.0</td>
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<tr>
<td>2015</td>
<td>16 304.7</td>
<td>14 095.7</td>
<td>13.9</td>
<td>-2.4</td>
<td>1.7</td>
<td>1 169.4</td>
</tr>
<tr>
<td>2016</td>
<td>16 620.1</td>
<td>14 182.5</td>
<td>14.3</td>
<td>-1.6</td>
<td>0.6</td>
<td>1 165.3</td>
</tr>
<tr>
<td>2017</td>
<td>17 988.7</td>
<td>14 857.4</td>
<td>14.6</td>
<td>0.9</td>
<td>4.8</td>
<td>1 230.5</td>
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<tr>
<td>2018</td>
<td>20 846.9</td>
<td>15 800.5</td>
<td>15.0</td>
<td>4.0</td>
<td>6.3</td>
<td>1 391.3</td>
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<tr>
<td>2019</td>
<td>23 397.1</td>
<td>17 225.1</td>
<td>15.4</td>
<td>5.0</td>
<td>9.0</td>
<td>1 523.4</td>
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<tr>
<td>2020</td>
<td>26 501.8</td>
<td>18 903.9</td>
<td>15.7</td>
<td>5.0</td>
<td>9.7</td>
<td>1 683.4</td>
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<td>2021</td>
<td>30 271.5</td>
<td>21 087.2</td>
<td>16.1</td>
<td>5.0</td>
<td>11.5</td>
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<tr>
<td>2022</td>
<td>34 640.3</td>
<td>23 067.1</td>
<td>16.5</td>
<td>5.5</td>
<td>9.4</td>
<td>2 094.4</td>
</tr>
<tr>
<td>2023</td>
<td>39 572.5</td>
<td>25 021.6</td>
<td>17.0</td>
<td>5.5</td>
<td>8.5</td>
<td>2 334.2</td>
</tr>
<tr>
<td>2024</td>
<td>45 307.3</td>
<td>27 256.4</td>
<td>17.4</td>
<td>5.5</td>
<td>8.9</td>
<td>2 607.3</td>
</tr>
<tr>
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<td>51 224.5</td>
<td>29 657.7</td>
<td>17.8</td>
<td>5.5</td>
<td>8.8</td>
<td>2 875.9</td>
</tr>
<tr>
<td>2026</td>
<td>58 042.9</td>
<td>31 922.9</td>
<td>18.3</td>
<td>5.5</td>
<td>7.6</td>
<td>3 179.2</td>
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<td>2027</td>
<td>66 173.7</td>
<td>34 651.7</td>
<td>18.7</td>
<td>5.5</td>
<td>8.5</td>
<td>3 536.2</td>
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<tr>
<td>2028</td>
<td>73 907.8</td>
<td>37 188.0</td>
<td>19.2</td>
<td>6.0</td>
<td>7.3</td>
<td>3 853.2</td>
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<tr>
<td>2029</td>
<td>83 709.6</td>
<td>40 297.0</td>
<td>19.7</td>
<td>6.0</td>
<td>8.4</td>
<td>4 257.7</td>
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<tr>
<td>2030</td>
<td>94 886.3</td>
<td>43 327.0</td>
<td>20.2</td>
<td>6.0</td>
<td>7.5</td>
<td>4 708.5</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance, Reserve Bank, ZIMSTAT
Annexure 2: Sustainable Development Goals

Sustainable Development Goals

Goal 1: End poverty in all its forms everywhere.

Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

Goal 3: Ensure healthy lives and promote well-being for all at all ages.

Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Goal 5: Achieve gender equality and empower all women and girls.

Goal 6: Ensure availability and sustainable management of water and sanitation for all.

Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all.

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

Goal 10: Reduce inequality within and among countries.

Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable.

Goal 12: Ensure sustainable consumption and production patterns.

Goal 13: Take urgent action to combat climate change and its impacts.
Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Goal 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development.
## Annexure 3: Agenda 2063 Aspirations

<table>
<thead>
<tr>
<th>Aspirations</th>
<th>Goals</th>
<th>Priority Areas</th>
</tr>
</thead>
</table>
| **1. A prosperous Africa, based on inclusive growth and sustainable development** | A high standard of living, quality of life and wellbeing for all citizens | • Incomes, jobs and decent work  
• Poverty, inequality and hunger  
• Social security and protection, including persons with disabilities  
• Modern, affordable and liveable habitats and quality basic services  
• Well educated citizens and skills revolution underpinned by science, technology and innovation  
• Education and STI driven skills revolution  
• Healthy and well-nourished citizens  
• Health and nutrition  
• Transformed economies  
• Sustainable and inclusive economic growth  
• STI driven manufacturing, industrialization and value addition  
• Economic diversification and resilience  
• Modern agriculture for increased productivity and production  
• Agricultural productivity and production  
• Blue/ocean economy for accelerated economic growth  
• Marine resources and energy  
• Port operations and marine transport  
• Environmentally sustainable and climate resilient economies and communities  
• Sustainable natural resource management  
• Biodiversity conservation, genetic resources and ecosystems  
• Sustainable consumption and production patterns  
• Water security  
• Climate resilience and natural disasters preparedness and prevention  
| **2. An integrated continent, politically united, based on the ideals of Pan Africanism and the vision of Africa's Renaissance** | A United Africa (Federal or Confederate) | • Frameworks and institutions for a United Africa  
• Continental financial and monetary institutions established and functional  
• Financial and monetary institutions  
• World class infrastructure criss -crosses Africa  
• Communications and Infrastructure connectivity  
| **3. An Africa of good governance, democracy, respect for human rights, justice and the rule of law** | Democratic values, practices, universal principles of human rights, justice and rule of law entrenched | • Democracy and good governance  
• Human rights, justice and rule of law  
• Capable institutions and transformative leadership in place  
• Institutions and leadership  
• Participatory development and local governance  
| **4. A peaceful and secure Africa** | Peace, security and stability is preserved | • Maintenance and preservation of peace and security  
• A stable and peaceful Africa  
• Institutional structure for AU instruments on peace and security  
• Defence, security and peace  

335
<table>
<thead>
<tr>
<th>Aspirations</th>
<th>Goals</th>
<th>Priority Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Africa with a strong cultural identity, common heritage, values and ethics</td>
<td>African cultural renaissance is preeminent</td>
<td>• Values and ideals of Pan Africanism</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Cultural values and African Renaissance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Cultural heritage, creative arts and businesses</td>
</tr>
<tr>
<td>6. An Africa whose development is people driven, relying on the potential offered by African people, especially its women and youth, and caring for children</td>
<td>Full gender equality in all spheres of life</td>
<td>• Women and girls empowerment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Violence and discrimination against women and girls</td>
</tr>
<tr>
<td></td>
<td>Engaged and empowered youth and children</td>
<td>• Youth empowerment and children's rights</td>
</tr>
<tr>
<td>7. An Africa as a strong, united, resilient and influential global player and partner</td>
<td>Africa as a major partner in global affairs and peaceful co-existence</td>
<td>• Africa’s place in global affairs</td>
</tr>
<tr>
<td></td>
<td>Africans takes full responsibility for financing her development</td>
<td>• Partnerships</td>
</tr>
<tr>
<td></td>
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<td>• African capital markets</td>
</tr>
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<td></td>
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<td>• Fiscal systems and public sector revenue</td>
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<td>• Development assistance</td>
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## Annexure 4: Financial Inclusion Indicators

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<th>Dec 2016</th>
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<th>Annual %△</th>
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<td>Value of Loans to SMEs (US$ m)</td>
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<td>146.22</td>
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</tr>
<tr>
<td>Number of SMEs with Bank Accounts</td>
<td>71 730</td>
<td>76 524</td>
<td>6.68</td>
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<tr>
<td>Number of Women with Bank Accounts</td>
<td>769 883</td>
<td>935 994</td>
<td>21.58</td>
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<tr>
<td>Value of Loans to Women (US$ m)</td>
<td>277.30</td>
<td>310.78</td>
<td>12.07</td>
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<tr>
<td>Number of Loans to Youth</td>
<td>38 400</td>
<td>61 529</td>
<td>60.23</td>
</tr>
<tr>
<td>Value of Loans to Youth (US$ m)</td>
<td>58.41</td>
<td>138.93</td>
<td>137.85</td>
</tr>
<tr>
<td>Total number of Bank Accounts</td>
<td>1.49 m</td>
<td>3.07 m</td>
<td>106.04</td>
</tr>
<tr>
<td>Number of Low Cost Accounts</td>
<td>1.20 m</td>
<td>3.02 m</td>
<td>151.67</td>
</tr>
</tbody>
</table>

Source: Reserve Bank
Annexure 5: Approved Short Term SEPs Reforms

a. SEPS Whose Reform Strategies Were Already at Various Stages of Implementation

- Speeding up and completing the restructuring of the following 15 SEPs whose reform initiatives were at various stages of implementation, namely CSC, GMB, ARDA, CAAZ, NRZ, ZPC, ZMDC, ZINARA, SIRDC, Allied Timbers, Agribank, SMEDCO, ZETDC, Forestry Commission, and ZISCO as follows:
  - CSC: Finalise consideration of Joint Venture Proposals by the Swiss and UK Investors.
  - GMB: Demerge into a commercial Business Unit and Strategic Grain Reserve.
  - ARDA: Proceed with the current trajectory with identified strategic partners. To date, the Authority has engaged partners, who have revived production at 15 Estates. Processes to engage partners for the remaining 5 Estates is in progress.
  - CAAZ: Promulgation of the Civil Aviation Amendment Bill to provide for the unbundling of the Authority into a Regulatory and an Airports Authority. In this regard, the unbundling process is at an advanced stage as the Civil Aviation Amendment Bill has passed through the Parliamentary approval process, and is now awaiting Presidential assent.
  - NRZ: Current recapitalisation programme to continue. Government has identified the DIDG/Transnet consortium as the preferred investor through a competitive bidding process that was conducted in 2017. The transaction will see the consortium assisting to recapitalise NRZ to the tune of US$400m through a 25-year concession. During this concession period, the NRZ and the consortium will be running the freight and rail operations through a Special Purpose Vehicle. NRZ and the consortium signed a Framework Agreement on 16 February 2018, which has enabled the parties to progress to the substantial processes to structure and finalise the deal. The parties have conducted due diligences on each other and are finalising the joint financial model, the feasibility study, and are also working on the Joint Venture Agreement, the Concession Agreement and all other necessary agreements. Once these are concluded, they will be submitted to Cabinet through the Joint Venture Unit.
  - ZESA Holdings: Dissolve all subsidiary Boards and allow ZPC to seek strategic partners. Processes to re-bundle ZESA are underway. Human resources consultants to assist in the organisational structure and staffing of the re-bundled ZESA is being engaged.
  - ZMDC: Seek Strategic Partners. Given that 17 ZMDC subsidiaries require strategic partners, the engagement process of the strategic partners is being implemented in a phased approach for it to be manageable. The engagement processes to identify strategic Partners for the first 6 batch of the ZMDC subsidiaries are under way.
  - ZISCO: Current efforts to resuscitate it to proceed.

b. SEPs Targeted for Liquidation


c. SEPs Targeted for Privatisation

- Partially privatise through engagement of strategic partners and/or listing on the Zimbabwe Stock Exchange (ZSE) 11 SEPs, 7 IDC Subsidiaries, and 17 ZMDC subsidiaries as follows:
  - 11 SEPs: Petrotrade, ZIMPOST, POSB, Air Zimbabwe, IDBZ, Road Motor Services; Tel One, Net One, Telecel, ZUPCO, and Allied Timbers.
d. SEPs Earmarked for Mergers

- **Merge 11 entities** as follows:
  - Powertel, Zarnet and Africom.
  - The Postal and Tele-communications Regulatory Authority of Zimbabwe (POTRAZ) and Broadcasting Authority of Zimbabwe (BAZ).
  - Boxing and Wrestling Boards which are under the Ministry of Sport, Culture and Recreation.
  - The Special Economic Zones Authority, Zimbabwe Investment Authority (ZIA), Joint Ventures Unit and ZIMTRADE.

e. Demerge the Grain Marketing Board (GMB) into a Commercial Business Unit and the Strategic Grain Reserve (SGR).

f. SEPs to be Absorbed as Ministerial Departments

- **Departmentalise 7 SEPs** namely:
  - National Competitiveness Commission under the Ministry of Industry, Commerce and Enterprises Development,
  - New ZIANA into the Ministry of Information and Broadcasting Services.
  - Board of Censors into the Ministry of Home Affairs and Culture.
  - National Indigenisation and Economic Empowerment Board into the Ministry of Industry, Commerce and Enterprise Development.
  - Liquor Licencing Authority into the Ministry of Home Affairs and Culture.
  - Library and Documentation into the Ministry of Primary and Secondary Education.
  - National Handcraft Centre to the Ministry of Women Affairs, Gender and Community Development for market promotion.
### Annexure 6: Progress Report on the Implementation of the SEPs Reform Framework

#### Table A: State Enterprises and Parastatals whose Reform Initiatives are already at various stages of Implementation

<table>
<thead>
<tr>
<th>Name Of Parastatal</th>
<th>Decisions of Cabinet</th>
<th>Progress</th>
<th>By Who</th>
<th>By When</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Cold Storage Commission (CSC)</strong></td>
<td>Finalise consideration of joint venture proposals by the Swiss and United Kingdom investors by 30th April 2018</td>
<td>i). Draft Livestock Joint Farming Concession Agreement with Boustead is now place.</td>
<td>Ministry of Agriculture, Lands and Rural Development and the Joint Venture Unit</td>
<td>30 October, 2018</td>
</tr>
<tr>
<td><strong>2. Grain Marketing Board</strong></td>
<td>The Grain Marketing Board is expected to complete work on delinking the Strategic Grain Reserve and the GMB’s commercial operations. The Grain Marketing Board will continue to manage the Strategic Grain Reserve on behalf of Government. All costs directly related to the management of the Strategic Grain Reserve will be borne by Government. The expenses will include storage costs, which will be provided for under the fiscus.</td>
<td>i). Registration of Silo Food Industries Limited was successfully done, the name for the new commercial business entity. ii). Transfer of assets from GMB to Silo Food Industries will commence once the preparation and approval of the Scheme of Reconstruction document is finalized. Preparation of the Scheme document is underway. The document will be submitted to the Minister of Lands, Agriculture &amp; Rural Resettlement (MLA&amp;RR) for ministerial approval, to transfer identified public assets. Thereafter, the Scheme document will be filed at High Court for confirmation, in the absence of any public objections. iii). Migration of employees from GMB to Silo Food Industries is under way and staff transfer letters have been issued by the Human Resources Department to affected employees. The staff transfers will be effective 1 July, 2018. iv). Revaluation of Assets is underway and the appointed valuator is compiling his final Report. This would be presented to GMB management in the first week of August, 2018.</td>
<td>Ministry of Agriculture, Lands and Rural Development</td>
<td>31 September, 2018</td>
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<tr>
<td><strong>3. Civil Aviation Authority of Zimbabwe (CAAZ)</strong></td>
<td>Promulgation of the Civil Aviation Amendment Bill to provide for the unbundling of the authority into a Regulatory and Airports Company of Zimbabwe.</td>
<td>i). The Civil Aviation Amendment Act was promulgated in July. ii). A Technical Committee under the Ministry of Transport and Infrastructure Development will be overseeing the transfer of assets and liabilities between the two entities in consultation with the Ministry of Finance and Economic Development.</td>
<td>Ministry of Transport and Infrastructural Development</td>
<td>31 December, 2018</td>
</tr>
<tr>
<td>Name Of Parastatal</td>
<td>Decisions of Cabinet</td>
<td>Progress</td>
<td>By Who</td>
<td>By When</td>
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<tr>
<td>4. National Railways of Zimbabwe (NRZ)</td>
<td>Current recapitalisation Programme to proceed.</td>
<td>i). Legal Due Diligence and Financial Due Diligence Reports on Transnet and DIDG have been finalised. i). Draft Joint Venture Agreement and Concession Agreements have been produced and circulated for comments before resuming final negotiations for financial closure.</td>
<td>Ministry of Transport and Infrastructural Development</td>
<td>Second Quarter, 2019</td>
</tr>
<tr>
<td>5. Zimbabwe Electricity Supply Authority (ZESA)</td>
<td>A single ZESA Board will be established to take charge of ZETDC, ZPC and ZESA Enterprises. The Boards of ZETDC, ZPC and ZESA Enterprises to be dissolved. The Board will be allowed to engage strategic partners under ZPC operations where necessary. The strategic and ZESA-specific activities of Powertel will be incorporated under ZETDC whilst excess telecommunication capacity will be included in the merger between Zarnet and Africom.</td>
<td>i). Sections of the Electricity Act requiring amendment, contracts with the ZESA Group and legislation of general application have been identified. ii). ZESA subsidiary boards have since been dissolved. The tenure of the current ZESA Holdings Board has been extended for the purpose of managing the agreed reform. iii). The Technical Committee has finalised the Restructuring proposal with the recommended (merged) organisational structure which will form the basis of the Memorandum to Cabinet iv). A Human Resources Consultant is being engaged to assist on the finalisation of the new ZESA organisational structure and staffing issues. v). The Ministry of Energy and Power Development will be meeting the Ministry of Information Communication Technology to implement the merging of Powertel with Zarnet and Africom.</td>
<td>Ministry of Energy and Power Development</td>
<td>First Quarter, 2019</td>
</tr>
<tr>
<td>6. Zimbabwe National Road Administration (ZINARA)</td>
<td>The Zimbabwe National Road Administration will remain under the Ministry of Transport and Infrastructure Development but with a focus on revenue collection and not on technical road construction activities. The Ministry is challenged to ensure that there is improved transparency and accountability in the operation of ZINARA</td>
<td>i). Engagement of the Consultant to undertake Performance Review that would assist in strengthening the operation of the entity is underway through the AfDB funding. The Performance Review is expected to address transparency and accountability issues which were cited by Cabinet as major challenges that need to be addressed by the Ministry of Transport and Infrastructural Development.</td>
<td>Ministry of Transport and Infrastructural Development</td>
<td>31 January, 2018</td>
</tr>
<tr>
<td>7. Allied Timbers</td>
<td>Partial Privatisation</td>
<td>i). Price-WaterHouse Coopers is currently undertaking a due diligence exercise as part of an AfDB-funded</td>
<td>Ministry of Environment, Water and Climate</td>
<td>First Quarter, 2018</td>
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<tr>
<td>Name Of Parastatal</td>
<td>Decisions of Cabinet</td>
<td>Progress</td>
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<td>Performance Review (which will also contribute to the development of a turn-around strategy).</td>
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<td>ii). The Privatisation Technical committee is working on the legal issues that may impact on the transaction.</td>
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<tr>
<td>8.  Agribank</td>
<td>To seek a strategic partner</td>
<td>i). The Agribank Privatisation Committee has held its 3rd meeting and Key Milestones and Timelines have been developed</td>
<td>Ministry of Agriculture, Lands and Rural Development</td>
<td>First Quarter, 2019</td>
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<td></td>
<td></td>
<td>ii). The adverts for the Invitation of Expression of Interest for Transactional Advisors have been published in the media on the 15th July, 2018 with a closing date of 8th August, 2018.</td>
<td>Ministry of Finance and Economic Development</td>
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<td>iii). Tender documents for Request for proposals have been finalised and are ready for clearance with the Procurement Regulatory Authority of Zimbabwe (PRAZ).</td>
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<td>iv). A budget for the transactional costs for the engagement of a strategic partner has been adopted by the Privatisation Technical Committee.</td>
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<tr>
<td>9.  Forestry Commission</td>
<td>To remain as a Regulatory Authority</td>
<td>i). An EU-funded Consultant is currently undertaking a due diligence exercise as part of an agreed Performance Review process (which will contribute towards the development of a turn-around strategy).</td>
<td>Ministry of Environment, Water and Climate</td>
<td>31 January, 2019</td>
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<tr>
<td>10. ZISCO Steel</td>
<td>Current efforts to resuscitate the Entity to proceed</td>
<td>i). The investor and Government through the Ministry of Mines and Mining Developments have agreed on the way forward with regard to the availability of additional resources - i.e. limestone, iron ore and coking coal.</td>
<td>Ministry of Industry, Commerce and Enterprise Development</td>
<td>31 December, 2018</td>
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<td></td>
<td></td>
<td>ii). Work is underway to secure the prospective license to drill for coking core.</td>
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<td>iii). Finalisation of the investment is currently underway with R &amp; F properties of China.</td>
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<td>iv). ZimCoke (Pvt) Limited plans to invest US$133 million towards resuscitation of the Coke Oven Battery Plant segment after the signing of the agreement of sale whereby ZimCoke acquired the Coke-making assets</td>
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<tr>
<td>Name Of Parastatal</td>
<td>Decisions of Cabinet</td>
<td>Progress</td>
<td>By Who</td>
<td>By When</td>
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<tr>
<td></td>
<td></td>
<td>of ZiscoSteel consisting of the plant and machinery, land and building associated infrastructure.</td>
<td></td>
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</tr>
<tr>
<td>11. ZIMPARKS</td>
<td>Complete restructuring initiatives underway</td>
<td>i) The Memorandum on the turn-around strategy which was presented to the (Cabinet) Working Party (WP) of Officials has been improved in line with the recommendations (of the WP) and is now ready for re-submission to the Working Party prior to submission to the Cabinet Committee on State Enterprises and Parastatal Development (SEPD).</td>
<td>Ministry of Environment, Water and Climate</td>
<td>31 December, 2018</td>
</tr>
<tr>
<td>Name Of Parastatal</td>
<td>Decisions Of Cabinet</td>
<td>Progress</td>
<td>By Who</td>
<td>By When</td>
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<td>----------------------------------</td>
</tr>
<tr>
<td>National Glass Industries</td>
<td>To be liquidated</td>
<td>i). Liquidated</td>
<td>Ministry of Industry, Commerce and Enterprise Development</td>
<td>Completed</td>
</tr>
<tr>
<td>Motira</td>
<td>To be liquidated</td>
<td>i). Operations discontinued and the legal process for liquidation is underway.</td>
<td>Ministry of Industry, Commerce and Enterprise Development</td>
<td>Completed</td>
</tr>
</tbody>
</table>
| Zimglass                    | Given the world wide movement towards the replacement of plastics with glass, National Glass is expected to urgently seek a strategic partner as IDC retains its current shareholding in the company. The identification of a strategic partner is urgent as the company currently faces litigation that could lead to dissolution or liquidation | i). Under control of liquidator.  
ii). A writ of execution is respect of an IDC- guaranteed US$ 16 million loan in favour of Zimglass (which failed to resuscitate the company) is due. A final letter of demand has been received.  
Comment  
iii). Need to consider the bank consortium writ of execution which is now due –IDCZ guaranteed $16 million.  
iv). Given the recent international interest and preference of glass packaging over plastic (over health issues), the Line Ministry has initiated processes that could lead to the possible engagement of a Strategic Partner. | Ministry of Industry, Commerce and Enterprise Development | Second Quarter, 2019                          |
### Table C: State Enterprises and Parastatals Targeted for Partial privatisation through engagement of Strategic Partners and/or Listing on the Zimbabwe Stock Exchange

<table>
<thead>
<tr>
<th>Name Of Parastatal</th>
<th>Decisions Of Cabinet</th>
<th>Progress</th>
<th>By Who</th>
<th>By When</th>
</tr>
</thead>
</table>
| 1. Petrotrade      | Partial Privatisation with Government retaining majority shareholding in the national interest | i). The advert for engagement of Transaction Advisors was flighted in the press on the 13th July, 2018, with a closing date is 5th August, 2018.  
ii). Tender documents for the Requests for Proposals for the transactional advisors have been finalised and are ready to be purchased by the short-listed bidders. | Ministry of Energy and Power Development | 31 January, 2019                   |
| 2. ZIMPOST         | Partial privatisation                                                               | i). A Privatisation Technical Committee has been established with its sub-committees.  
ii). Tender Documents for Expression of Interest and Request for Proposals for Transactional Advisors have been finalised. | Ministry of Information Communication and Courier Services | Second Quarter, 2019                 |
| 3. POSB            | Partial privatisation                                                               | i). A Privatisation Technical Committee has been formed with its sub-committees.  
ii). Request for Expressions of Interests and Request for Proposals for Transactional Advisors have been prepared and are awaiting approval by the Sub Committee and the Privatisation Technical Committee. | Ministry of Finance and Economic Development | Second Quarter, 2019                 |
| 4. Chemplex        | Partial privatisation through engagement of a Strategic Partner                      | i). Ernest & Young have been appointed as Transaction Advisors and are working with the Privatisation Technical Committee that was established.  
ii). Financial and Legal Due Diligence Exercise is currently underway with an invitation of Expression of Interests to potential investors now ready for publication. | Ministry of Industry, Commerce and Enterprise Development | 31 December, 2018                   |
| 5. 17 ZMDC Subsidiary Mines: Jena, Sabi, Elvington, Golden Kopje, Alaska Mine, Mhangura, Sanyati, Kamativi, Lutope, Kapata, Sandawana, Lynx, Mumburume, | Partial privatisation                                                            | i). Progress is underway towards partial privatisation through the establishment of joint venture partnerships in respect of Sabi, Jena and Elvington Mines through the Line Ministry and ZMDC.  
ii). ZMDC has received bids for six (6) subsidiaries and they are currently at the adjudication stage. | Ministry of Mines and Mining Development | Performance Review to be completed by 31 January, 2018  
Partial Privatisation by second Quarter, 2019 |
<table>
<thead>
<tr>
<th>Name Of Parastatal</th>
<th>Decisions Of Cabinet</th>
<th>Progress</th>
<th>By Who</th>
<th>By When</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shabanie, Gaths Mine, Mbungu and Gwayi</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
| 6. Infrastructure Development Bank of Zimbabwe (IDBZ)                             | Partial privatisation          | i). A Privatisation Technical Committee was established. The process of engaging a Transactional Advisor for the first phase of the privatisation process through Private Placement to local investors is currently underway.  
   ii). The Engagement of an AfDB-funded Consultant to undertake a Performance Review that will also feed into the work of the Privatisation Technical Committee is underway. | Ministry of Finance and Economic Development | Performance Review to be completed by 31 January, 2019  
|                                                                                  |                                |                                                                                                                                                                                                           |                                                                       | Local Privatisation Placement by First Quarter, 2019  
|                                                                                  |                                |                                                                                                                                                                                                           |                                                                       | Foreign Privatisation Component by Second Quarter, 2019 |
| 7. Road Motor Services (RMS)                                                      | To be privatised in tandem with the NGZ Programme | i). A Technical Committee to privatised RMS as part of the broader NRZ transaction is being established by the Ministry of Transport and Infrastructure Development.  
   Comment  
   ii). The NRZ recapitalisation project is already at an advanced stage and had excluded RMS in its design. | Ministry of Transport and Infrastructural Development | First Quarter, 2019 |
| 8. Tel-One, Net-One and Telecel                                                   | Partial privatisation          | i) The Ministry of ICT and Cyber Security has established the Privatisation Technical Committees for TelOne and NetOne with clear TORs.  
   ii) A Cabinet approval has been granted for NetOne to start negotiations on a joint venture agreement with Telkom of South Africa.  
   iii) Request of Expression of Interests and Request for Proposals for Transactional Advisors are now ready for publication in line with the Public Procurement and Asset Disposal Act. | Ministry of ICT and Cyber Security | First Quarter, 2019 |
<table>
<thead>
<tr>
<th>Name Of Parastatal</th>
<th>Decisions Of Cabinet</th>
<th>Progress</th>
<th>By Who</th>
<th>By When</th>
</tr>
</thead>
<tbody>
<tr>
<td>9. ZUPCO</td>
<td>Partial privatisation</td>
<td>i) The Privatisation Technical Committee has been established.</td>
<td>Ministry of Local Government, Public Works and National Housing</td>
<td>First Quarter, 2019</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ii) Currently the Legal Sub Committee is undertaking a legal due diligence on the claim by ZimRe of a 49 percent shareholding.</td>
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</tbody>
</table>
## Table D: State Enterprises and Parastatals Earmarked for Mergers

<table>
<thead>
<tr>
<th>Name Of Parastatal</th>
<th>Decisions Of Cabinet</th>
<th>Progress</th>
<th>By Who</th>
<th>By When</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. SMEDCO, Empower Bank and the Women’s Microfinance Bank</td>
<td>Merge</td>
<td>i). Empower Bank was launched in July with a capital base of US$12.5m. ii). Women’s Microfinance was launched in June. iii). SMEDCO is currently in the process of registering as a Deposit Taking Microfinance institution with RBZ. An AfDB-funded Performance Review of SMEDCO will be conducted once the process of procuring a consultant is completed.</td>
<td>NA</td>
<td>No merging</td>
</tr>
<tr>
<td>2. Powertel, Zanet and Africom</td>
<td>Merge</td>
<td>i) The Respective Line Ministries are yet to meet.</td>
<td>Ministry of ICT and Cyber Security</td>
<td>First Quarter 2019</td>
</tr>
<tr>
<td>3. Competition and Tariff Commission and the National Competitiveness Commission</td>
<td>No merger. Competition and Tariff Commission to remain as it is. The National Competitiveness Commission to become a Department in the Line Ministry with the support of the private sector</td>
<td>i). Ministry of Industry and Commerce has completed the departmentalisation National Competitiveness Commission departmentalisation into the Ministry completed.</td>
<td>Ministry of Industry and Commerce</td>
<td>National Competitiveness Commission departmentalisation into the Ministry completed</td>
</tr>
<tr>
<td>4. Postal and Telecommunication Regulatory Authority of Zimbabwe (POTRAZ) and Broadcasting Authority of Zimbabwe (BAZ)</td>
<td>Merge</td>
<td>i). A Technical Committee composing of the two Ministries has been formed with clear TORs.</td>
<td>Ministry of ICT and Cyber Security</td>
<td>Ministry of Information, Media and Broadcasting Services</td>
</tr>
<tr>
<td>5. The Boxing and Wrestling Boards</td>
<td>Merge</td>
<td>i). A Technical Committee to spearhead the process is yet to be formed</td>
<td>Ministry of Youth, Sports, Arts and Recreation</td>
<td>Ministry of Home Affairs and Cultural Heritage</td>
</tr>
<tr>
<td>6. Special Economic Zones Authority, the Zimbabwe Investment Authority, Zimtrade and the Joint Venture Unit</td>
<td>The Special Economic Zone should be merged with the Zimbabwe Investment Authority, Zimtrade and the Joint Venture Unit to establish a One Stop Shop for potential business investors</td>
<td>i). The Cabinet has approved the name of the new entity—ZIDA. ii). Office of the President and Cabinet has formed different committees to deal with the institutional, regulatory and funding framework of the proposed entity. iii). Staff have been seconded to an interim investment-evaluation and processing committee (pending the</td>
<td>The Office of the President and Cabinet (OPC)</td>
<td>30 November, 2018</td>
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<td>formal launch of ZIDA itself) by the Public Service Commission from various Ministries and Institutions. iv). Draft functions together with a proposed structure for ZIDA, and the Principles for an eventual ZIDA Bill, have been finalised. v). Interim arrangements to deal with investors during this transition have been set up (as per (iii) above. vi). Two Consultants (one local and one foreign) have been appointed to assist in the establishment of ZIDA.</td>
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</tbody>
</table>
Table E: State Enterprises and Parastatals to be Absorbed as Ministerial Departments

<table>
<thead>
<tr>
<th>Name Of Parastatal</th>
<th>Decisions Of Cabinet</th>
<th>Progress</th>
<th>By Who</th>
<th>By When</th>
</tr>
</thead>
</table>
| 1. New Ziana                        | To become a Department in the Ministry of Information, Media and Broadcasting Services | i). The Civil Service has engaged the line Ministry with regard to the absorption of the entity.  
ii). The organogram for the transformed Ministry is now in place. | Ministry of Information, Media and Broadcasting Services                                                                                   | 31 December, 2018                                |
| 2. National Indigenisation and Economic Empowerment Unit | To become a Department in the Ministry of Industry, Commerce and Enterprise Development | i). The Public Service Commission has approved the structure of the Indigenisation Unit as a department in the Ministry.  
ii). Terminal benefits for affected staff are being worked on.  
iii). NIEEB is being wound-up. | Ministry of Industry and Enterprise Development                                                                                         | 31 December, 2018                                |
| 3. National Arts Council             | To remain as a regulatory authority                                                   | N/A                                                                                                                                       | N/A                                                                                                | N/A                            |
| 4. National Library and Documentation Services | To become a Department in the Ministry of Primary and Secondary Education | i). The Public Service Commission, on the 22 May, 2018, approved the structure of the National Library and Documentation Service as a Department in the Ministry.  
ii). The total establishment for the Department is 22 posts. | Ministry of Local Government, Public Works and National Housing                                                                        | 31 December, 2018                                |
| 5. National Liquor Licensing Authority | To be returned to the Ministry of Local Government, Public Works and National Housing as a Regulatory Authority | i). The Civil Service Commission has engaged the line Ministry with regard to the absorption of the entity.  
ii). The organogram for the transformed Ministry is now in place. | Ministry of Local Government, Public Works and National Housing                                                                        | Completed                                     |
| 6. Board of Censors                 | To become a Department in the Ministry of Home Affairs and Cultural Heritage         | i). The Public Service has approved the structure of the Department of Censorship in the Ministry.  
ii). The existing staff of the Board of Censors are being offered jobs within the new structure. | Ministry of Home Affairs and Cultural Heritage                                                                                           | 31 December, 2018                                |
| 7. Lotteries and Gaming Board       | To become a Department in the Ministry of Home Affairs and Cultural Heritage         | i). Given the important role that the Lotteries and the Gaming Board has played in growing the industry, its history of sound financial operation and sound corporate governance systems, the Ministry of Home Affairs and Cultural Heritage is proposing the exemption of the Board from departmentalisation as per Cabinet’s decision. A draft Memo to this effect has been prepared and will be presented to Cabinet once Cabinet resumes business. | Ministry of Home Affairs and Cultural Heritage                                                     | Ministry of Local Government and Cultural Heritage requesting Cabinet to |
## Annexure 7: Bilateral Investment Promotion and Protection Agreements

<table>
<thead>
<tr>
<th>Partner</th>
<th>Signed</th>
<th>Ratified</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. India</td>
<td>10/02/1999</td>
<td>09/06/2014</td>
</tr>
<tr>
<td>5. Iran</td>
<td>20/10/1998</td>
<td>09/06/2014</td>
</tr>
<tr>
<td>9. RSA</td>
<td>27/11/2009</td>
<td>11/05/2010</td>
</tr>
<tr>
<td>10. Russia</td>
<td>07/10/2012</td>
<td>29/05/2014</td>
</tr>
<tr>
<td>11. Kuwait</td>
<td>07/03/2000</td>
<td>03/09/2014</td>
</tr>
<tr>
<td>12. OPEC Fund</td>
<td>26/08/2003</td>
<td>03/09/2014</td>
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### Signed & Awaiting Ratification

<table>
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<td>1. Austria</td>
<td>10/11/2000</td>
</tr>
<tr>
<td>2. Botswana</td>
<td>21/03/2011</td>
</tr>
<tr>
<td>3. Croatia</td>
<td>18/02/2000</td>
</tr>
<tr>
<td>4. Czech Republic</td>
<td>13/09/1999</td>
</tr>
<tr>
<td>5. DRC</td>
<td>22/08/2001</td>
</tr>
<tr>
<td>6. Egypt</td>
<td>25/05/1999</td>
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<tr>
<td>7. France</td>
<td>04/05/2001</td>
</tr>
<tr>
<td>8. Indonesia</td>
<td>10/02/1999</td>
</tr>
<tr>
<td>9. Italy</td>
<td>16/04/1999</td>
</tr>
<tr>
<td>10. Jamaica</td>
<td>10/02/1999</td>
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<tr>
<td>11. Malaysia</td>
<td>28/04/1994</td>
</tr>
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<td>12. Mauritius</td>
<td>17/05/2000</td>
</tr>
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<td>14. Portugal</td>
<td>05/05/1994</td>
</tr>
<tr>
<td>15. Singapore</td>
<td>01/09/2000</td>
</tr>
<tr>
<td>16. South Korea</td>
<td>24/05/2010</td>
</tr>
<tr>
<td>17. Sweden</td>
<td>06/10/1997</td>
</tr>
<tr>
<td>18. Thailand</td>
<td>18/02/2000</td>
</tr>
<tr>
<td>19. UK</td>
<td>01/03/1995</td>
</tr>
<tr>
<td>20. USA/OPIC (Overseas Private Investment Corporation)</td>
<td>20/01/1999</td>
</tr>
<tr>
<td>21. UAE</td>
<td></td>
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### Awaiting Signature

<table>
<thead>
<tr>
<th>Partner</th>
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<tbody>
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<td>1. Malawi</td>
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<td>2. Uganda</td>
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### Under Negotiation
<table>
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<td></td>
</tr>
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<td>2. Algeria</td>
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<td></td>
</tr>
<tr>
<td>3. Argentina</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Azerbaijan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Belarus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Belgium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Bulgaria</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Cuba</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Ethiopia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Ghana</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. India (New Bilateral Investment Treaty Template)</td>
<td>□</td>
<td></td>
</tr>
<tr>
<td>12. Kazakhstan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Libya</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Namibia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Nigeria</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Pakistan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17. Romania</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18. Sri-Lanka</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19. Tanzania</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20. Zambia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21. Kenya</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22. Qatar</td>
<td></td>
<td></td>
</tr>
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</table>

India is currently re-negotiating its BIPPAs using the new Bilateral Investment Treaty template.
Annexure 8: Summary of Winter Wheat Inputs Requirements

Requirements as at end June 2018

<table>
<thead>
<tr>
<th>Type of Input</th>
<th>Quantity Contracted</th>
<th>Quantity Delivered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat Seed (tons)</td>
<td>6 250</td>
<td>3 600</td>
</tr>
<tr>
<td>Basal Fertiliser (tons)</td>
<td>30 000</td>
<td>17 600</td>
</tr>
<tr>
<td>Top Dressing (tons)</td>
<td>22 500</td>
<td>11 900</td>
</tr>
<tr>
<td>Lime (tons)</td>
<td>50 000</td>
<td>13 300</td>
</tr>
<tr>
<td>Fuel (litres)</td>
<td>17 254 200</td>
<td>5 116 200</td>
</tr>
<tr>
<td><strong>Chemicals</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Glyphosate (litres)</td>
<td>200 000</td>
<td>257 200</td>
</tr>
<tr>
<td>MCPA (litres)</td>
<td>50 000</td>
<td>115 700</td>
</tr>
<tr>
<td>Banvel/Dicamba (litres)</td>
<td>12 500</td>
<td>15 100</td>
</tr>
<tr>
<td>CP Wetter (litres)</td>
<td>10 000</td>
<td>518</td>
</tr>
<tr>
<td>Dimethoate (litres)</td>
<td>25 000</td>
<td>587 600</td>
</tr>
<tr>
<td>Supa Dash (litres)</td>
<td>10 000</td>
<td>-</td>
</tr>
<tr>
<td>Shavit (litres)</td>
<td>50 000</td>
<td>100</td>
</tr>
<tr>
<td>Tilt (litres)</td>
<td>50 000</td>
<td>-</td>
</tr>
<tr>
<td>Tebuconazole (litres)</td>
<td>25 000</td>
<td>63 400</td>
</tr>
<tr>
<td>Quelatox (litres)</td>
<td>300 000</td>
<td>32</td>
</tr>
</tbody>
</table>
### Annexure 9: Seed Requirements

<table>
<thead>
<tr>
<th>Type of Seed</th>
<th>Tonnage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maize</td>
<td>43 634</td>
</tr>
<tr>
<td>Wheat</td>
<td>8 188</td>
</tr>
<tr>
<td>Soya bean</td>
<td>8 750</td>
</tr>
<tr>
<td>Small Grains</td>
<td>2 424</td>
</tr>
<tr>
<td>Groundnuts</td>
<td>1 258</td>
</tr>
<tr>
<td>Cowpeas</td>
<td>1 087</td>
</tr>
<tr>
<td>Cotton</td>
<td>66</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65 407</strong></td>
</tr>
</tbody>
</table>
### Annexure 10: National Farm Mechanisation Status and Related Costs

<table>
<thead>
<tr>
<th>Type of Equipment</th>
<th>National Requirement</th>
<th>Current Status</th>
<th>National Deficit</th>
<th>Cost for National Deficit (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Tractors</td>
<td>40,000</td>
<td>6,000</td>
<td>34,000</td>
<td>45,000,000</td>
</tr>
<tr>
<td>2. Combine Harvesters</td>
<td>500</td>
<td>95</td>
<td>405</td>
<td>3,900,000</td>
</tr>
<tr>
<td>3. Tractor-drawn Combine Harvesters</td>
<td>1,000</td>
<td>6</td>
<td>994</td>
<td>996</td>
</tr>
<tr>
<td>4. Rippers</td>
<td>6,000</td>
<td>200</td>
<td>3,800</td>
<td>20,000,000</td>
</tr>
<tr>
<td>5. Ploughs</td>
<td>10,000</td>
<td>300</td>
<td>7,700</td>
<td>142,500,000</td>
</tr>
<tr>
<td>6. Disc Harrows</td>
<td>5,000</td>
<td>50</td>
<td>4,500</td>
<td>22,750,000</td>
</tr>
<tr>
<td>7. Planters</td>
<td>5,000</td>
<td>50</td>
<td>4,500</td>
<td>22,750,000</td>
</tr>
<tr>
<td>8. Sprayers</td>
<td>5,000</td>
<td>50</td>
<td>4,500</td>
<td>22,750,000</td>
</tr>
<tr>
<td>9. Boom Sprayers</td>
<td>5,000</td>
<td>50</td>
<td>4,500</td>
<td>22,750,000</td>
</tr>
<tr>
<td>10. Sheller/Threshers</td>
<td>5,000</td>
<td>50</td>
<td>4,500</td>
<td>22,750,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>88,500 Units</strong></td>
<td><strong>8,601 Units</strong></td>
<td><strong>8,099 Units</strong></td>
<td><strong>1,444,130,000</strong></td>
</tr>
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</table>
# Annexure 11: Distressed & Closed Mines

<table>
<thead>
<tr>
<th>Mineral</th>
<th>Province</th>
<th>Name</th>
<th>Operational Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold</td>
<td>Mash West</td>
<td>Elvington Mine</td>
<td>Non Operational</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cam &amp; Motor</td>
<td>Operational</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Eureka</td>
<td>Operational</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Golden Kopje Mine</td>
<td>Non Operational</td>
</tr>
<tr>
<td></td>
<td>Midlands</td>
<td>Sabi Gold</td>
<td>Non Operational</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jena Mine</td>
<td>Operational</td>
</tr>
<tr>
<td>Precious Minerals</td>
<td>Midlands</td>
<td>Sandawana Mine</td>
<td>Non Operational</td>
</tr>
<tr>
<td>Emeralds</td>
<td>Mash West</td>
<td>Rushcrome</td>
<td>Operational</td>
</tr>
<tr>
<td></td>
<td></td>
<td>North Ridge Gps</td>
<td>Operational</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Global Platinum Resources</td>
<td>Operational</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mahloax</td>
<td>Non Operational</td>
</tr>
<tr>
<td>Platinum</td>
<td>Midlands</td>
<td>Todal</td>
<td>Operational</td>
</tr>
<tr>
<td>Base Minerals</td>
<td>Midlands</td>
<td>Sandawana Mine</td>
<td>Non Operational</td>
</tr>
<tr>
<td>Nickel</td>
<td></td>
<td>Masvingo</td>
<td>Non Operational</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mint Minerals</td>
<td>Non Operational</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mash Central</td>
<td>Non Operational</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mint Minerals</td>
<td>Non Operational</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mash West</td>
<td>Non Operational</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mint Minerals</td>
<td>Non Operational</td>
</tr>
<tr>
<td>Copper</td>
<td>Midlands</td>
<td>Todal</td>
<td>Operational</td>
</tr>
<tr>
<td></td>
<td>Mash West</td>
<td>Mhangura Copper Mines Ltd</td>
<td>Non Operational</td>
</tr>
<tr>
<td></td>
<td>Midlands</td>
<td>Sanyati Copper Queen</td>
<td>Non Operational</td>
</tr>
<tr>
<td></td>
<td>Midlands</td>
<td>Sanyati Copper Queen</td>
<td>Non Operational</td>
</tr>
<tr>
<td></td>
<td>Mash West</td>
<td>Lomagundi, Smelting and Mining (Pvt) Ltd</td>
<td>Non Operational</td>
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<tr>
<td>Tantalite</td>
<td>Midlands</td>
<td>Sandawana Mine</td>
<td>Non Operational</td>
</tr>
<tr>
<td>Tin</td>
<td>Mat North</td>
<td>Kamativi</td>
<td>Non Operational</td>
</tr>
<tr>
<td></td>
<td>Mat North</td>
<td>Kamativi</td>
<td>Non Operational</td>
</tr>
<tr>
<td>Lithium</td>
<td>Masvingo</td>
<td>Bikita</td>
<td>Non Operational</td>
</tr>
<tr>
<td>Chrome</td>
<td>Midlands</td>
<td>Todal</td>
<td>Operational</td>
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<td>Mash Central</td>
<td>Russzim</td>
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<td>Midlands</td>
<td>Mahamara S.G</td>
<td>Non Operational</td>
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<tr>
<td></td>
<td>Midlands</td>
<td>Sandawana Mine</td>
<td>Non Operational</td>
</tr>
<tr>
<td>Industrial Minerals</td>
<td>Midlands</td>
<td>Sandawana Mine</td>
<td>Non Operational</td>
</tr>
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<td>Mica</td>
<td>Mash West</td>
<td>Chinhoyi</td>
<td>Non Operational</td>
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<td>Limestone</td>
<td>Mash Central</td>
<td>Mazowe</td>
<td>Non Operational</td>
</tr>
<tr>
<td>Uranium</td>
<td>Mash Central</td>
<td>Afro Sino Resources Kanyemba</td>
<td>Non Operational</td>
</tr>
<tr>
<td>CBM</td>
<td>Mat North</td>
<td>Gwayi - Lupane</td>
<td>Non Operational</td>
</tr>
<tr>
<td>CBM</td>
<td>Mat North</td>
<td>Mbuyunu - Lupane</td>
<td>Non Operational</td>
</tr>
<tr>
<td>Coal</td>
<td>Mat North</td>
<td>Sinamatela</td>
<td>Non Operational</td>
</tr>
<tr>
<td>Asbestos</td>
<td>Midlands</td>
<td>Shabani-Mashava (Smm Holdings (Pvt) Ltd</td>
<td>Being Resuscitated</td>
</tr>
<tr>
<td>Vermiculite</td>
<td>Manicaland</td>
<td>Wickberry Investment P/L (Dinhdiza Mine)</td>
<td>Non Operational</td>
</tr>
<tr>
<td>Gold &amp; Copper</td>
<td>Mash West</td>
<td>Inyati Mine (Hongji Minerals Development (Pvt) Ltd</td>
<td>Development</td>
</tr>
</tbody>
</table>
# Annexure 12: Quick Win E-Government Projects

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Project Scope</th>
<th>Project Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chitungwiza Hospital Medical Health Care System</td>
<td>Computerisation of the Patient Management and Clinical Solution for Chitungwiza and other Government Hospitals</td>
<td>Chitungwiza is now live with the exception of clinical solution which is still under development</td>
</tr>
<tr>
<td>Public Service Commission - Human Capital Management System (HCMS)</td>
<td>Human Capital Management Computerisation for all ministries and departments</td>
<td>The system is now live at all Harare offices except for customer relationship management</td>
</tr>
<tr>
<td>Zimbabwe Investment Authority-Investor Application Processing System</td>
<td>Investor Application Processing System including online payments</td>
<td>The system is now live at Head Office with the exception of customer relationship management</td>
</tr>
<tr>
<td>Deeds Company and Intellectual Property</td>
<td>Online Company Registration and deeds processing &amp; online payments</td>
<td>The system is now live for company registration and name search whilst the Document Management is still to be developed.</td>
</tr>
<tr>
<td>Online Liquor Licensing System</td>
<td>Online Liquor Licensing System and Online payments of licensing fees</td>
<td>The system is now live and launched in November 2016 and has been rolled out to all provincial offices.</td>
</tr>
<tr>
<td>Lands and Rural Resettlement Online Real Estate Management System</td>
<td>Online lands management and online payments</td>
<td>System live at Head Office and what remains is data upload</td>
</tr>
<tr>
<td>State Procurement Board Online Procurement System</td>
<td>Automation of the procurement process (Online procurement)</td>
<td>System developed but on hold pending reforms</td>
</tr>
<tr>
<td>Ministry of Mines and Mining Development</td>
<td>Online Mines &amp; Mining and blasting licensing. Cadastral mines management</td>
<td>Still at development stage</td>
</tr>
<tr>
<td>Cabinet Secretariat Document Management System</td>
<td>E filing system and records management</td>
<td>Development work in progress</td>
</tr>
<tr>
<td>Online Services for Ministries and Departments</td>
<td>Develop 131 web based systems for all government ministries, departments and agencies to allow internet based services</td>
<td>100 online services are now operational</td>
</tr>
<tr>
<td>Optic Fibre Connectivity to all Government Buildings</td>
<td>Entails connection of all Government buildings to fibre optic</td>
<td>All Harare offices and buildings have been connected with other towns and cities in progress</td>
</tr>
<tr>
<td>National Data Centre</td>
<td>Upgrading of the building to house the Data Centre</td>
<td>Upgrading works already complete and awaiting installation of the servers</td>
</tr>
<tr>
<td>High Performance Computer</td>
<td>Upgrading of the building to house the High Performance Computer</td>
<td>Upgrading works complete and provision of specialised machine room sub-systems to enable installation of the servers and other accessories from China in progress.</td>
</tr>
<tr>
<td>Online Visa Application</td>
<td>Development of Online Visa Application platform</td>
<td>Online Visa Application Platform developed and operational</td>
</tr>
<tr>
<td>Online Passport Application</td>
<td>Development of Online Passport Application platform</td>
<td>Downloading platform for passports developed and accessible. Development of fully fledged online platform underway.</td>
</tr>
</tbody>
</table>
Annexure 13: New Courts

<table>
<thead>
<tr>
<th>Province</th>
<th>Town</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mashonaland East</td>
<td>Murehwa</td>
</tr>
<tr>
<td></td>
<td>Mutoko</td>
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<tr>
<td></td>
<td>Goromonzi</td>
</tr>
<tr>
<td>Manicaland</td>
<td>Nyanga</td>
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<td></td>
<td>Mutasa</td>
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<td></td>
<td>Murambinda</td>
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<td>Masvingo</td>
<td>Chivi</td>
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<td>Zaka</td>
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<td></td>
<td>Bikita</td>
</tr>
<tr>
<td></td>
<td>Mwenezi</td>
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<tr>
<td>Midlands</td>
<td>Mvuma</td>
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<tr>
<td></td>
<td>Shurugwi</td>
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<tr>
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The Danish Government funded 22 Courts.
Annexure 14: Programme Implementation Architecture

**STEERING COMMITTEE**

Chair – Chief Secretary OPC
Members: co-chairs for focal areas
Meetings – Quarterly

**TECHNICAL COMMITTEE**

Chair – Ministry of Finance and Economic Development
Members: co-chairs for focal areas, focal persons from Line-Ministries
Meetings – monthly

**FOCAL AREAS**

Co-Chaired – line-Ministry and Private Sector or Civic Organisation
Members: line-Head of Ministries, Ministries focal persons, representatives from private sector, academia, labour, development partners and civic organisations.

**FOCAL AREAS AT PROVINCIAL AND DISTRICT LEVEL**

Co-Chaired – line-Ministry and Private Sector or Civic Organisation
Members: Line-Ministries, representatives from private sector, academia, labour, development partners and civic organisations.