



ZIMBABWE

THE 2019 MID-YEAR BUDGET REVIEW & SUPPLEMENTARY BUDGET

'Building a Strong Foundation for Future Prosperity'

Presented to the Parliament of Zimbabwe

by

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INTRODUCTION

1. The 2019 Mid-Year Budget Review seeks to update the nation at large on the performance of the economy during the first half of the year.
2. On the basis of recent developments, the Review outlines an updated Macro-Fiscal Framework, which underpins the proposed 2019 Supplementary Budget.
3. To the extent possible, contributions received from various stakeholders in Government, private sector and civic organisations, are acknowledged and appreciated in the crafting of this Review.
4. What is important is to remain steadfast in implementing key reforms, hence the theme for this Review: *'Building a Strong Foundation for Future Prosperity'*.
5. The Review is contextualised against recent global economic developments broadly and more particularly on domestic economic developments and the key thrust of the 2019 National Budget.

GLOBAL ECONOMIC DEVELOPMENTS

6. Global economic growth is expected to slow down to 3.2% in 2019, from an initial projection of 3.5%, weighed down by sluggish investment

and risks related to ongoing trade wars, delays and uncertainties on Brexit, climate change, renewed financial stress, as well as heightening geopolitics.

Projected World Economic Outlook

GDP Growth (%)	2018	2019
Global	3.6	3.2
Advanced Economies	2.2	1.9
Emerging Market and Developing Economies	4.5	4.1
Sub-Saharan Africa	3.0	3.4

Source: IMF, WEO (July 2019)

7. Ongoing trade wars, particularly between the US and China have heightened the uncertainty and lowered confidence, depressing global investment with the manufacturing sector bearing the brunt. Lowering growth prospects, especially for the Chinese economy, has potential to spread to other developing countries, including Zimbabwe through lower commodity demand.
8. With regards to Sub-Saharan region, a modest growth of 3.4% is projected in 2019 up from 3% recorded in 2018. Growth is driven mainly by non-resource rich countries. Growth prospects, however, face risks related to climate change, especially on the Southern parts of the region, debt vulnerabilities, low foreign reserves, growing public debts and conflicts.
9. Despite the headwinds, global economy is expected to rebound in the medium to long term.

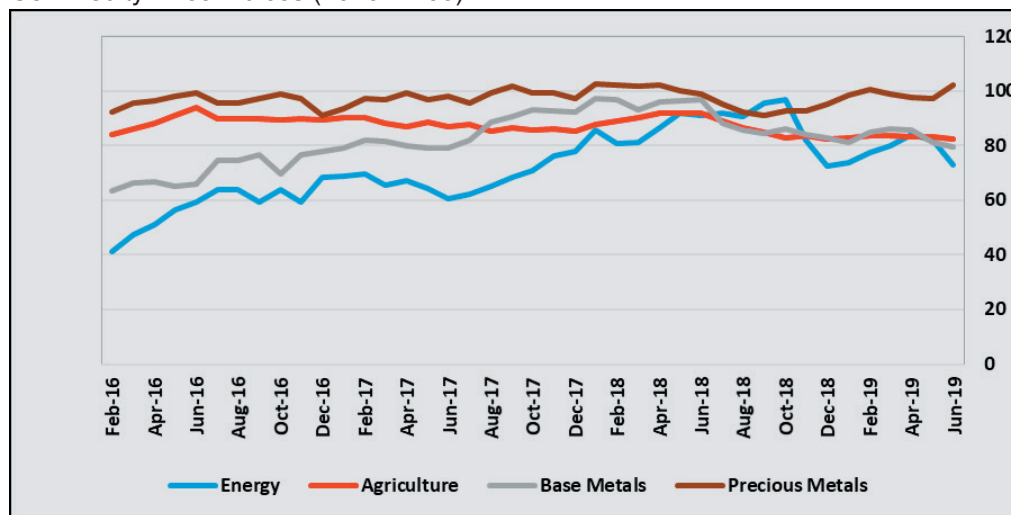
International Commodity Prices

10. International commodity prices displayed mixed trends, with some rising while some were stable or weakening in response to various developments. Precious metal prices, particularly gold recorded strong growth as asset holders were hedging against volatile equity markets and a weakening US dollar.

11. Base metal prices rebounded on the back of supply disruptions in some markets. The rebound was underpinned by fears of shortages, amid supply disruptions and the positive demand outlook prompted by the exception of a fiscal stimulus in China.

12. A temporary waiver in US sanctions on Iranian oil exports to some countries resulted in increased supply in oil resulting in a decline in prices and easing of global energy prices. Furthermore, a record high US crude oil production also exerted downward pressure on prices. In the outlook oil prices are showing recovery signs on owing to production cuts by OPEC. Lower oil prices will benefit the country in terms of reduced pass-through effects to domestic inflation.

Commodity Price Indices (2010 = 100)



13. Agricultural commodity prices, however, stabilised during the first half of 2019 following easing of trade tensions and stabilisation of currencies of key exporters. This gives Zimbabwe some relief in terms of food imports during this drought year and an opportunity to leverage on agriculture exports such as tobacco, cotton and horticulture.

TRANSITIONAL STABILISATION PROGRAMME IMPLEMENTATION PROGRESS

14. The first half of 2019 was marked by a major shift in policy management by breaking from the past and focusing on action in line with our thrust on Results Based Management. As a result, the period witnessed implementation of bold and fundamental fiscal and monetary policy measures (what has become to be known as austerity measures), which were supported by structural and governance reforms.

15. Relentless commitment to full implementation of these reforms, void of policy reversals and inconsistencies has, as intended, set a solid stabilisation base for triple “S” growth – strong, sustained and shared growth.
16. Below are highlights of some of the progress made under the TSP.

Stabilisation

17. During the first half of the year, TSP reforms first and foremost continued to focus primarily on containing the twin fiscal and current account deficits, which over the years instigated instability in the economy.
18. To Government’s credit, we have put in motion an irreversible process for rebuilding a stable, strong and democratic macro-economic environment. The fiscal and current accounts are now balanced and under control, while the tools of monetary policy have also been activated – thus representing an essential and complete toolkit for dealing with various macro-economic challenges facing the economy.
19. In support of the achievements scored under stabilisation, suffice to give the following fiscal, monetary and current account results.

Fiscal Outturn

20. During the first half of the year, the Budget remained on track in line with the fiscal consolidation objectives and targets.

Jan - June 2019 Government Finances: ZWL\$ million

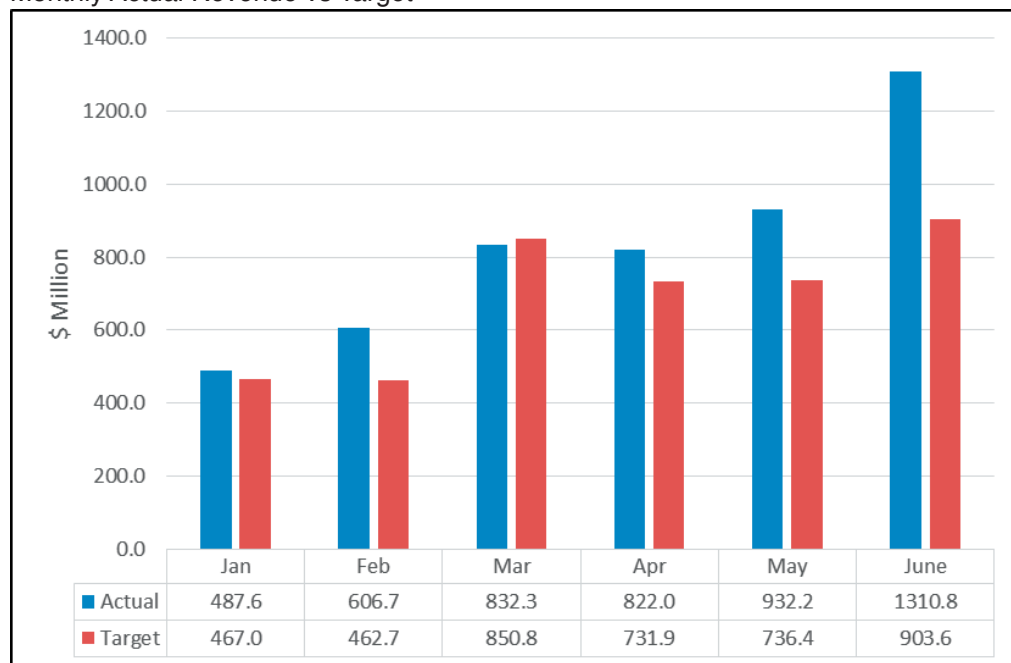
	Jan	Feb	Mar	Apr	May	Jun	Total
Total Revenues	487.6	606.7	832.3	822.0	932.2	1,310.8	4,991.7
Tax	468.2	597.1	812.2	810.2	912.8	1,279.5	4,880.0
Non-Tax	19.4	9.6	20.1	11.8	19.4	31.3	111.6
Total Expenditures & Net Lending	385.2	521.3	577.0	695.3	857.9	1,151.1	4,188.0
Employment Costs	327.4	356.8	330.8	371.0	393.8	377.4	2,157.5
Operations & Maintenance	27.8	71.3	102.8	154.9	142.2	401.0	899.8
Interest	29.8	16.7	46.8	31.1	36.4	28.5	189.4
Transfers to Provincial Councils & Local Authorities	0.0	0.0	0.0		39.7	1.5	41.2
Capital Expenditures & Net Lending	0.1	76.5	96.6	138.3	245.9	342.6	900.1
Budget Balance	102.4	85.4	255.3	126.7	74.3	159.8	803.6

Source: MOFED

Revenues

21. Monthly revenue collections for the first six months generally performed above targets by an average of ZWL\$139.9 million to give cumulative revenues of ZWL\$4.99 billion, against a target of ZWL\$4.15 billion, giving a positive variance 20.2%.

Monthly Actual Revenue vs Target

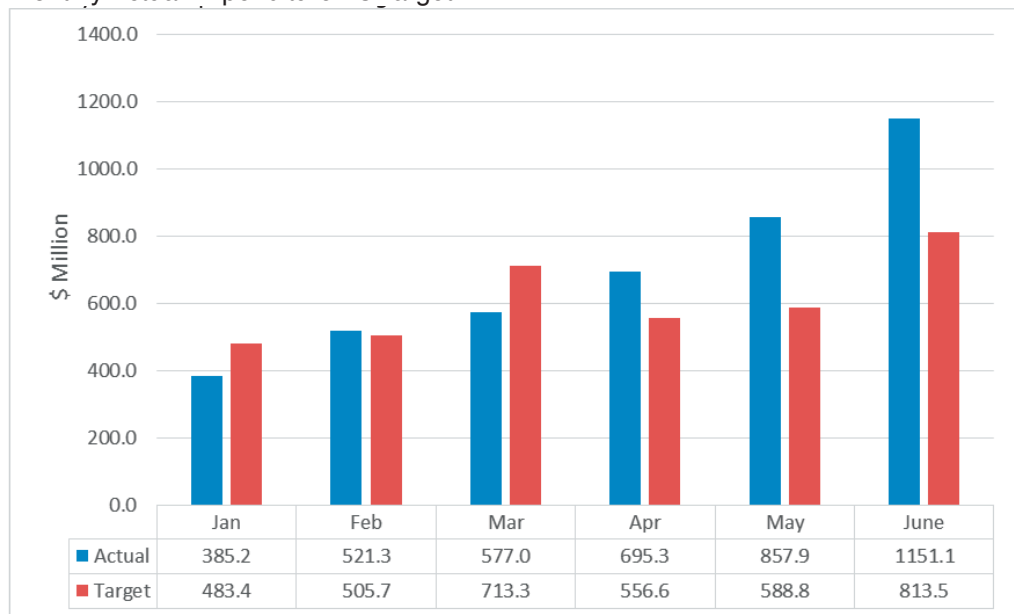


Source: MOFED

Expenditures

22. On the other hand, total Government spending for the period January to June 2019 was ZWL\$4.2 billion against a target of ZWL\$3.7 billion, which is ZWL\$532 million over-expenditure (15%).

Monthly Actual Expenditure Vs Target



Source: MOFED

23. The negative variance is a result of inescapable and unforeseen expenditures on both current and capital heads, arising from higher than anticipated inflation, exchange rate fluctuations, drought and the devastating Cyclone Idai. Accommodated critical inescapable expenditures were related to the following:

- Cushioning allowance of ZWL\$63 million to civil servants that was paid from January to March;

- Cost of living adjustment allowance (COLA) amounting to ZWL\$400 million implemented starting from April;
- Implied Pension Review of ZWL\$62.1 million;
- Implied NSSA Review of ZWL\$3.6 million;
- Filling of critical posts requiring ZWL\$58 million;
- Cyclone Idai mitigation, with ZWL\$61.8 million;
- Subsidised mass public transport of ZWL\$30.9 million up to June; and
- Social protection and infrastructural programmes.

Budget Balance

24. For the half year period, a budget surplus (savings) of ZWL\$803.6 million was realised.

Budget Outturn: ZWL\$m

	Jan	Feb	Mar	Apr	May	June	Total
Total Revenues	487.6	606.7	832.3	822.0	932.2	1,310.8	4,991.7
Total Expenditures & Net Lending	385.2	521.3	577.0	695.3	857.9	1,151.1	4,188.0
Budget Balance	102.4	85.4	255.3	126.7	74.3	159.8	803.6

Source: MOFED

25. The above surplus/savings clearly reflect entrenchment of fiscal discipline in line Ministries and Government Departments.

Public Debt

26. Zimbabwe's total debt stock is estimated at ZWL\$66.8 billion¹ as at end June 2019.

External Debt

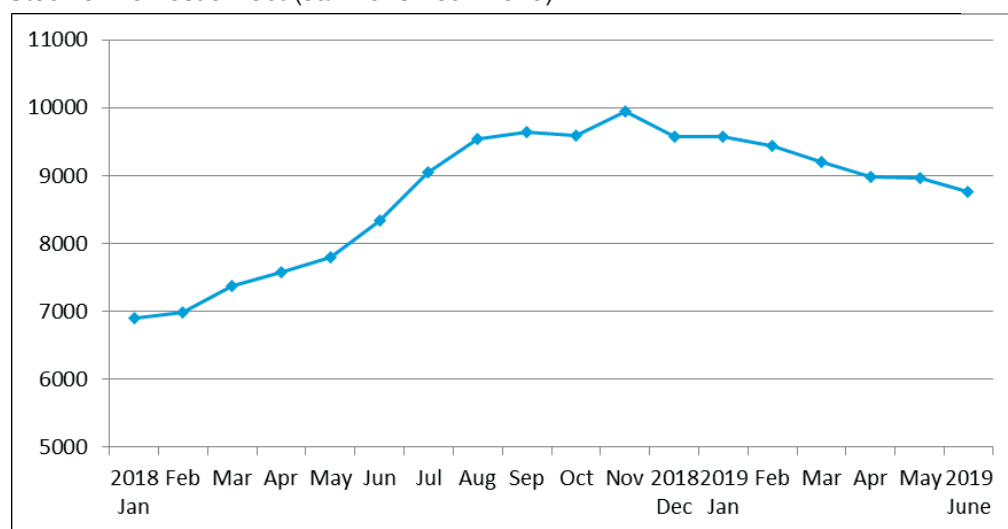
27. As at end of June 2019, external public and publicly guaranteed debt position is estimated at US\$8 billion (ZWL\$58.1 billion), of which almost US\$5.9 billion (ZWL\$42.7 billion) is accumulated arrears.
28. Multilateral institutions are owed a total of US\$2.5 billion (ZWL\$18.5 billion), of which the World Bank is owed US\$1.5 billion (ZWL\$10.6 billion), African Development Bank US\$702 million (ZWL\$5.1 billion), European Investment Bank US\$309 million (ZWL\$2.2 billion) and other multilaterals US\$74 million (ZWL\$535 million).
29. Total bilateral debt amounted to US\$5.5 billion (ZWL\$39.6 billion), with Paris Club creditors accounting for US\$3.5 billion (ZWL\$25.1 billion), and Non-Paris Club US\$1.6 billion (ZWL\$11.3 billion).
30. The continuous accumulation of arrears remains a major setback on Zimbabwe's development agenda, hence, the need for advancing the re-engagement agenda.

¹ The RBZ Interbank rate as at 1 July 2019 – 7.2466

Domestic Debt

31. In 2018, we witnessed a dramatic increase in domestic debt, fed by fiscal deficits of above ZWL\$2 billion primarily financed by the issuance of Treasury Bills and Central Bank overdraft.
32. However, over the period January - June 2019, significant fiscal adjustments culminated in domestic debt containment. The high impact measures included:
 - Zero recourse to Central Bank financing, including the overdraft;
 - Restructuring of overdraft facility, cash advances and Treasury Bills held by RBZ into long-term marketable instruments;
 - A stop to any Treasury bills issuances for ZAMCO;
 - Issuance of Treasury bills only for budgeted expenditures; and
 - Honouring of TBs maturities.
33. The total Treasury bills issued amounted to ZWL\$230 million, solely for budget support and cash-flow management.
34. Consequently, adherence to sound fiscal and monetary policy reforms allowed containment of domestic debt stock which stood at ZWL\$8.8 billion as at end June 2019 down from ZWL\$9.5 billion as at 31 December 2018.

Stock of Domestic Debt (Jan 2018 - Jun 2019)



35. Going forward, Government borrowings for Budget purposes will observe the new TBs Auction Framework in order to promote transparency and the rebuilding of market confidence.
36. Furthermore, while a firm base for economic stabilisation has been set, it requires further and continuous refinement, which becomes a priority during the second half of the year and beyond.

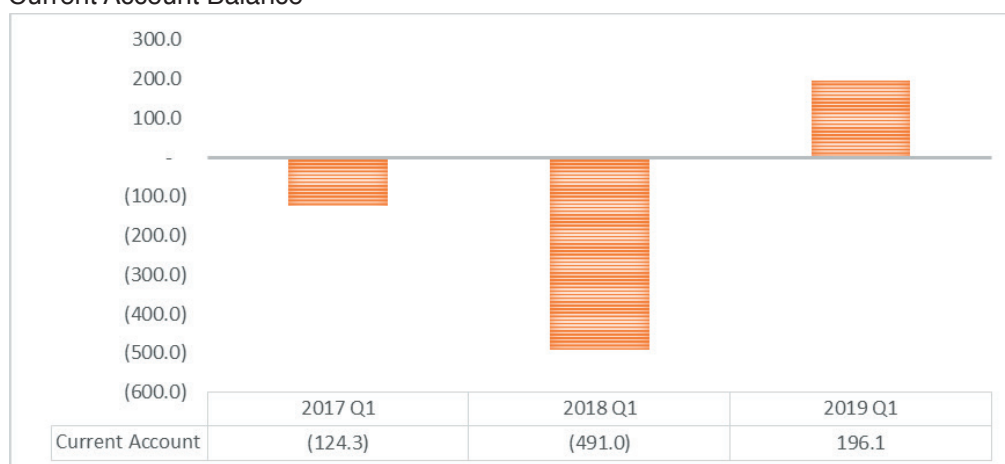
Current Account Balance

37. The current account, for the first time since the adoption of the multi-currency regime in 2009, registered a surplus in the first quarter of 2019.
38. A surplus of US\$196 million² was registered in the first quarter of 2019 compared to a deficit of US\$491 million for the same period in 2018, constituting a major improvement in the current account.

² Current Account numbers are in US dollars.

39. This reflects a sharp contraction in imports through import management, against a moderate increase in exports in line with export promotion measures under implementation.

Current Account Balance



Source: RBZ

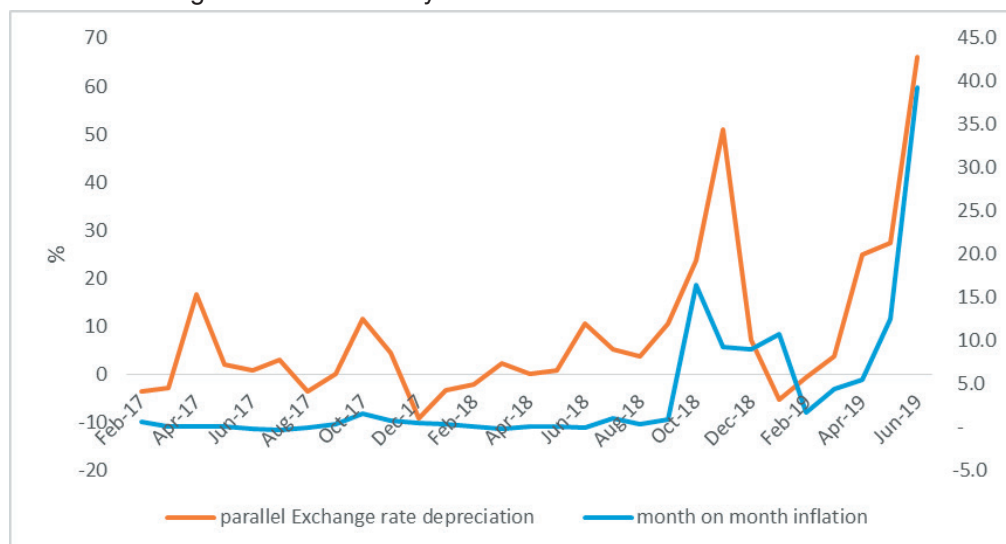
40. Attainment of a fiscal surplus, combined with a current account balance during the first half of the year, constitutes a firm roadmap to confidence building much required by this economy.
41. Furthermore, now that we have introduced our own local currency, this has not only restored monetary policy but also created scope for enhanced competitiveness of our exports.

Prices

42. The story of Zimbabwe's inflation has visible scars in our lives and deserves proactive and appropriate attention.

43. However, it is common cause that inflation is triggered by running of huge budget deficits, financed through monetisation, which creates high money supply growth.
44. Hence, elimination of fiscal deficits will curb money supply growth and therefore, inflation.
45. In our case, for a prolonged period of time, Government was running high fiscal deficits, which were monetised through issuance of TBs and overdraft at the Central Bank. These deficits translated into a significant and uncontrolled expansion of money supply which ended up chasing foreign currency in both the formal and parallel markets.

Parallel Exchange Rate and Monthly Inflation



Source: ZIMSTAT

46. The unbridled demand for foreign currency, especially at 1:1 exchange rate between the bond note and the US Dollar, quickly became unsustainable. This prompted the decision to liberalise the exchange rate in February 2019.

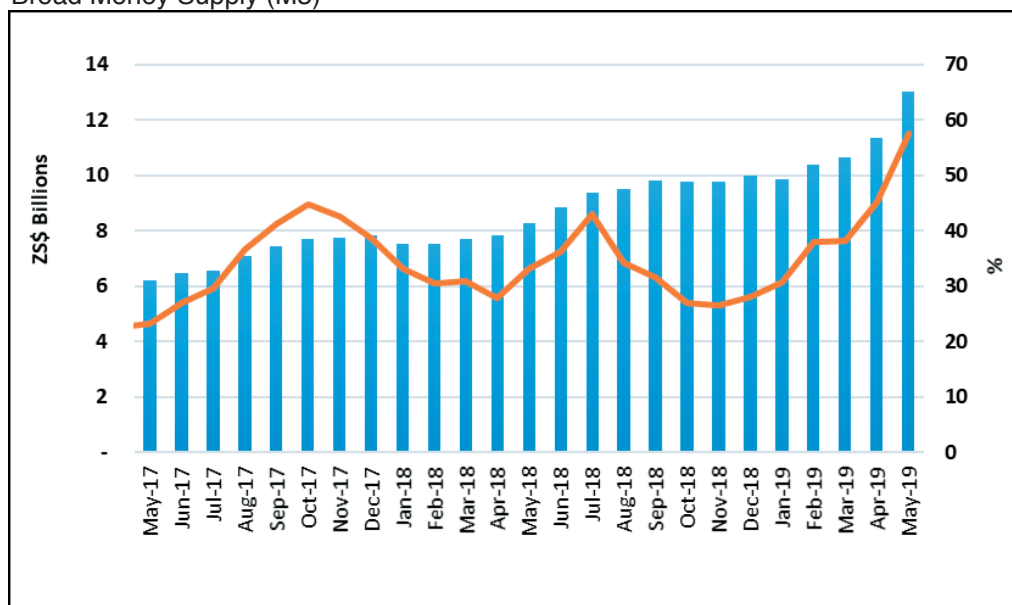
47. The liberalisation of the exchange rate, combined with ongoing fiscal consolidation reforms rolled out since October 2018 and a complementary tight monetary policy, have managed to contain excessive money supply growth, which had been the main driver of inflation.

48. Government measures to contain fiscal deficits by capping borrowing from the Central Bank, non-issuance of TBs, as well as stringent expenditure control measures, have significantly restrained money supply growth.

Reserve Money Targeting

49. The Reserve Bank, in complementing fiscal consolidation, has adopted the Monetary Targeting Framework to curtail the rise in money supply. Therefore, reserve money is projected to grow between 8-10% by year end.

Broad Money Supply (M3)

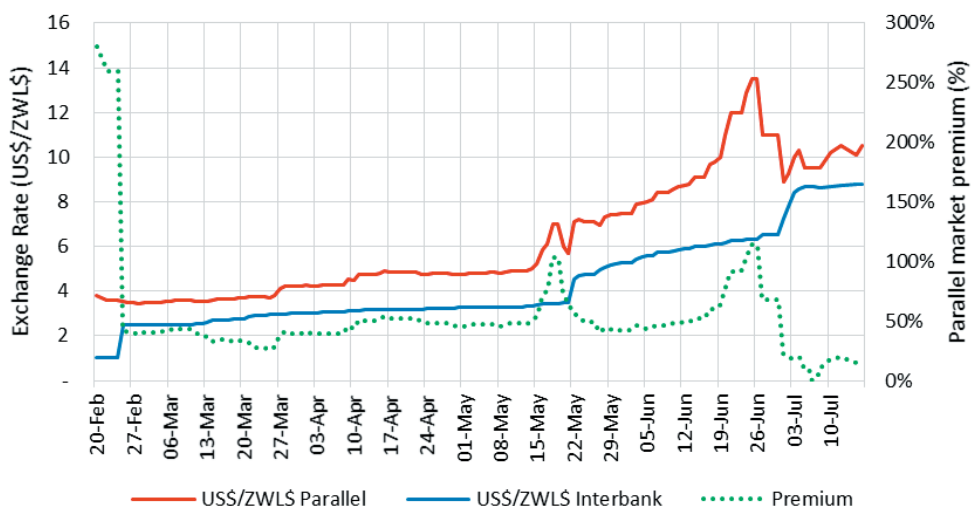


Source: RBZ,

50. In order to achieve the target, the Reserve Bank is actively mopping excess liquidity through saving bonds issuances, as well as RBZ foreign exchange sales to the inter-bank market. If this path is maintained, the RBZ would meet its reserve money growth target of 10% by year end, that way anchoring inflationary pressures.

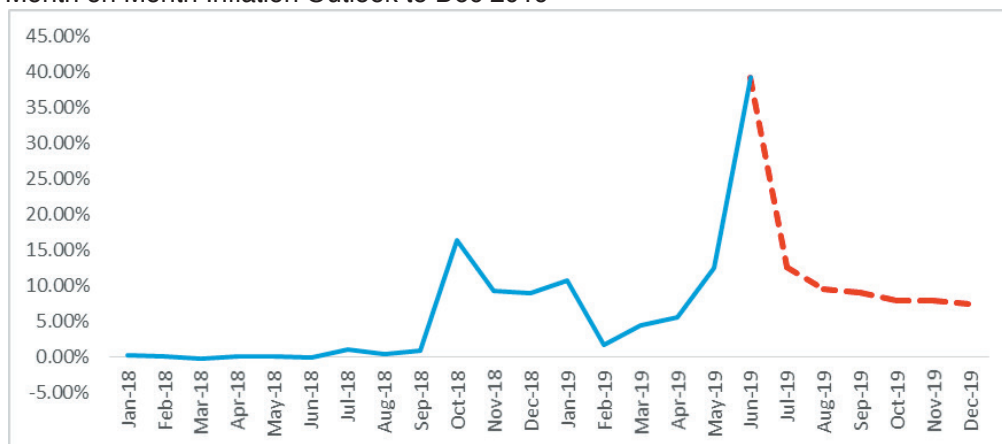
51. With implementation of these measures, the exchange rate fluctuation is dissipating with movement towards convergence between parallel market and interbank rates.

Parallel and Interbank Exchange Rate



52. This development is critical in our fight against speculative practises and inflation, and already with the stabilising prices, inflation is anticipated to moderate.

Month on Month Inflation Outlook to Dec 2019



Source: Macroeconomic Working Group (MOFED, Zimstat & RBZ)

53. Going forward, it is imperative that we pursue and further strengthen our fiscal and monetary policies and also remain responsible enough to ensure that factors such as wage increases and money supply remain under check.

Inflation Rebasing

54. The change in the currency regime from multicurrency to Zimbabwe Dollar has definitely impacted on the base for calculation of CPI indices and hence inflation. Given this transition, Zimstat will defer publication of year on year inflation, while building up data of prices in mono-currency for a period of 12 months to February 2020. This will ensure that we compare like with like in terms of currency regimes.
55. This is in line with what was done in 2009 after the change of currency regime, whereby Zimstat resorted to only gazetting month on month

inflation. Year on year inflation publication will therefore resume after February 2020, alongside with month on month inflation publication.

56. In the interim, stakeholders are encouraged to focus more on month on month inflation as barometer for price developments.

Financial Sector

Banking Sector Capitalisation

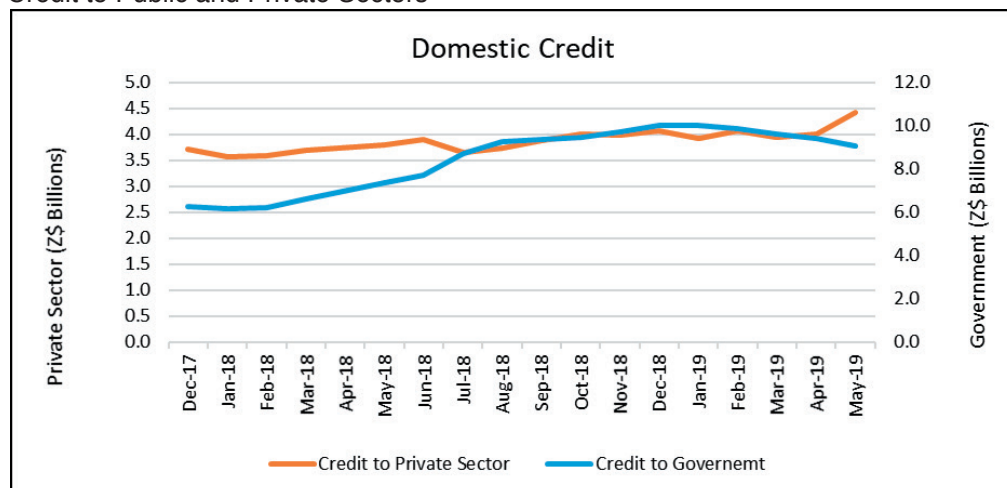
57. The banking sector remained adequately capitalised, with aggregate core capital of ZWL\$1.69 billion as at 31 March 2019, representing a 6.92% increase, from ZWL\$1.58 billion as at 31 December 2018. As at 31 March 2019, all banking institutions were compliant with the prescribed minimum capital requirements.

Banking Sector Loans and Advances

58. Credit to the private sector which has remained largely subdued, grew on an annual basis by 16.20%, from ZWL\$3.80 billion in May 2018 to ZWL\$4.4 billion in May 2019. This growth is marginally higher compared to 8.4% recorded in May 2018.
59. Credit to the Government recorded an annual increase of 23.4% from ZWL\$7.36 billion in May 2018 to ZWL\$9.08 billion in May 2019 compared to an annual growth of 76.6% recorded in 2018. This largely reflects the effects of fiscal consolidation measures by Government as there was no recourse to the Central Bank.

60. The graph below depicts the slowdown in credit to Government and the increase in credit to private sector.

Credit to Public and Private Sectors

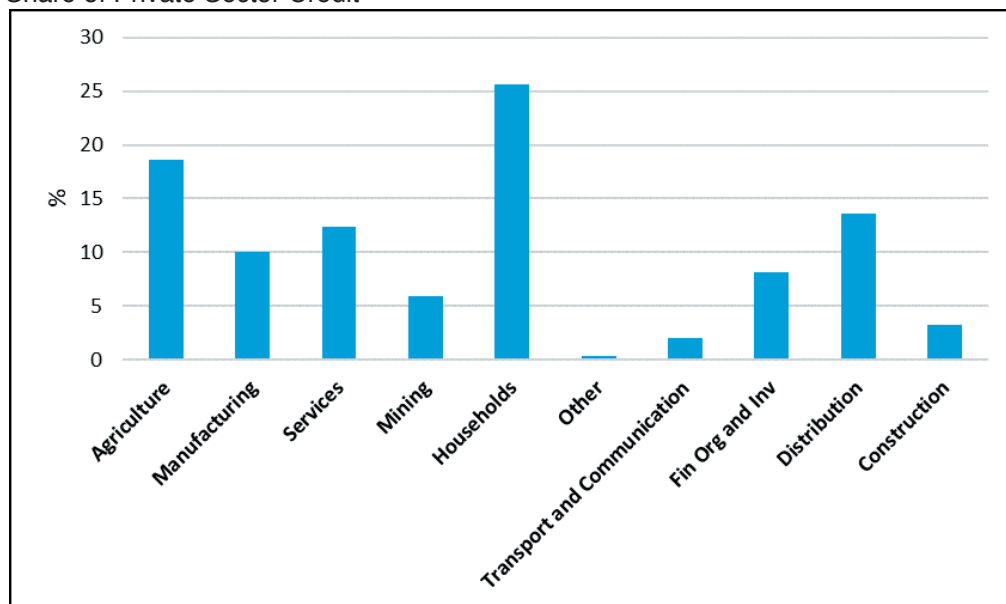


Source: RBZ

Distribution of Credit

61. Credit to the private sector was utilised for inventory build-up, 23.89%; consumer durables, 14.96%; fixed capital investment, 14.96%; and pre and post shipment financing, 2.17%.
62. Other recurrent expenditures accounted for 39.03% of the total outstanding loans and advances.
63. The graph below shows the distribution of credit to the private sector.

Share of Private Sector Credit



Source: Reserve Bank of Zimbabwe

Non-Performing Loans

64. Asset quality improved, as reflected by the decline in the non-performing loans (NPLs) to total loans ratio, from 6.92% as at 31 December 2018 to 5.58% as at 31 March 2019.

65. The improvement in the NPLs ratio, was a result of some banking institutions enhancing their credit risk management practices and underwriting standards, notably loan origination, monitoring, collection and recoveries.

Zimbabwe Asset Management Company (ZAMCO)

66. The sunset close for ZAMCO has been initiated and it is now in the Resolution and Recovery phase of its operating cycle, where focus is on recovery strategies and collection from the borrowers. It has managed to recover 23.2% of its outstanding debt as outlined in the table below.

Non Performing Loans

	Amount (\$)
Total NPLs Acquired by ZAMCO	1,134,172,195.44
Total Resolved NPLs	263,518,420.24
Outstanding NPLs	870,653,775.20

Source: RBZ, 2019

GDP Growth

67. Owing to negative natural conditions, which badly affected a number of sectors particularly agriculture and power generation, coupled with inflationary pressures, foreign currency shortages and limited external financial support, the economy has faced major drawbacks to growth stimulation in the first half of 2019.

Growth Rates by Industry

	2018 Est	2019 Budget Proj.	2019 SMP Proj.
GDP by industry at market prices, constant prices	3.4	3.1	-2.1
Core activities	6.4	4.2	-3.4
Agriculture and forestry	8.1	3.0	-10.1
Mining and quarrying	15.3	7.5	1.1
Manufacturing	1.3	2.5	0.0
Electricity and water	19.0	2.6	-2.3
Construction	10.7	3.0	-1.6

	2018 Est	2019 Budget Proj.	2019 SMP Proj.
Distribution, Hotels and restaurants	3.8	5.0	-4.1
Supportive services	3.1	3.6	-2.8

Source: Ministry of Finance, RBZ, ZIMSTAT

68. In view of the headwinds, the revised 2019 GDP growth is expected to be negative and even below the -2% projected under the SMP. Treasury will, therefore, keep tracking key developments in the economy with a view of making appropriate adjustments to sectoral growth profiles.

FISCAL FRAMEWORK & SUPPLEMENTARY BUDGET

69. In view of recent economic developments, it has become necessary to update and align the Macro-Fiscal Framework with fiscal and monetary policy pronouncements made by Government between January and June 2019.
70. Resultantly, the Mid-Year Review provides an updated 2019 Fiscal Framework with projected total expenditures of ZWL\$18.62 billion, against anticipated revenue collections of ZWL\$14.1 billion.
71. The projected expenditures are, inclusive of a proposed Supplementary Budget of ZWL\$10.85 billion.

Supplementary Budget Framework (ZWL\$m)

	2019		
	Original Budget	Supplementary Budget	Revised Budget
Revenue and grants	6,199	7,861	14,060
Expenditure and net lending	7,765	10,854	18,620
Current expenditure	5,728	5,824	11,552
Employment costs	4,050	1,506	5,556
Interest payments	351	160	511
Foreign	24	206	230
Domestic	327	- 46	281
Goods & services	719	3,740	4,459
Current transfers	608	418	1,026
Capital expenditure and net lending	2,037	5,030	7,068
Overall balance (commitment basis)	-1,566	- 2,993	-4,560

Source: Treasury

Retained revenues

72. Outside the total revenues of ZWL\$14.1 billion, revenue retentions amounting to ZWL\$160.8 million are anticipated. These arise out of tariff adjustments to selected Government services in view of inflationary developments.
73. The Appropriation Bill provides additional expenditures of the ZWL\$160.8 million under retentions for ministries indicated in the following table, which is over and above the regular Vote supplementary amounts.

Additional Retention Funds (ZWL\$)

	Additional estimate
Public Service, Labour and Social Services	86,000
Finance and Economic Development	2,783,000
Industry and Commerce	41,157,000
Lands, Agriculture, Water, Climate and Rural Resettlement	75,936,000

	Additional estimate
Environment, Tourism and Hospitality Industry	296,000
Transport and Infrastructural Development	34,442,000
Local Government, Public Works and National Housing	5,579,000
Justice, Legal & Parliamentary Affairs	513,000
TOTAL	160,792,000

Supplementary Budget

74. The 2019 Supplementary Budget proposes additional provisions and reforms mainly related to the following areas.

- Stimulation of production, targeting agriculture, industry and other productive sectors;
- Food security including;
 - Grain procurement to mitigate the effect of drought conditions;
 - Funding for the 2019/20 Summer Cropping Programme.
- Welfare of civil servants and pensioners;
- Social services delivery and social protection;
- Infrastructure and utilities;
- Constitutional requirements including transfers to provincial councils and local authorities and support for governance institutions;
- Supporting structural and governance reforms;
- Support for Government operations; and
- Respective revenue measures including tax thresholds adjustment.

75. The supplementary expenditures being proposed are, however, designed in a way that they are in line with increased revenues, and will be implemented without compromising fiscal discipline and upsetting set fiscal targets.

Welfare of Civil Servants & Pensioners

76. The 2019 Budget provided for ZWL\$4.05 billion for compensation of employees consistent with the objective of containing the wage bill to sustainable levels and capacity of the budget.

77. However, developments during the first quarter led to interim cushioning allowance of ZWL\$63 million being awarded to employees with a COLA of ZWL\$400 million effective April 2019. The cost of living adjustment also implied a review of pension and related benefits costing ZWL\$133 million.

78. Over and above the reviews in the first half, the continued inflationary pressures led Government to award a once off cushioning allowance in July of ZWL\$143 million.

79. The supplementary Budget proposes to accommodate all the above commitments, moving employment cost Budget allocation from ZWL\$4.1 billion to ZWL\$5.9 billion.

Cushioning of Pensioners

80. The prevailing inflationary environment is also imposing great hardships on vulnerable pensioners. Therefore, proposed adjustments in compensation of employees will also be cascaded to pensioners.

Government Operations

81. The 2019 Budget provided for ZWL\$1.017 billion for goods and services. Taking into account inflation and exchange rate developments in the economy, a supplementary budget of ZWL\$2.8 billion is being proposed, covering requirements for all ministries through their respective Votes.

Stimulating Production

82. During the last half of 2019 and beyond, production and productivity enhancement in all sectors will receive due attention to complete the transformative framework of the TSP. This will entail deepened focus on improving competitiveness, investment mobilisation underpinned by the current re-engagement efforts that are aimed at resolving the external debt overhang and improving relations with other nations.

Agriculture and Food Security

83. Agriculture growth is expected to contract by 15.8% in view of unfavourable 2018/19 weather conditions, exacerbated by the occurrence of Cyclone Idai, which destroyed crops, livestock, agricultural and other critical infrastructure in some parts of the country.

84. Output for most crops was, therefore, depressed despite an increase in the planted area. Similarly, livestock production is expected to be subdued owing to disease outbreaks and drought-induced poor pastures across most of the country.
85. In view of the above, the Supplementary Budget makes the following interventions in agriculture.

Preparations for the 2019/20 Farming Season

86. Cognisant of the prevailing severe drought and the need to revive the agriculture sector, Government will extend support towards the agriculture sector during the 2019/20 agriculture season, while nurturing the private sector to play a greater role in subsequent years.
87. As a result, the 2019 Mid-Term Review is setting aside ZWL\$1.67 billion towards support of strategic crops of grain, soya beans and cotton under the following programmes.

Vulnerable Households Input Support Scheme

88. Government policy commits support to vulnerable households through an appropriate inputs scheme. For the 2019/20 agriculture season, the Supplementary Budget is proposing an additional ZWL\$437 million for grain inputs (maize, sorghum and pearl millet). The Scheme will also include sugar and soya beans seed.

89. The inputs will comprise of seed, compound D and top dressing, all for a targeted area of 640 000 hectares.

Cotton Inputs

90. A number of households in dry areas make a living out of cotton production. To sustain recovery in cotton production, ZWL\$213 million is being set aside towards inputs for cotton for a targeted area of 200 000 hectares.
91. Beneficiaries of the Programme will be selected based on their repayment track record and their delivery record to Cottco.

Special Maize and Soya Bean Programmes

92. Ordinarily, agricultural programmes outside the Vulnerable Inputs Support Scheme are best supported by private financing given budgetary constraints. However, given last year's drought, the capacity of our "infant" farmers has been compromised, necessitating further Government support through loan financing arrangements, which include private sector players.
93. As a result, Government is extending the Programme for another year to restore food security. The Programme targets 210 000 hectares under maize and 30 000 hectares under soya beans at a cost of ZWL\$2.8 billion. Accordingly, the Supplementary Budget is making an additional provision of ZWL\$1.03 billion to kick-start the programme.

94. However, to close the loopholes during the forthcoming agriculture season, Government is adopting a targeted approach, which select **exclusively** farmers with a track record of honouring their loan obligations from previous Programmes and have a history of producing high yields.
95. The selection of farmers will be done in a transparent way and measures will be put in place to recover all the loans.

Domestic Grain Mobilisation

96. For the 2018/19 season, maize and other small grains output is expected at 852 000 tons, significantly below the annual national requirements of approximately 1.8 million tons required for human consumption.
97. It is, therefore, prudent that Government prioritise local grain purchases in order to replenish stocks at GMB. However, in order to incentivise farmers to deliver, Government has reviewed maize producer prices upwards from ZWL\$726 per ton set earlier. GMB has also opened additional collection points in various provinces of the country to enhance grain mobilisation and reduce transport costs to the farmer.
98. This Supplementary Budget, therefore, provides ZWL\$630 million for local grain purchases and logistics.
99. To complement this, Government gazetted Statutory Instrument 145 of 2019 which bars any other person or institution other than GMB from buying maize from farmers.

Grain Importation

100. With a large grain deficit, Government has established necessary arrangements for grain importation and effective distribution.
101. Towards this, the Supplementary Budget proposes to set aside ZWL\$624 million, enough to cater for requirements up to December 2019.

Mining

102. Mining remains our major source for export earnings, GDP and employment. During the first half of the year, the sector contributed US\$1.3 billion, which is 68% of the total exports of US\$1.9 billion.
103. The sector accommodates 45 000 formal employees. Furthermore, the sector provides a source of livelihood to over a million small scale and artisanal miners involved in gold and chrome mining.
104. The sector, which experienced recovery during the first quarter of 2019, apparently faced headwinds during the second quarter, as evidenced by output losses in most major minerals such as gold, platinum, palladium, diamonds, nickel, chrome and coal. The major constraints are being imposed by foreign currency shortages and the intermittent electricity supply.
105. However, given the resilience and potential of the mining sector, current setbacks are temporary with expected recovery in the short term on the

back of firm international prices and envisaged improvements in power and forex supply.

106. Furthermore, Government, in line with the thrust of opening up the economy to private investment, has concluded a number of investment agreements with investors.
107. These investments, will, however, take some time (up to 10 years of production) to give visible net benefits in view of long gestation periods for mining projects.
108. Government will, therefore, in the second half of the year unveil a comprehensive strategy and roadmap towards a US\$12 billion mining industry by 2023. The attainment of this milestone is not an event but a process, which is well underway with concrete start-ups and expansion of projects in a number of minerals, which include platinum, gold, ferrochrome, coal and hydrocarbons, lithium, diamonds, iron ore, among others.

Gold Mobilisation Facility

109. Government is putting in place a Gold Finance Facility to capacitate Fidelity Printers and Refiners to be able to buy gold from all gold producers. Government shall ensure that there is only one system to be used by Fidelity Printers and Refiners for purchasing gold.

110. The current system is that 55% of gold sales proceeds are retained by the gold producers in their Nostro accounts and 45% is paid in Zimbabwean dollars.

Manufacturing

111. Resuscitation of the manufacturing sector is imperative as production and productivity is the cornerstone for growth. To facilitate the revival of the local industry, Government has developed a new National Industrial Development Policy supported by a Local Content Strategy to develop the manufacturing industry into a modern and diversified sector in the region.

CAPITAL DEVELOPMENT PROJECTS

112. The 2019 Original Budget provides for a Capital Budget of ZWL\$2.039 billion from fiscal revenues of which ZWL\$1.1 billion was earmarked for infrastructure, ZWL\$615 million was for Agriculture Related Expenditures while the balance of ZWL\$289 million was for other capital items such as capitalisation of SOEs and Government Departments.
113. Rising inflation, foreign currency shortages and attendant shortages of fuel and other construction inputs, as well as the effects of drought and the destruction caused by Cyclone Idai, has meant that additional resources be provided to ensure planned deliverables on the Capital Budget are met.

114. In this regard, the 2019 original capital budget will require additional funding amounting to \$5.034 billion, targeting support to infrastructure (\$1.345 billion), Agriculture (\$2.950 billion), and other capital items (\$739 million).

SECTOR	2019 ORIGINAL BUDGET	REVISED BUDGET SUPPLEMENTARY (3.0)	
	Consolidated Revenue Fund (CRF)	Total Consolidated Revenue Fund Additional Requirements	Total Consolidated Revenue Fund
	ZWL\$	ZWL\$	ZWL\$
INFRASTRUCTURE	1,127,625,000	1,344,767,000	2,472,392,000
Energy and Power Supply	12,000,000	42,000,000	54,000,000
Transport	387,800,000	527,917,000	915,717,000
Water Supply and Sanitation	214,550,000	167,550,000	382,100,000
ICT	97,265,000	79,000,000	176,265,000
Public Amenities	180,010,000	221,705,000	401,715,000
Social Services	173,800,000	156,595,000	330,395,000
Irrigation Development	36,500,000	141,000,000	177,500,000
Other Infrastructure Related Outlays	25,700,000	9,000,000	34,700,000
AGRICULTURE EXPENDITURES	615,000,000	2,950,000,000	3,565,000,000
Strategic Grain Reserve	235,000,000	1,254,000,000	1,489,000,000
Agriculture Input Schemes	250,000,000	1,678,000,000	1,928,000,000
<i>Special Maize Production Programme</i>	-	1,028,000,000	1,028,000,000
<i>Vulnerable Input Scheme</i>	130,000,000	650,000,000	780,000,000
<i>Agriculture Input Guarantee Scheme</i>	120,000,000	-	120,000,000
Agriculture Marketing Authority	80,000,000	-	80,000,000
Compensation for Land Improvements	50,000,000	18,000,000	68,000,000
CAPITALISATION OF SOES	32,000,000	120,300,000	152,300,000
Mining Promotion Corporation	3,000,000	-	3,000,000
ZESA	-	35,000,000	35,000,000
Agribank	10,000,000	-	10,000,000
Air Zimbabwe	2,000,000	62,300,000	64,300,000

SECTOR	2019 ORIGINAL BUDGET	REVISED BUDGET SUPPLEMENTARY (3.0)	
	Consolidated Revenue Fund (CRF)	Total Consolidated Revenue Fund Additional Requirements	Total Consolidated Revenue Fund
	ZWL\$	ZWL\$	ZWL\$
NATPHARM	1,000,000	-	1,000,000
Youth Empowerment Bank	-	5,000,000	5,000,000
Small Enterprises Development Corporation	6,000,000	12,000,000	18,000,000
Women Micro Finance Bank	10,000,000	6,000,000	16,000,000
OTHER CAPITAL ITEMS	262,906,000	628,331,000	891,237,000
Contingent Liabilities	34,500,000	10,000,000	44,500,000
Shareholding in International Organisations	20,000,000	10,000,000	30,000,000
Constituency Development Fund	16,800,000	-	16,800,000
Furniture and equipment	45,950,000	37,770,000	83,720,000
Vehicles, plant and mobile equipment	94,169,000	410,225,000	504,394,000
Other	51,487,000	160,336,000	211,823,000
GRAND TOTAL	2,039,602,000	5,034,398,000	7,074,000,000

Infrastructure Projects

115. The 2019 Infrastructure Investment Plan sets out our commitment towards infrastructure delivery, with details on specific projects targeted for implementation in each sector.
116. The country's infrastructure systems have come under severe pressure in the aftermath of Cyclone Idai and drought. From reduced electricity generation at Kariba Power Station, water supply deficiencies at most settlements, as well as destruction of livelihoods in communities affected by Cyclone Idai, we need to upscale our interventions if we

are to guarantee quality and adequacy of service, critical for long term economic growth and development.

117. The Table below summarises progress in the execution of projects that were included in the 2019 Plan.

SECTOR	2019 Planned Projects	Additional Projects	Total	Implementation Progress			
				Ongoing	Under Procurement	Not Yet Started	Stalled
Energy	343		343	340	2	1	
Transport	1,453	35	1,488	83	23	49	1,333
Health	127		127	40	7	75	5
ICT	29	11	40	29			
Primary and Secondary Education	39	91	130	125	5		
Higher Education	38		38	20	3	11	4
Water and Sanitation	439	449	888	596	107	185	
Housing	73	3	76	57	3	15	1
Social	11		11	11			
GRAND TOTAL	2,552	589	3,141	1,301	150	336	1,343

118. Government is engaging the private sector, Implementing Agencies and other stakeholders to address project implementation challenges in order to improve the infrastructure delivery environment.

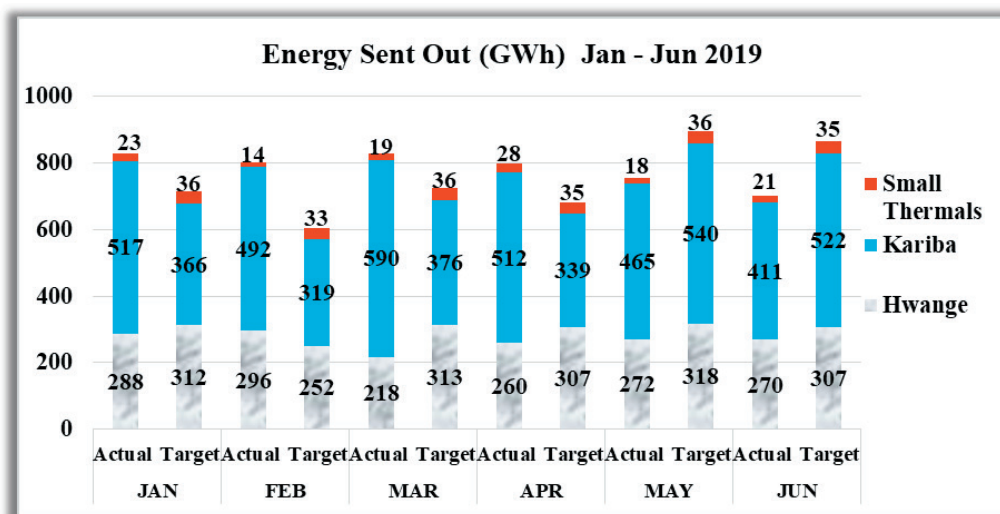
119. Government has also ring-fenced savings and resources from the 2% Intermediated Money Transfer Tax to fund basic infrastructure needs at

community level, as well as providing support for victims affected by Cyclone Idai.

120. Mindful of the budgetary constraints, Treasury will be issuing a Vaka/ Yaka Zimbabwe Infrastructure Bond during the second half of the year, to mobilise private sector funding for some of our budgeted ongoing priority projects.

Energy

121. Recurring droughts have reduced hydro-electric generation at Kariba Dam, resulting in crippling load shedding that has impacted negatively on people's quality of life, cost of business and is now a major contributor to economic decline.
122. Furthermore, faults, delayed maintenance and access to essential raw materials have reduced production at Hwange Thermal Power Station to an average of 369MW against installed capacity of 920MW, and the small thermals to 52MW, thereby forcing ZESA to ramp up production at Kariba Power Station, which has so far utilised 12.59Bm³ of its annual water allocation of 17Bm³ during the first half of 2019.
123. This leaves Kariba with only 4.41Bm³ for the period July to December 2019, and this will force the station to reduce production from the average of 636MW recorded during the first half to 358MW for the second half, which will further worsen domestic output.



124. In order to maintain generation at all stations, there is need to mobilise resources including forex for procurement of spares to cater for planned outage works as well as importation of electricity.

Power Supply Strategy

125. In the short term, power supply deficit can only be met through power imports and hence it is urgent that Government capacitates ZESA to mobilise requisite resources through appropriate and cost recovery tariffs implemented through a differentiated tariff scale.

126. Therefore, Government has approved the following electricity tariff measures for immediate implementation:

- The electricity tariff for Non-Exporting businesses be increased from an average of ZWL9.86c/kWh to an average of ZWL45c/kWh (approximately US\$5/kWh);

- The electricity tariff for domestic consumers be increased from an average of ZWL9.86c/kWh to an average of ZWL27c/kWh (approximately USc3/kWh), which is subsidised;
 - The electricity tariff for Agriculture consumers be increased from an average of ZWL9.86c/kWh to an average of ZWL27c/kWh (approximately USc3/kWh), which is subsidised;
 - Maintain the tariff for ferrochrome smelters and other miners at US\$0.067/kWh and US\$0.0986/kWh, respectively, and ensure that the resources are ring-fenced in a Special Account solely for purposes of importing electricity; and
 - ZESA be allowed to bill all other exporters and foreign currency earners in foreign currency and ensure that the resources are ring-fenced in a Special Account solely for purposes of importing electricity.
127. The responsible Ministry and the Zimbabwe Energy Regulatory Authority (ZERA) will give the necessary implementation details.
128. In addition, other urgent measures for sustainable power supply evolve around the following areas:
- Demand management through rapid roll out of pre-paid and smart meters and embracing energy saving technology;
 - Speeding up ongoing reforms including restructuring of ZESA to improve efficiency and management of the parastatal; and
 - Implementation of planned medium to long term projects

129. Furthermore, Government will soon launch the Renewable Energy Policy and Biofuels Policy which seeks to create a well-balanced energy mix as a strategy to climate-proofing of energy infrastructure in the country, taking advantage of our resource endowments in solar, coal, gas and hydro.

Power Generation Projects

130. Government prioritises implementation of major energy generation infrastructure projects in the country such as the Hwange 7 & 8 Expansion Project, Kariba Dam Rehabilitation and Batoka Gorge Hydro-Electric Project.

Hwange 7 & 8 Expansion

131. With regards to the Hwange 7 & 8 Expansion Project, construction works are at an overall completion of 18%.

132. Civil works underway include Electro-Mechanical (E&M) Warehouse construction, batching plant, concrete construction foundation for main power building for unit 8 and chimney and cooling water forebay foundation construction.

Construction site overview



Unit 7 main power building superstructure construction

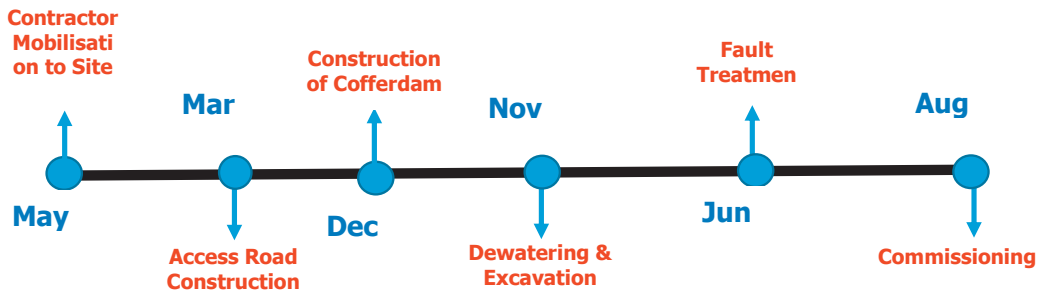


133. To support ongoing works at the plant, an additional provision of ZWL\$42 million is being proposed, targeting counterpart funding and equity for ZPC for the project.

134. An additional amount of ZWL\$35 million has been set aside to cover commitments for ZPC to the Zambezi River Authority for personnel retrenchment packages on the Zimbabwe side.

Kariba Dam Rehabilitation

135. Safety upgrades to the Kariba Dam wall are in progress with the project timelines for the plunge pool refurbishment works schedule as illustrated in the diagram below:



136. The Spillway Refurbishment Works Contract was signed on 24 May 2019 between the Zambezi River Authority and the successful bidder, Consortium GE Hydro France with Freyssinet International.
137. The Contractor is expected to commence mobilization in August, 2019 for the four year program of implementation that is envisaged to end with commissioning by December, 2023.

Batoka GorKariba Dam Rehabilitation



Batoka Gorge Hydro-electric Project

138. On 12 July 2019, the two Governments of Zambia and Zimbabwe awarded the contract for the development of Batoka Gorge Hydro-electric Project to a consortium of Power China and GE Electric under a BOT arrangement.

139. Following the appointment of PWC in association with Corpus Legal Practitioners, Energy Systems Planning (Pvt) Ltd and Atherston & Cook as the legal and financial transaction advisory services to the Zambezi River Authority, negotiations with the consortium will commence in August to culminate in final agreement, contract signing and commencement of works.

Rural Electrification

140. Eight institutions were electrified during the period under review, against a target of 14 with most projects having stalled due to shortage of materials, particularly transformers, conductors and auto reclosers.

141. Overall progress on schools and clinics electrified now stand at 65% as indicated in the Table below.

Electrification Status of Rural Schools and Health Centres as at 30 June 2019

Province	NO. OF RURAL PUBLIC INSTITUTIONS				TOTAL ELECTRIFIED				OUTSTANDING PUBLIC INSTITUTIONS				PERCENTAGE COMPLETION (%)			
	Primary Schools	Secondary Schools	Clinics	Total	Primary Schools	Secondary Schools	Clinics	Total	Primary Schools	Secondary Schools	Clinics	Total	Primary Schools	Secondary Schools	Clinics	Aggregate Total
Manicaland	839	382	274	1495	559	299	262	1120	280	83	12	375	67	78	95	75
Mash Central	497	218	145	860	384	156	118	658	115	62	28	205	77	72	81	76
Mash East	658	308	189	1155	421	212	130	763	236	96	58	390	64	69	69	66
Mash West	682	328	109	1119	414	172	84	670	268	156	24	448	61	52	75	60
Masvingo	848	349	188	1385	366	239	157	762	482	108	31	621	43	68	84	55
Mat North	555	162	107	824	307	114	98	519	248	48	11	307	55	70	92	63
Mat South	503	149	125	777	327	133	124	584	176	16	1	193	65	88	98	75
Midlands	742	317	204	1263	322	223	191	736	421	91	13	525	44	70	94	58
Total	5324	2213	1341	8878	3100	1548	1164	5812	2226	660	178	3064	58	70	87	65

142. With regard to solar mini grid systems, a total of 398 rural institutions were electrified, bringing the total to 422 as indicated in the Table below.

Commissioned Solar Micro Grid Systems as at 30 June 2019

Province	Secondary School	Primary Schools	RHC/ Clinics	Chiefs	Other	Total
Manicaland	16	1	23	0	0	40
Mashonaland Central	20	6	12	2	0	40
Mashonaland East	22	0	31	2	0	55
Mashonaland West	22	5	23	4	0	54
Masvingo	15	11	32	1	0	59
Matabeleland North	30	7	24	8	1	70
Matabeleland South	18	11	18	0	0	47
Midlands	21	3	27	6	0	57
Total	164	44	190	23	1	422

Water & Sanitation

143. Most settlements in the country face water supply and sanitation reliability challenges as a result of the drought, compounded by inadequacies in the water storage and transmission infrastructure. Some of the areas most affected include Harare and its environs, Gweru and Mvurwi.

144. Through the Budget, Government is upscaling interventions in the sector by addressing identified deficiencies in existing water infrastructure as well as expanding availability of water sources through construction of new dams and boreholes.

Dams

145. With regard to dams, Marovanyati Dam is substantially complete with impoundment of water having commenced during the past season and the dam is already spilling, thereby providing security of water supply to Murambinda Growth Point and Murambinda irrigation scheme, among other uses.
146. To cater for outstanding works on the project, such as spillway cill, compensation and resettlements costs, additional funds have been set aside amounting to ZWL\$8 million.

Upstream View of Marovanyati Dam



147. Works on Causeway Dam are progressing in line with our target to impound water during the next rain season. The contractor has already commenced critical works on the main embankment, which requires ZWL\$60 million in additional funding to year end.
148. Government targets to complete Phase I of the Matabeleland Zambezi Water Pipeline Project, comprising the construction of the Gwayi Shangani Dam. In this regard, works on the main concrete wall for the dam are underway with a target of 33 metres out of the 72 metre dam height.

Works on the main Dam Wall at Gwayi Shangani Dam



149. Phases II and III, targeting pipeline from the dam to Bulawayo and pipeline from Zambezi River to Dam, respectively will be managed by the Matabeleland Collective, the stakeholders for the project.
150. To support all ongoing works on all dam projects, it is proposed that an amount of ZWL\$133 million be set aside as follows:

- Marovanyati ZWL\$8 million
- Causeway ZWL\$60 million
- Gwayi Shangani ZWL\$45 million
- Chivhu ZWL\$10 million
- Semwa ZWL\$10 million

Rural WASH

151. A number of on-going water supply schemes countrywide have been affected by the unavailability of equipment and the general increase in costs.
152. In order to support communities already in water supply distress, additional funding amounting to ZWL\$22.1 million has been provided in the Supplementary Budget.
153. Furthermore, an additional amount of ZWL\$4 million has been allocated under DDF for borehole drilling and maintenance across the country.

Transport & Communications

Roads

154. The strategic choice we made to upgrade our trunk roads from gravel to bituminous surfacing under the Road Development Programme continues to offer benefits and relief to road users and communities across the country.

Completed section of the Bindura-Matepatepa Road



155. The above interventions have impacted positively on peoples' lives through improvements in safety; reduction in congestion as well as offering opportunities for economic activities in the areas impacted by these investments.

Ongoing works on the Norton Road Over Rail Bridge



156. With regard to rural feeder roads, being implemented through the District Development Fund, an additional amount of ZWL\$36 million is being proposed to year end.

Karoyi Bridge in Guruve (excavation for Bridge abutments in progress)



Aviation

157. Construction of the R. G. Mugabe International Airport is progressing with the contractor undertaking civil works on the runway, whilst excavations for arrivals and departure extensions as well as new bay 7 apron to International Terminal Building have been completed.

Work on foundations for terminal building extension



Schools Infrastructure

158. Construction of 17 rural schools under the First Education Project started in 2015 with co-financing from the OPEC Fund for International Development (OFID) covering construction of buildings, equipping the schools with furniture, computers and associated equipment.

159. Work on the construction works is now expected to complete during the third quarter of the year.

Tavoy Secondary School in Hurungwe – Mashonaland West



160. The process of procurement of furniture, computers and associated equipment is already under way. For the electrification of the schools, discussions with the Rural Electrification Agency indicate a requirement of ZWL\$13 million to connect all the schools to the National Grid.
161. In this regard, we propose an additional allocation of ZWL\$26.6 million for the project, covering electrification costs for the targeted schools as well as Government's counterpart funding for the project.

Innovation Hubs

162. Construction works on the innovation hubs at all the five institutions are now expected to be complete and ready for commissioning during the second half of the year.

163. The institutions have already started the tendering process for procurement of laboratory equipment, which will ensure proper interface between industry and universities research, essential for the economic development of the country.

Final touches to the Innovation Hub at the University of Zimbabwe



Health Infrastructure

164. In order to strengthen the referral health system, critical in the delivery of health services, Government is rehabilitating and upgrading health infrastructure as well as constructing rural health posts.
165. To date 4 posts, namely Dundwe, Minda, Kairezi and Gumbochuma are now in the final stages of completion and expected to be open to communities in the third quarter of 2019.

166. Furthermore, construction of Dongamuzi, Munemo, Chiromo and Mbuyamaswa Rural Health Centres is on-going and expected to be completed before year-end.
167. With regard to district hospitals, progress has been noted in the refurbishment of Mvurwi, Kadoma and Ndanga District hospitals where waste management and laundry facilities were upgraded whilst the wards received a facelift.
168. Works on the construction of Lupane Provincial Hospital will soon commence, following approvals from the Procurement Authority of Zimbabwe (PRAZ), with the contractor expected on site in August 2019.
169. Refurbishment of Mutare, Gweru, Masvingo and Gwanda Provincial Hospitals, targeting upgrading of theatres, general and maternity wards was completed during the first half of the year.
170. With regards to central hospitals, refurbishment works for the medical gas reticulation system, theatres and incinerators at Mpilo and United Bulawayo Hospitals have been completed.
171. Following a fire outbreak which affected Mbuya Nehanda Maternity Hospital at Parirenyatwa Group of Hospitals in February 2019, refurbishment of wards and installation of new theatre equipment has been completed and the hospital is now fully operational.

Rehabilitated theatre at Mbuya Nehanda Maternity Hospital



172. Other interventions made to date include rehabilitation and equipping of Chitungwiza School of Nursing and Dental Training School as well as procurement of diagnostic and therapeutic equipment from India.
173. The Ministry of Health and Child Care has also completed the tendering process for procurement of ambulances. In this regard, an amount of ZWL\$68 million in additional funding is proposed to complete the procurement process that targets acquisition of 100 fully equipped ambulances.

Transfers to Provincial Councils & Local Authorities

174. It is a Constitutional requirement to set aside 5% of revenues for allocation to Provincial and District Councils. Against the ZWL\$310 million allocated in the 2019 Budget disbursements to date stand at ZWL\$120 million. These are to local authorities implementation of basic infrastructure projects at community level.
175. Following the review in the revenue projections to year end, and consistent with the Constitution, the original allocation for Inter-Governmental fiscal transfers is being reviewed upwards to ZWL\$703 million which will be distributed to the benefiting institutions in line with the current formula.
176. The increased funding should provide impetus to our devolution agenda as well as facilitate implementation of priority and impactful projects at the local level.

Cyclone Idai

177. Cyclone Idai is the latest natural disaster in a succession of climatic shocks to affect the country and caused severe flooding in Chimanimani and Chipinge Districts whilst other districts affected include Buhera, Makoni, Masvingo and Mutare Rural.
178. Government commends Zimbabweans from all walks of life and Development Partners for the tremendous support towards our recovery efforts.

179. To sustain ongoing efforts in restoring damaged infrastructure and livelihoods for affected communities, an amount of ZW\$414.3 million in additional funding has been set aside in the Budget.

Mhakwe Causeway reconstruction in progress (Chimanimani District)



Support to Utilities

180. In line with the thrust of non-accumulation of arrears and taking into account market developments, a supplementary budget of ZWL\$120 million is being proposed towards utilities such as telephone, water and rates, electricity and vehicle hire as well as office accommodation.
181. Settlement of Government arrears to these utilities is also a way of capacitating and capitalising them.

Social Safety Nets for Vulnerable Groups

182. The adverse macro-economic environment caused by drought and cyclone requires Government to support vulnerable groups with support mechanisms that allow them to withstand the negative shocks to their livelihoods.

Food Security

183. According to the Zimbabwe Vulnerability Assessment 2019 Livelihoods Assessment, 59% (about 5.5 million people) of the rural population will be food insecure during the peak hunger period.
184. In terms of support to these groups, Government has so far distributed 189 000 tons of grain in support of 757 000 households. The beneficiaries are in both rural and urban areas. The following table gives cumulative grain distribution by province for the period January to June 2019.

Cumulative Grain Distribution by Province Jan- Jun. 2019

National	Number of Households	Cumulative Distributions
Manicaland	80,285	24,558.53
Mashonaland Central	70,080	21,209.00
Mashonaland East	65,627	19,755.89
Mashonaland West	84,552	19,756.71
Masvingo	134,719	37,016.06
Matabeleland North	51,810	11,807.05
Matabeleland South	68,380	16,202.65
Midlands	176,290	34,766.75
Bulawayo	12,968	990.05
Harare	12,269	2,979.83
Total	756,980	189,042.52

Social Protection

185. In addition, Government has identified and scaled up social safety net programmes under health, education and social protection, which will see the initial budget increasing from ZWL\$267.6 million to ZWL\$1.135 billion, broken down as follows:-

- Social Protection: ZWL\$811.9 million;
- Health Care: ZWL\$250.4 million; and
- Education: ZWL\$72.9 million.

Urban Mass Public Transportation System

186. Government introduced an Urban Mass Public Transportation System as a safety net to cushion the public from increases in transport costs resulting from fuel price corrections after the introduction of the interbank foreign exchange market. This was also partly triggered by extortionate and exploitative behaviour by some public Transport Operators.

187. In order to increase access and coverage, resources amounting to ZWL\$104 million have been provided in the context of this supplementary budget.

188. Going forward, Government is pursuing the establishment of a Mass Rapid Transit System, which is a coordinated public transport network facilitated through railways and road transport for both urban and rural commuters. In that regard, appropriate investigations and studies are under way.

DEVELOPMENT PARTNER SUPPORT

189. Development Partners continue to complement Government efforts towards the implementation of development programmes and projects across various sectors of our economy. Government acknowledges the immense support from the international community during the aftermath of the devastating Cyclone Idai, which led to loss of lives and livelihoods as well as destruction of infrastructure, especially in Manicaland Province.
190. During the first quarter of 2019, a total of US\$117.8 million was disbursed by Development Partners, of which US\$71.2 million was from Bilateral Partners and US\$46.6 million was from Multilateral Partners.
191. A total of US\$641.2 million is projected to be disbursed by Development Partners in 2019, of which US\$490.7 million is from Bilateral Partners and US\$150.5 million is from Multilateral Partners.
192. The development assistance sectoral breakdown for 2018 and projections to 2019 year-end are as follows:

Sectoral Disbursements

Sector	2018 Actual (US\$)	2019 Projections (US\$)
Health	359,736,560	347,985,764
Humanitarian	69,932,139	52,274,240
Agriculture	27,279,476	33,655,275
Capacity Building	21,532,659	28,965,258
Governance	59,793,297	68,670,362
Water Supply & Sanitation	9,733,549	15,779,105
Education	29,867,898	27,988,276

Sector	2018 Actual (US\$)	2019 Projections (US\$)
Basic Social Services	37,558,456	35,478,171
Transport	9,855,864	7,399,182
Multi – Sector	8,735,541	9,683,142
Power/Energy	10,386,840	13,287,358
TOTAL	644,412,279	641,166,133

Source: Ministry of Finance, Development Partners

Support for Governance Reforms

193. The 2019 Budget recognised the importance of transforming all governance systems which include, Rule of Law, Freedoms of Expression and Association, Respect for Human and Property Rights, and Zero Tolerance to Corruption, among others.
194. Accordingly, the 2019 Budget allocated ZWL\$76.7 million to institutions mandated to promoting good governance targeting capacitation of those Constitutional institutions mandated to promote democratic principles. These include, among others:
- Zimbabwe Electoral Commission;
 - Zimbabwe Gender Commission;
 - Zimbabwe Human Rights Commission;
 - Zimbabwe Anti-Corruption Commission;
 - Zimbabwe Judiciary Service Commission; and
 - National Peace and Reconciliation Commission.
195. The Supplementary Budget, therefore, proposes to make additional allocations of ZWL\$125.5 million to the above institutions for purposes of enhancing their capacity in promoting good governance practices.

Structural Reforms

196. In support of the demand side objectives, structural reforms remain a key pillar of our reforms.

Governance, Controls' Compliance

197. Earlier this year, the Secretary for Finance and Economic Development appeared before a Parliamentary Public Accounts Committee oral evidence session to respond to concerns around public finance management matters raised by the Auditor General's Office.

198. At that hearing, my Ministry committed to undertake a review of the systems, people and processes involved in public resources management and accountability arrangements with a view to enhancing the Ministry's effectiveness.

199. In that respect, we now have in place a structure and processes that we are confident will, to a large extent, address the legislative and the public's concerns going forward.

200. Members will be aware that the Public Finance Management Act provides for the appointment of internal auditors to Ministries and reporting units of such Ministries, to assist the Treasury in carrying out the public resources management mandate assigned to it in section 6 of the Act.

201. To further strengthen these internal control arrangements, we are also proposing the establishment, within the Treasury, of a central coordinating unit for the internal audit and compliance function. The proposed unit, in addition to providing oversight over disposal of audit issues, provides a formal dedicated structure for ensuring the internal audit function effectively discharges its mandate and adds value to Government operations by:

- supervising and co-coordinating the internal audit and compliance function across all government institutions;
- formulating and disseminating internal audit regulations, uniform standards, policies, guidelines and audit methodology;
- providing leadership in the annual planning process for internal audit and compliance activities throughout the Government;
- arranging appropriate continuous professional development of Internal Auditors;
- enhancing compliance with public finance management procedures and regulations across the board;
- providing quality assurance and producing a consolidated annual internal audit report;
- performing ad hoc investigative assignments in Government entities; and
- providing capacity development for, and monitoring the effectiveness of Audit Committees.

202. These measures will enable Government to put in place an effective compliance and control system and will start to address weaknesses observed in our management of the public resources across Government.

Indigenisation & Economic Empowerment Act

203. Government, through the 2018 Finance Amendment Bill amended the Indigenisation and Empowerment Act and platinum and diamonds are now removed from the reserve list and shareholding will depend on negotiations with investors.

204. Subsequently, the Indigenisation and Economic Empowerment Act will be repealed and replaced by the Economic Empowerment Act, which will be consistent with the current thrust “*Zimbabwe is Open for Business*”.

Offshore Financial Services Centre (OFSC)

205. Government is exploring the possibility of setting up an Offshore Financial Services Centre (OFSC) as part of efforts to develop the financial service sector, through provision of opportunities for global investment.

206. A lot of research has to date been carried out, which reveal that offshore financial service centres promote foreign direct investment, domestic investment, export development & promotion and national branding, among others.

207. Other economies that have successfully embraced offshore financial service centres regionally and internationally include, Mauritius, the Cape Verde, Kazakhstan and Switzerland, among others. These countries have grown to become financial hubs attracting a lot of investment.
208. The financial services centres in the countries cited above have been set up over periods ranging from three to fifteen years.
209. Zimbabwe is strategically located to host a regional and international financial hub, given its accessibility and good connectivity, which are some of the attributes necessary for successful setting up of an OFSC. The adoption of our local currency is also a positive step towards attaining a stable currency, to attract investors.
210. In order to nurture confidence in the financial services sector, thereby attracting the much needed investment, establishing an OFSC is a guaranteed milestone towards achieving this.
211. However, implementation of an OFSC should be preceded by introduction of a number of economic reforms to promote efficient functioning of the financial system.
212. Treasury will provide periodic updates to stakeholders on the progress towards setting up Zimbabwe's Offshore Financial Service Centre.

Dry Ports

213. In addition, Government is also considering establishment of dry ports within Zimbabwe borders. These ports maximise Zimbabwe's potential as a transit regional economy and also facilitate efficient and cost effective supply of essential imports into the economy.

Public Enterprises Reform

214. The Transitional Stabilisation Programme (TSP) recognized the need for more accountable, transparent and economically viable SOEs. Implementation of the Public Enterprises reforms is being guided by the Cabinet Decision Matrix of 10 April 2018.
215. To this end, the following progress is worth noting.

Progress on Public Enterprises Reform

Entity	Reform Progress
GMB	The de-merger of the GMB into GMB Strategic Grain Reserve and Silo Foods Industries has been completed. Silo now operational.
NRZ and ZISCO	Negotiations with the strategic partners for NRZ and ZISCO are at an advanced stage.
CSC	A Concessioning Agreement was signed between CSC and Boustead Beef Limited of United Kingdom.
CAAZ	The Civil Aviation Amendment Act has now been enacted.
IDC Subsidiaries	Resumption of the IDCZ Developmental financing Role, and immediate release of the ZWL\$30m seed capital allocated in the 2019 budget. Privatisation of the identified subsidiaries underway and two IDC subsidiaries have been liquidated.
ZESA	Cabinet has approved the Re-bundling of all the ZESA subsidiaries into a vertically integrated single Board. Technical Committee is working on the implementation.
ZIDA	The One Stop Investment Services Center is operational as an interim arrangement. The ZIDA Bill is being considered by Parliament.
Tel-One & Net-One	To be privatised as a single package. The Technical Committees for Tel One and Net One have therefore been combined to ensure the privatisation of the two entities is undertaken as a single package as approved.
Allied Timbers	Partial privatisation roadmap approved by Cabinet on 19 February 2019.

Entity	Reform Progress
ZMDC Subsidiaries	Partial privatisation is underway, with the initial tender for 6 subsidiaries that had been undertaken in 2018 cancelled
Agribank	Process to appoint advisors for the following SEPs is underway
Petrotrade	Process to appoint advisors for the following SEPs is underway
ZIMPOST	Process to appoint advisors for the following SEPs is underway
National Indigenization and Economic Empowerment Board	Has been integrated into a department in the Ministry of Industry, Commerce and Enterprise Development.
Board of Censors	Has been departmentalized in the Ministry of Home Affairs and Cultural Heritage.
National Library and Documentation services	Has been departmentalized under the Ministry of Primary and Secondary Education.
National liquor licensing Authority	Has been departmentalized under the Ministry of Local Government, Public Works and National Housing.

Auditor General Observations

216. The Auditor General's Office in its 2018 report exposed a number of accounting malpractices which, among them, include poor maintenance of accounting records, diversion of funds to non-intended purposes, paying for goods that were not delivered, improper accounting of asset records including failure to record such assets as cash, fuel, revenues as well as expenditures resulting in overstatement or understatement of revenues and expenditures of some financial statements.
217. In view of this, Treasury supported, by line ministries is giving due attention to the audit findings and recommendations. This includes enforcing accountability and transparency in the use of public funds, as well as ensuring proper reconciliations.
218. In addition, the framework for reforming public enterprises will also include moving away regulatory directives on tariff setting by Government to enable these public enterprises operate in a profitable manner.

Ease of Doing Business Reforms

219. Government, under the TSP continues to pursue ease of doing business reforms as part of broad measures on enhancing the country`s investment environment and external competitiveness. The reforms target administrative and other legislative bottlenecks under various statutes.

220. Milestones have been recorded in the following areas:

Ease of Doing Business Reforms Milestones

Reform	Objective	Progress to Date
Ease of Doing Business	Removal of regulatory, transactional and administrative hurdles in doing business	<ul style="list-style-type: none"> ▣ A lot of administrative procedures, timelines and costs have been reviewed and streamlined to facilitate the Ease of Doing Business between 12 February and 29 April 2019. ▣ These reforms are as follows: <ul style="list-style-type: none"> ▣ Improving the overall quality and efficiency of the property registration system in Zimbabwe through improved quality of registering property, reducing number of procedures from 5 to 4 and improved land dispute resolution; ▣ The establishment of a credit registry to facilitate the obtaining of credit has been completed. ▣ Improving the enforcement of contracts through increasing the number of small claims courts from 2 to 10 and the establishment of commercial courts from 0 to 4. The operationalisation of the magistrates' courts to be done after the validation and gazetting of the requisite Court rules. ▣ Improving Trading across Borders through reviewing of checkpoints for both imports and exports clearance processes at Beitbridge Border Post resulting in a 41% reduction in compliance checkpoints.

221. Over and above administrative issues, there is also progress on the legislative agenda as follows:

Legislative Reforms Milestones

Reform	Objective	Progress to Date
Insolvency Bill Estate Administrators Act	To ensure accountability and efficiency insolvency proceedings that permit unsalvageable companies to be quickly liquidated and viable firms to be revived, thus preserving jobs	<ul style="list-style-type: none"> Passed last year by the 8th Parliament
Shop Licensing Amendment Bill	To streamline and simplify licensing procedures and timelines	<ul style="list-style-type: none"> Passed in 2018
Public Finance Management (Amendment) Act	To enhance transparency and accountability in the management of public resources	<ul style="list-style-type: none"> Passed in 2018
ZIDA Bill	Amalgamate 3 investment agencies, ie ZIA, Joint Ventures Unit and Special Economic Zones Authority) to make sure that all investments are processed under one roof.	<ul style="list-style-type: none"> ZIDA Bill tabled and gazetted before Parliament on 5 April
Census and Statistics Amendment Act	To allow dissemination of micro data to data users	<ul style="list-style-type: none"> Promulgated into law
General Laws Amendment Act	Amendment of outstanding laws	<ul style="list-style-type: none"> Gender equality provisions in state institutions yet to go before Parliament
Companies and other Business Entities Bill	Overhaul of Act to be in line with modern business practices and consolidation of different types of corporations so as to reduce cost and time for starting a business in Zimbabwe.	<ul style="list-style-type: none"> Bill is still before Parliament.
Regional Town and Country Planning Amendment Bill	Improve the time taken and procedures for issuing construction permits.	<ul style="list-style-type: none"> Bill not yet before Parliament and was sent to the Ministry of Local Government for further action.
NSSA Act	Will streamline the number of tax payments made by employers by enabling ZIMRA to collect NSSA contributions on behalf of NSSA combined with ZIMDEF Payments thus reducing employee related payments from 36 to 12.	<ul style="list-style-type: none"> The Bill hasn't been drafted yet because the relevant Ministry was not aggregable to certain amendments, i.e issue of tax collections
Manpower Act	Will streamline the number of tax payments made by employers by enabling ZIMRA to collect ZIMDEF contributions on behalf of ZIMDEF combined with NSSA Payments thus reducing employee related payments from 36 to 12.	<ul style="list-style-type: none"> Draft Principles crafted and presented to the relevant Ministry. Continuous professional development training to enhance staff performance being drafted.

Reform	Objective	Progress to Date
Repealing of POSA	To maintain peace and order in the country	<ul style="list-style-type: none"> ▣ The proposed Maintenance of Peace and Order Bill, which will repeal the Public Order and Security Act (POSA) is currently before Parliament
Repealing of AIPPA	To enhance freedom of expression.	<ul style="list-style-type: none"> ▣ Cabinet approved principles of 3 Bills, which will repeal the Access to Information and Protection of Privacy Act (AIPPA) (Chapter 10:27). These are the Protection of Personal Information Bill and the Freedom of Information Bill approved on 19 February and the Zimbabwe Media Commission Bill approved on 13 February 2019.

Staff Monitored Programme

222. The Government has signed off on a Staff Monitored Programme (SMP) with the International Monetary Fund (IMF) covering the period May 15, 2019 to March 15, 2020. The SMP seeks to assist Zimbabwe implement key reforms as outlined in the Transitional Stabilisation Programme (TSP), that way allowing the country to build a track record of sound economic policies as it seeks to normalise relations with the international community.
223. The SMP will be monitored through 3 reviews - end-June 2019, end-September 2019, and end-December 2019 based on 6 quantitative benchmarks and 9 structural benchmarks.
224. As at end June 2019, Government has met the following quantitative targets:

- Floor on primary budget balance of central government, with Government realizing a surplus against target of -ZWL\$1.22 billion deficit;
- Floor on protected social spending, where Government has spent ZWL\$268 million against a target of ZWL\$225 million;
- Continuous ceiling on stock of new non-concessional external debt;
- Ceiling on changes in Net Domestic Assets of the RBZ; and
- Ceiling on credit to the nonfinancial public sector from the RBZ.

225. In addition, Government is undertaking a number of reforms culminating in the achievement of the following SMP benchmarks:

- Issuance of instructions to disallow, any future acquisitions of non-performing loans by ZAMCO; and
- Adoption regulations implementing the Public Financial Management (PFM) Act.

226. Successful implementation of the SMP, in conjunction with key reforms in the TSP will enhance development partners and creditors support. The strong support from creditors will be crucial for the rapid implementation of a comprehensive arrears clearance and debt relief program.

REVENUE MEASURES

227. The revenue measures that I am proposing seek to review the incentives that have already been put in place in support of the local industry and productive sectors, enhance revenue generation capacity and avail relief to taxpayers through adjustments of tax rates, taking into account the recent economic developments.
228. The measures also seek to align existing legislation to policy pronouncements.

Support to Industry

Clothing Manufacturers Rebate

229. In order to resuscitate the clothing value chain, Government in 2013, granted a rebate of duty on imported inputs for use in the manufacture of clothing for a period of one year.
230. The *Rebate Facility* has been renewed over the years, taking into account developments in the Textiles and Clothing industry.
231. The *Facility*, which is due to expire in 2019, has assisted manufacturers to reduce the cost of production, thereby enhancing competitiveness of locally manufactured clothes in the export market.

232. I also wish to draw the attention of Honourable Members to the fact that, inputs worth US\$43.9 million were imported, since inception of the *Rebate Facility*, while revenue forgone to the fiscus amounts to about US\$14 million, as at April 2019.
233. Government, however, notes with concern allegations raised against beneficiaries of the scheme which include disposal of fabrics intended for value addition on the domestic market and transfer pricing.
234. These malpractices undermine tax revenue and also distort both national and regional value chains and linkages.
235. In light of the seriousness of the allegations, ZIMRA will undertake a comprehensive Post Clearance Audit on utilisation of the facility by beneficiaries, in order to inform Government on appropriate measures to address the malpractices.

Suspension of Duty on Commercial Tyres

236. In view of the viability problems faced by the local manufacturer of commercial tyres, Government ring-fenced importation of 200 000 tyres at a lower duty rate of 15% in June 2018, for a period of one year.
237. Government anticipated that the manufacturer would have resumed production at the expiry of the *Facility* in June 2019. The manufacturer is, however, yet to resume production.

238. In view of the gap in local production and also in the interest of ensuring safety of road users, I propose to ring-fence importation of 100 000 commercial tyres at a lower duty rate of 15% for a period of twelve months.

Electrical Manufacturers Rebate

239. Government, in 1999, introduced the Electrical Manufacturers' Rebate Facility, which provides for duty free importation of *Completely Knocked Down* parts by approved electrical manufacturers.

240. The list of eligible materials has been reviewed regularly to cater for advancement in technology, whereby new products require different types of components to manufacture.

241. Some local manufacturers have made inroads into the manufacture of electrical appliances, as well as solar products, in line with the Government policy thrust for use of alternative sources of energy.

242. I, therefore, propose to add the following inputs to the list of components that can be imported duty free:

Tariff Code	Product Description
2825.80.00	Antimony Oxides
2834.29.00	Other nitrates
3207.20.00	Vitrifiable enamels and glazes, engobes (slips) and similar preparations
3506.99.00	Other glues and adhesives, nes
3909.50.00	Polyurethanes
4016.93.90	Other Gaskets, washers and other seals

Tariff Code	Product Description
4819.10.00	Printed Lithographic Cartons.....
4821.90.90	Other labels
5911.90.00	Other textile fabrics and felts
7209.17.00	Steel coils, not further worked than cold-rolled (cold-reduced): of a thickness of 0.5mm or more but not exceeding 1mm
7209.28.00	Flat-rolled products of iron or non-alloy steel, not in coils, not further worked than cold-rolled (cold-reduced): of a thickness of less than 0.5mm
7210.49.10	Galvanised Steel coils, zinc coated
7210.49.90	Other plated or coated with zinc
7217.90.00	Other wire of iron or non-alloy steel
7219.35.00	Flat rolled products of stainless steel, not further worked than cold-rolled (cold-reduced), of a thickness of less than 0.5mm
7318.15.00	Other screws and bolts, whether or not with their nuts or washers
7321.90.00	Parts for gas cookers
7614.90.00	Other aluminium wire
7616.99.20	Aluminium Blanks and Circles, unpressed
8419.90.00	Parts of machinery
8516.10.00	Electric Heater (element)
8516.90.00	Parts for electrical appliances
8536.69.00	Electric Heater Plugs

Customs Duty on Motor Vehicle Filters

243. The country's motor vehicle population has increased over the past couple of years. This presents an opportunity for companies to localize the manufacture of spare parts, thereby enhancing linkages within the motor industry value chain.

244. I, therefore, propose to reduce the customs duty on the raw materials used in the manufacture of motor vehicle filters as shown in the table below:

Tariff Code	Product Description	Current Rate Of Duty (%)	Proposed MFN Rate of Duty (%)
3506.91.00	Adhesives based on Polymers...	15	5
4016.92.00	Erasers	15	5
4805.40.90	Other Filter Paper....	10	5
7314.50.00	Expanded Metal	10	5
8309.90.00	Other stoppers caps.....	15	5

245. The above measures take effect from 1st September, 2019.

Revenue Enhancing Measures

Taxation of E-Commerce Transactions

246. Income earned in Zimbabwe by foreign domiciled satellite broadcasting services and electronic commerce platforms is deemed to be from a source in Zimbabwe for tax purposes.

247. However, technological advancements have enabled the development of other electronic commerce platforms, which facilitate the utilisation of digital media services and content. Such platforms are not covered within the definition of satellite broadcasting services.

248. I, therefore, propose to extend the scope of revenues deemed to be from a source in Zimbabwe for tax purposes to include amounts received by or on behalf of a radio or television broadcaster domiciled outside Zimbabwe or an electronic commerce operator domiciled outside Zimbabwe.

Excise Tax

249. Mr Speaker Sir, excise tax remains a vital instrument for Government to discourage the consumption of products such as tobacco and alcoholic beverages that are considered harmful to human health.

250. The instrument is also a key tool for mobilising revenue as well as levelling the playing field between imported and locally produced products.

251. Government continues to discourage the consumption of harmful products, conscious of the economic costs of punitive excise tax rates on the viability of producers of such goods, which have contributed significantly towards the development of the country through forward and backward linkages. Such linkages have also generated significant export receipts and job opportunities.
252. Government, thus, levies specific excise tax rates at levels that seek to balance the competing objectives.
253. Mr Speaker Sir, the inflationary environment arising mainly from the devaluation of the local currency has undermined the effectiveness of the specific excise tax regime in supporting attainment of the outlined objectives.
254. Excise duty rates per unit of excisable products are now negligible compared to the selling price.
255. I, therefore, propose adoption of an optimal policy mix between specific and ad valorem excise taxes as follows:

Fuel

256. Mr Speaker Sir, excise duty on fuel is currently pegged at ZW\$1.15 and ZW\$0.95 per litre or 19% and 16% of the landed cost for petrol and diesel respectively. This is much lower compared to the average duty of

about 78% and 60% on petrol and diesel respectively that obtained in prior years.

257. I, therefore, propose to levy ad valorem excise duty of 45% and 40% per litre of petrol and diesel respectively.

Alcoholic Beverages

258. In order to level the playing field between imported and locally produced products, Government in 2010, introduced specific excise duty rates based on the *Level of Absolute Alcohol* content.

259. I propose to review the excise duty structure as follows, in order to maintain the existing support framework for local industry:—

Category	Current rate of Excise Duty	Proposed rate of Excise Duty
Spirits	\$5.00/LAA	40% + ZWL 20/LAA
Fortified wines	\$0.50/L	ZWL 4/L
Unfortified (still wines)	\$0.40/L	ZWL 3.50/L
Other Fermented Beverages	\$0.36/L	ZWL 3/L
Opaque Beer Powder	\$0.05/Kg	ZWL 0.50/kg

Tobacco

260. The current excise duty of US\$25 per 1 000 cigarettes, which was equivalent to 80% of the selling price, was implemented with effect from November 2018. Excise duty is currently equivalent to about 9% of the selling price.

261. In order to mitigate against revenue loss and also promote responsible consumption of tobacco, I propose to introduce a combination Excise Duty of ZWL\$50 per 1 000 cigarettes plus 20% *Ad valorem* on the ex-factory price.
262. The Specific Excise Duty component will be subject to review in line with economic developments.

Administrative Control Measures

263. Given incentives for fraud, the primary concern in the administration of tobacco taxes is to tightly control production, importation and distribution of excisable products, at all points of the value chain.
264. The controls are already clearly defined in the Customs and Excise Regulations, which provide for the appointment and licensing of Bonded Warehouse for the storage and securing of goods without payment of duty.
265. ZIMRA is, thus, authorised to seal any Bonded Warehouse, hence goods may not be removed therefrom without permission.
266. In order to minimise the cost of production as well as maintain product quality and competitiveness, ZIMRA has minimally exercised this authority.
267. In view of allegations and evidence of tax avoidance by some producers of tobacco related products, it has become imperative for ZIMRA to provide physical control and supervision of warehoused goods, in order to mitigate the risk of loss of revenue.

268. ZIMRA personnel, will, thus maintain presence at Bonded Warehouses, as provided for in the Customs and Excise legislation.

269. Furthermore, non-compliance to safeguards and controls under which tobacco products can be imported, produced or distributed would be severely penalised, through suspension or withdrawal of a Bonded Warehouse licence.

Destruction of Seized Tobacco Products

270. Given their light weight, small size and high value, tobacco products are susceptible to fraudulent activities.

271. The most significant acts of fraud involve smuggling, undervaluation, mis-declaration of quantities, values, country of origin and destination.

272. Where goods are seized on account of fraudulent activities, they are disposed through public auction.

273. The offer for sale by public auction is at a reserve price, which is an amount sufficient to cover the excise duty liability and the expenses incurred in connection to the auction.

274. Alternatively, in the case of similar goods that are manufactured and sold in the country, the reserve price would be equivalent to the price the goods would have fetched in the local market during the financial year preceding that in which the auction is held.

275. It has, however, been observed that in most circumstances, the reserve value is below the prevailing market prices, on account of inflation.
276. Consequently, the low priced auctioned cigarettes, which in some instances, are resold on the domestic market, prejudice compliant local manufacturers, thereby destabilising the tobacco industry and the whole value chain.
277. In order to curb such malpractices, I propose that all seized tobacco products be destroyed, in line with the practice in other countries.

Taxation of Direct Fuel Imports

278. Mr Speaker Sir, you will be aware that the country has been experiencing fuel supply gaps due to inadequate foreign currency to meet the national requirements. This has impacted negatively on production in industry.
279. Government has, however, been approached by a number of companies with free funds that may be utilised for a *Direct Fuel Import Facility*.
280. Government, thus, approved the Direct Fuel Imports facility in order to minimise disruptions to the production cycle due to the fuel supply gaps.
281. Under this *Facility*, companies with free funds import fuel for own use and for resale in foreign currency. The *Facility* is also used by Guest of the State.
282. I, therefore, propose to levy excise duty on *Direct Fuel Imports* in foreign currency at a rate of US\$0.45 and US\$0.40 per litre of petrol and diesel, respectively.
283. The above measures take effect from 2nd August, 2019.

Tax Relief Measure

Employees' Tax

284. Honourable Members would be aware that Government reviewed the tax-free threshold for *Employees' Tax* from \$300 to \$350, widened the tax bands and reduced the highest marginal tax rate applied on incomes above US\$20 000 from 50% to 45%, with effect from 1 January 2019.
285. These measures were aimed at enhancing disposable income whose value had been significantly eroded by rising prices and also support initiatives by local companies to attract the critical pool of human capital required to support the country's development ambitions.
286. The impact of these measures has, however, been marginal due to the continued surge in prices.
287. In order to cushion employees against price increases, some employers have awarded a Cost of Living Adjustment (COLA) ranging from 21% to 120% for the period ending June 2019.
288. The award of a COLA against a fixed tax-free threshold and tax bands has resulted in bracket creep, whereby taxpayer's nominal incomes are liable to higher rates of tax.
289. The bracket creep has also affected employees remunerated in foreign currency, since their tax liability is determined by applying existing tax

tables on incomes that are revalued to local currency using the prevailing inter-bank exchange rate.

290. In order to cushion taxpayers against bracket creep and also stimulate aggregate demand for goods and services, I propose to review the tax-free threshold from the current ZWL\$350 to ZWL\$700, further widen the tax bands to a maximum of ZWL\$30 000, above which income is taxed at the marginal tax rate of 40%, as shown on the Table below:

Tax Band (ZWL)	Rate of Tax (%)
0 - 700	0
701 - 3 000	20
3 001 - 1000	25
10 001 - 20 000	30
20 001 - 30 000	35
30 001 and above	40

291. This measure take effect from 1 August 2019.
292. Furthermore, employees that earn in foreign currency shall, however, continue to settle their tax liability in foreign currency.
293. For ease of administration, a uniform factor to be used in the conversion of the salaries from multi-currency to Zimbabwean Dollar, will be adopted for specified periods.

Intermediated Money Transfer Tax

294. Mr Speaker Sir, Intermediated Money Transfer Tax (IMTT) was reviewed from a rate of ZWL\$0.05 per transaction to 2 cents for every dollar transacted with effect from 12 October 2018.
295. In addition, safeguard measures comprising of a tax-free threshold of ZWL\$10 and a maximum tax payable of ZWL\$10 000 on transactions above ZWL\$500 000 were put in place, with a view to cushion low income earners and high volume businesses.
296. The effectiveness of these safeguard measures has, however, been undermined by the inflationary environment.
297. In view of the changes in the macroeconomic conditions, I propose to review the tax-free threshold from the current ZWL\$10 to ZWL\$20 and the maximum tax payable per transaction by corporates from the current ZWL\$10 000 to ZWL\$15 000 for transactions with value exceeding ZWL\$750 000.
298. Furthermore, I propose to exempt the following transactions from IMTT in order to eliminate double taxation:
- Transfer of funds for the purchase of tobacco by tobacco buying companies to auction floors; and,
 - Transfer of funds by contracting companies and auction floors to farmers for deliveries of tobacco.

- Transfer of funds for the purchase of cotton by financiers to merchants;
and,
- Transfer of funds by merchants to farmers for deliveries of cotton.

Intermediated Money Transfer Tax on Mobile Money Transactions

299. The current legislation obliges financial institutions to deduct intermediated money transfer tax on the transfer of money by any means other than by cheque in the following circumstances:

- between two persons; or
- from one person to two or more persons; or
- From two or more persons to one person.

300. However, cash-in and cash-out transactions conducted through mobile money transfer platforms do not fall within the above criterion, hence the tax is not deductible.

301. Consequently, the majority of illegal foreign currency transactions are being conducted through this platform, thereby evading payment of tax and sustaining parallel market activities.

302. I, therefore, propose to levy tax on the transfer of money between *Mobile Money Transfer Agents* and *Recipients*.

303. These measures are effective from 5 August, 2019.

Mining Fiscal Regime

304. Mr Speaker Sir, the Transitional Stabilisation Programme recognises mining as vital to the growth and development of the economy through its strong linkages with other sectors of the economy, including transport, construction, geological, manufacturing, education, research and tourism, among others.
305. The TSP, thus, seeks to attain the following 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.
306. Attainment of these targets requires massive investment in mining which is dependent on the existence of supportive policy instruments that include an attractive mining fiscal regime.
307. An assessment of Zimbabwe's mining fiscal regime reveals that the tax rates are largely comparable to what obtains in the region.
308. For example, the corporate income tax rate of between 15% and 25% is competitive against the regional average of about 30%. In the case of imports, the sector largely benefits from a rebate of duty regime that suppresses both customs duty and VAT.

309. Despite these and other concessions, the mining sector has not attained the desired levels of investment and production. Mining companies have raised concerns with the high royalty rates on some minerals, as well as the non-deductibility of the same in the determination of taxable income.
310. In order to address these concerns, Government initiated a programme to comprehensively review the mining fiscal regime in 2013 with support from Norwegian Government and the World Bank. The purpose of the review was to ensure that the country maximises benefits accruing from its mineral resources, while at the same time encouraging investment in the sector.
311. However, data inadequacy and inaccuracy has stalled progress for a comprehensive review of the mining fiscal regime.
312. While work to resolve these data inadequacies is ongoing, it is imperative that key challenges highlighted by stakeholders in the mining industry, which should put the country on a firm footing for enhanced mining investment and production be addressed.
313. Mr Speaker Sir, I therefore propose the following key measures to support the mining industry: -

Deductibility of Mineral Royalties

314. Mining royalties are a compensation to Government for extracting a finite resource such as mineral deposits.
315. Mining royalties, thus, constitute a direct cost to the business, which reduce taxable income.
316. In line with practices in other countries, I propose to allow mining royalties as a deductible expense in the determination of taxable income, with effect from 1 January 2020.

Mining Levies and Charges

317. The mining sector has also been constrained by some levies and charges imposed by Government Departments and Local Authorities. These include fees levied Unit Tax paid to Local Authorities, mining fees & charges payable to the Ministry of Mines & Mining Development, and Environmental Fees payable to the Environmental Management Agency, among others.
318. The multiplicity of fees and charges add to the cost of doing business, hence, reduce competitiveness and is detrimental to the growth of the mining sector.
319. In order to support investment and production in mining, I call upon the Mining Sector Cluster on the Ease of Doing Business Initiative to

finalise and implement agreed positions relating to streamlining fees and charges levied on mining operations.

Mineral Royalties: Gold

320. Mr Speaker Sir, a two-tier royalty system is currently applied on sales of gold by large and small-scale producers. Under this system, large-scale producers pay royalties at a rate of 5% of the gross mineral value, while incremental production on the previous years' output is liable to a rate of 3%. In contrast, gold sales by small sale producers is liable to a royalty rate of 1% of the gross mineral value.
321. Whereas the lower royalty rate on gold sales by small scale producers was aimed at promoting deliveries to Fidelity Printers and Refinery, it has also created an opportunity for tax avoidance whereby some mining houses may sale gold through small scale producers, in order to benefit from lower royalty rates as well as higher foreign currency retention thresholds.
322. Furthermore, the fixed royalty rate regime is not supportive of mining production during cycles of low commodity prices and does not also maximise revenue flows to the fiscus during periods of high commodity prices.
323. In order to support gold production as well as maximise revenue flows to the fiscus, I propose to review the royalty regime for primary gold

producers from a two-tier system to a sliding scale royalty regime that is based on gold price as shown below.

Proposed Royalty Regime for Gold

Gold Price Range	Below US\$1200 per ounce	Above US\$1200 per ounce
Applicable Royalty Rate	3%	5%

324. Applicable royalty rates under a sliding scale regime self-adjust in line with the prevailing international gold price, that is, lower royalty rates automatically apply when gold prices are relatively low and high rates apply when gold prices are high. Such a system also ensures fiscal stability, which is vital for long-term investment decisions.

325. I further propose to review the royalty rate on gold produced by small scale miners from the current rate of 1% to 2% of the gross fair market value, in order to minimise arbitrage opportunities.

326. The above measures take effect from 1 September 2019.

Alignment of the Definition of Mineral

327. The Mines and Minerals Act recognises dimensional stones extracted from quarries as a mineral. In this regard, quarry mining operations and licensing are governed in terms of the Mines and Minerals Act.

328. However, the definition of mineral in the Income Tax Act excludes dimensional stones, hence quarry mining related expenditure is disallowed for tax purposes.

329. I, therefore, propose to align the definition of mineral in the Income Tax Act to that in the Mines and Minerals Act.

Removal of Duty on Solar Batteries

330. Honourable Members would be aware that Government, in 2010, provided for duty free importation of solar panels and other solar related products, in support of the energy policy thrust on use of alternative, clean and renewable energy sources.

331. Solar batteries, which are critical in the storage of solar energy, however, attract customs duty.

332. Whereas the local manufacturers produces a selected range of solar batteries, lithium-ion solar batteries, which have a longer lifespan and maintenance-free are, however, not locally produced.

333. In order to promote investment in solar energy, thereby reducing power demand on the already constrained national grid, I propose to remove duty on lithium-ion solar batteries, with effect from 5 August 2019.

Suspension of Duty on Motor Vehicles Imported for use by Physically Handicapped Persons

334. In order to enhance mobility of physically challenged persons, Government suspended duty on motor vehicles imported by such

persons, provided the motor vehicles are aged less than ten years from the date of manufacture, at the time of importation.

335. However, in the unfortunate event of death of the beneficiary before the expiry of five years from the date of importation, the suspended residual duty becomes due and payable by the Executor of the Estate.
336. In order to relieve the burden for payment of duty by beneficiaries of the estate, I propose to waive payment of duty on such circumstances, with effect from 5 August 2019.

Fees and Charges

Review of Fees, Levies and Charges

337. Mr Speaker Sir, Government provides a range of goods and services in consideration for, fees, levies and charges. These services range from Government housing, registration of mining claims and motor vehicles, acquisition of driving licence, import licences and passport fees, among others.
338. Upon the introduction of the multicurrency regime in 2009, fees, levies and charges on Government services were pegged in United States Dollar, which had been adopted as the anchor currency for accounting and reporting purposes.

339. The bulk of fees, levies and charges were pegged at levels that took into account the need for Government to subsidise critical social services in order to facilitate citizens access to essential Government services, whilst in other instances they were pegged at cost recovery.
340. Honourable Members will be aware that upon adoption of the *Real Time Gross Settlement Dollar* as part of the multicurrency system through Statutory Instrument 33 of 2019, all amounts expressed in United States Dollars were converted to local currency on a one-to-one basis. Consequently, all statutory fees, levies and charges are now quoted in local currency.
341. Since the establishment of an inter-bank for foreign exchange, the local currency has lost value against major currencies. As at 16 July 2019, the local unit was trading at 8.8 to the United States dollar.
342. Depreciation of the local unit against major currencies has increased the cost of goods and services, hence the current level of fees, levies and charges is no longer reflective of the cost of providing Government services.
343. Ideally, fees, levies and charges should be set at breakeven levels in order to guarantee continued provision of efficient services, discourage speculative tendencies by business, and also generate sufficient revenue to support refurbishment and maintenance of existing infrastructure.

However, this should not undermine universal access to essential Government services by vulnerable members of society as well as efforts to ease the cost of doing business.

344. In view of the foregoing, and in line with section 78(1)(r) of the Public Finance Management Act [*Chapter. 22:19*], which empowers Treasury to prescribe the level of fees and charges for revenues accruing to the Consolidated Revenue Fund, I propose to review fees, levies and charges on Government services to levels shown on the indicative guide below:

Proposed Guide for User Fees, Levies and Charges

Nature of Fee	Current Rate (ZWL\$)	Proposed Rate (ZWL\$)
Import Permit	30	250
Driver's Licence	20	100
Motor Vehicle Registration (Ordinary Number Plates)	80	500
Medium Sized Government House (Urban)	350	450
Group A Training Facilities Accommodation per night	10	75
3 Bedroom Medium Density House	225	290
3 Bedroom Low Density House	250	325
Ordinary Prospecting Licence per mining district	200	1 000
Special Prospecting Licence (Whole Country)	2 500	12 500
Acquisition of Phytosanitary Certificate	10	50

345. Mr Speaker Sir, I provide an annexure on the approved level of fees as requested by the Ministry of Transport and Infrastructural Development. Notable changes on these fees relates to road user tolls as shown below:

Proposed Toll Fees

Category of Toll Fees	Current Rate (ZWL\$)	Proposed Rate (ZWL\$)
Light Motor Vehicles	2	10
Minibuses	3	15
Buses	4	20
Heavy Vehicles	5	25
Haulage Trucks	10	50

346. In order to have legal effect, approved fees, levies and charges fees should be published in the Government *Gazette*.
347. In line with the ongoing review, Government Ministries and Departments should submit to Treasury, proposals for review of fees under their purview by 1 September 2019, guided by the principles that I have already outlined.
348. Furthermore, fees, levies and charges will be subject to review in line with economic developments.

Tax Administration

Review of Monetary Amounts in Tax Statutes

349. Mr Speaker Sir, I have already alluded to the fact that monetary amounts in various Statutes, including tax related legislation, were converted from the United States dollar to the Real Time Gross Settlement Dollar on a one to one basis through promulgation of Statutory Instrument 33 of 2019, hence no longer serve the intended purpose.

350. Examples of such monetary amounts in tax related legislation include the Value Added Tax registration threshold which is currently pegged at ZWL\$60,000 as well as some penalties and fines which are no longer deterrent to illegal activities.
351. I, therefore propose an upward review of monetary amounts in tax legislation.

Rate of Interest on Outstanding Tax Debts

352. Mr Speaker Sir, non-compliance with tax legislation continues to deprive Government of funding to support critical areas such as infrastructure and social services. A number of taxpayers deliberately delay remittance of tax to Government in order to fund their operations.
353. In order to dissuade taxpayers from such practices, Government imposed an interest rate of 5% plus the London Inter-Bank Offer Rate (LIBOR).
354. The Libor reference rate of about 2.6% is, however, no longer relevant under the current local currency regime.
355. I, therefore, propose to review the interest rate paid on outstanding debts from the current 5% plus Libor, to 25%.

Capital Gains Tax Computation: Specified Assets

356. Capital Gains Tax is payable on gains accruing from disposal of specified assets that include immovable property and marketable securities.

The gain is calculated after deducting from the selling price allowable deductions such as the cost of acquisition, and the value of additions, alterations and improvements, among others.

357. The introduction of a mono-currency regime through Statutory Instrument 142 of 2019 has resulted in valuation challenges for assets acquired prior to and sold after 24 June 2019.
358. In order to ease the burden of compliance and also enhance revenue assurance for tax administration, I propose to charge a flat capital gains tax rate of 5% on the gross capital amount, being the deemed gain accruing on specified assets acquired after 24 June 2019.

Legislative Amendments

Income Tax

Relaxation of Thin Capitalisation Rules

359. Mr Speaker Sir, Government has availed loan funding to recapitalise strategic State Owned Enterprises. This support has, however, resulted in some of these companies exceeding the prescribed debt to equity ratio of three to one for tax purposes.
360. Consequently, interest paid on the portion of the debt that results in the debt to equity ratio of three to one being exceeded, is disallowed as a deduction and deemed to be a dividend liable to tax at a rate of 15%.

361. In order to facilitate implementation of strategic Government projects, I propose to exempt from tax, deemed dividends accrued on account of debt contracted through Government facilities by State Owned Enterprises where such debt exceeds the debt to equity ratio of three to one.

362. This measure takes effect from 1 January 2020.

Capital Gains

363. Sovereign Wealth Funds have become an important mechanism through which a country's resources can be managed for the benefit of current and future generations. In addition, these Funds can be used to support economic and social development as well as fiscal or macroeconomic stabilisation.

364. In order to reduce the cost of capitalisation, I propose to exempt gains accruing from the transfer or disposal of shares to the Sovereign Wealth Fund from capital gains tax.

Tax Incentives for Special Economic Zones

365. Honourable Members will recall that Government enacted the Special Economic Zones legislation in order to attract foreign direct investment and enhance the economy's capacity to produce goods and services competitively.

366. Subsequently, Government, in 2017, availed a number of tax incentives for the benefit of companies engaged in export oriented industrial activities that include manufacturing, processing or assembling.
367. Government notes with concern that some non-exporting companies have been designated as *Special Economic Zones* in order to benefit from the existing preferential tax regime.
368. Notwithstanding operating in a *Special Economic Zone*, companies are, however, not automatically entitled to benefit from the existing tax incentives, unless they meet the conditions prescribed in the Finance or Income Tax Act.
369. These conditions include wholly exporting goods and services produced from within the *Special Economic Zone* from industrial activities that include manufacturing, processing or assembling of goods.
370. From the foregoing, mining houses and other companies that produce for the domestic market cannot benefit from tax incentives under *Special Economic Zones*.
371. Furthermore, in order to ensure that there is conformity to the constitutionally enshrined principles of fair taxation and for purposes of transparency and accountability, tax incentives shall be solely promulgated through the relevant tax legislation.

Value Added Tax

Provision of Back-Up Services on Fiscalised Devices by Approved Suppliers

372. The Value Added Fiscalisation programme was introduced in 2010. Under the programme, VAT registered operators are required to procure fiscalised devices from licenced vendors, that are also mandated to provide back-up service.
373. Over the years, some companies that were licenced to supply fiscalised devices have ceased operations, while in other cases licenses have been revoked due to non-compliance.
374. As a consequence, devices supplied to the market by such suppliers no longer have back-up support in the event of malfunctioning.
375. In order to enhance the effectiveness of the *Fiscalisation Programme*, I propose to allow existing licenced vendors to provide back-up service to devices supplied by operators that would have ceased operations.

Zero-Rating of Exports of Exempt Supplies

376. The Value Added Tax legislation zero-rates exports of goods and services provided the supplier is registered for VAT purposes and tax at the prescribed rate has been charged.

377. Suppliers of zero rated goods and services are eligible to claim input tax, which reduces the cost of production, thereby enhancing export competitiveness.
378. However, this benefit cannot be extended to exports of VAT exempt goods and services, since the suppliers are not registered for VAT, hence are unable to charge tax.
379. In order to facilitate competitiveness of exports, I propose to zero-rate exports of exempt fruits, vegetables and unmanufactured tobacco.

VAT Zero-Rating of Live Animals

380. Government in 2014 reclassified live animals from exemption to zero-rating for Value Added Tax purposes. However, the legal instrument to effect this concession did not repeal the previous legal instrument that exempted live animals.
381. As a consequence, there is no consistent VAT treatment for live animals.
382. I, therefore, propose to repeal the legal instrument that currently exempts live animals from VAT.

VAT on Capital Equipment arising from Change of Policy

383. VAT registered operators are allowed to claim input VAT on capital goods used to manufacture taxable supplies.

384. In circumstances where the manufacturer changes use of the capital goods to produce exempt supplies, the plant and equipment is deemed to have been disposed, hence output VAT is payable.
385. In order to mitigate the impact of the VAT liability on affected suppliers, Government exempted the application of deeming provisions in cases where change of use was a result of Government policy.
386. The exemption was, however, deemed effective from 1 January 2018, instead of 1 January 2017.
387. I, therefore, propose to regularise the effective date of this concession to apply with effect from 1 January 2017.

Exemption from VAT: Tobacco Not Sold on the Auction Floors

388. Currently, tobacco not sold on auction floors is exempt from VAT. A number of taxpayers are, however, experiencing challenges in identifying the type of tobacco that is exempt from VAT since it is not specified in the VAT Regulations.
389. I, therefore, propose to specify the following types of tobacco that are exempt from VAT and are also not sold on the auction floors:

Commodity Code	Description
2401.10.10	Flue cured of the Virginia type
2401.10.20	Burley
2401.10.30	Dark Fired
2401.10.40	Oriental
2401.10.50	Sun cured
2401.10.90	Other

Interest on Delayed VAT Refunds

390. Where ZIMRA fails to refund any amount owing to a Registered Operator within 30 days after receipt of Tax Return or Tax Refund Application, interest is payable to such a *Registered Operator*.
391. However, some provisions in the VAT Regulations stipulate that interest shall be payable after 60 days.
392. I, thus, propose to align to the prescribed period within which interest is payable to the 30-day limit.

Customs Duty

Manufacturers Rebate

Food, Soap and Cosmetics

393. In order to reduce the cost of production, thereby enhancing competitiveness of locally manufactured soaps, Government, in 2018,

increased the list of additional raw materials under the Food, Soap and Cosmetic Manufacturers Rebate, where materials used in the production process are imported duty free.

394. The legislation, however, provides for a suspension of duty of 5% on such materials, contrary to the intended result.

395. I propose a rebate of duty, where duty is entirely suspended.

Suspension of Duty on Tyre Casings

396. In order to enhance the viability of the tyre treading industry and affordability of tyres, Government ring-fenced 150 000 tyre casings imported by approved tyre re-treads at a lower rate of duty of 15%, with effect from 1 January 2018.

397. The tyre casings were, however, misclassified, hence, I propose to reflect the correct tariff code.

Payment of Levies by Foreign Visitors

398. Prior to de-dollarisation, foreign visitors were paying Carbon Tax, Third Party Insurance and Road Access Fees in foreign currency.

399. I, therefore, propose continuation of payment of the above levies in foreign currency, in order to ensure convenience for such travellers.

Payment of Tax, Fees and Charges in Foreign Currency

400. Mr Speaker Sir, for the avoidance of doubt, the only legal tender in the country is the Zimbabwean Dollar as pronounced through Statutory Instrument 142 of 2019, unless exemptions were specified therein.
401. Therefore, in cases where exemptions have been issued, taxes shall also be payable in foreign currency.
402. Fees and charges on services provided to foreign registered businesses such as airlines flying into Zimbabwe and haulage trucks transiting through Zimbabwe and services that include passports provided by the country's foreign missions will also be collected in foreign currency.

CONCLUSION

403. The year 2019 poses a number of challenges, which, however, will not detract us from full implementation of the Transitional Stabilisation Programme.
404. Progress on the stabilisation front is so far very positive and now constitutes a strong base for the advancement of other reforms, particularly regarding supply stimulation, re-engagement and governance and other structural interventions.
405. It is, therefore, now time to really focus on growth and development given that the fiscal and monetary policy issues are under control. The

prospective investments in mining of US\$12 billion, combined with tourism potential, industry reboot from a new position of a competitive domestic currency, infrastructure investments, all point to a bright future for economic growth, job creation and development. The devolution agenda will galvanise the development thrust at the local level.

406. These issues, therefore, constitute the reform agenda for the last half of the year and beyond.

407. I, therefore, propose the adoption of the 2019 Supplementary Budget.

Hon. Prof. M. Ncube

Minister of Finance and Economic Development

1 August 2019

ANNEXURES

Annex 1: GDP growth rates by Sector (%)

	2017	2018 Est.	2019 Proj
GDP by industry at market prices, constant prices	4.7	4.2	-2.1
Agriculture and forestry	10.0	8.1	-15.7
Mining and quarrying	3.5	15.3	-3.6
Manufacturing	1.3	1.3	-0.8
Electricity and water	4.0	19.0	-4.9
Construction	3.9	10.7	0.3
Distribution, Hotels and restaurants	7.6	3.8	-4.9
Transportation and communication	5.1	2.3	-2.0
Financial, banking and insurance activities	3.1	4.3	-5.8
Government public administration, education and health	3.9	-0.7	1.7
Administrative and support service activities	1.1	0.1	1.6
Education and training	6.0	-4.2	1.3
Human health and social work activities	8.8	7.6	3.6
Private's education and health	6.7	-1.4	1.9
Households-related services	1.7	1.1	0.6
Real estate activities	1.1	10.7	0.3
Other service activities	1.5	-4.1	0.9
Private households with employed persons	9.5	0.0	0.0

Source: ZIMSTAT & MFWG

Annex 2: Agriculture Output ('000' tons)

	2017	2018 Est.	2019 Proj
Tobacco (flue cured)	190	252	240
Maize	2,155	1831	777
Beef	72	74.5	70
Cotton	75	144	85
Sugar cane	4,350	3903	4720
Horticulture	70	71	77.39
Poultry	134.5	166	167
Groundnuts	139.0	127	70.9
Wheat	160.0	161	109
Dairy (m lt)	83.0	92	96
Coffee	0.5	0.6	0.5
Soybeans	36	54	60
Tea	19	20	38
Paprika	8	8	8
Pork	10.0	11.4	11.0
Wildlife	32	33	33
Sorghum	182.0	70.1	41.4
Barley	15	33.4	40
Sheep & goats	8.7	9.2	12.0
Sunflower seeds	10.3	3.7	8.0
Ostriches	19	19.00	19.00

Source: ZIMSTAT & MFWG

Annex 3: Mining Output: Jan – May 2019

	Jan	Feb	Mar	Apr	May	Total
Gold (kgs)	1,926.81	2,274.14	2,764.40	2,279.88	2,323.08	11,568.31
Platinum (kgs)	1,218.28	1,052.77	1,145.59	1,182.14	1,289.15	5,887.94
Palladium (kgs)	1,008.23	871.13	945.59	977.14	1,073.47	4,875.57
Rhodium (kgs)	110.40	94.21	101.76	105.67	114.19	526.22
Iridium (kgs)	75.93	62.93	71.16	73.23	79.61	362.86
Ruthenium (kgs)	67.01	59.22	62.85	66.47	73.38	328.93
Diamonds (cts)	177,084.22	135,777.50	148,486.21	156,621.90	216,474.42	834,444.25
Chrome (MT)	108,847.07	138,400.74	172,238.24	112,299.20	99,548.34	631,333.59
Nickel (MT)	1,494.61	1,427.05	1,499.04	926.88	1,582.14	6,929.72
Copper (MT)	738.22	658.52	729.43	772.53	822.82	3,721.52
Cobalt (MT)	33.58	29.85	31.46	33.05	34.54	162.48
Coal (MT)	126,793.00	130,182.00	117,778.00	237,716.00	233,314.00	845,783.00
HCFC (MT)	26,000.90	26,066.42	38,071.99	24,840.62	23,756.36	138,736.29
Lithium (MT)	4,820.86	4,853.37	6,162.70	5,526.00	5,702.84	27,065.77
Phosphate (T)	2,551.00	4,647.00	3,938.00	4,200.00	2,870.00	18,206.00
Granite (MT)	8,254.97	14,577.16	14,940.27	12,319.01	13,651.55	63,742.96
Feldspar (MT)	670.00	159.00	30.00	225.00	190.00	1,274.00
Vermiculite (MT)	1,455.95	1,774.85	2,896.25	2,286.15	1,508.40	9,921.60

Source: Chamber of Mines & Fidelity Printers

Annex 4: Mining Output

	2017	2018 Est.	2019 Proj.
Black Granite (tons)	177	213	184
Chrome (tons)	1,674	1756	2000
Coal (tons)	3,074	3348	2000
Cobalt (tons)	445	402	520
Copper (tons)	8,839	9076	9700
Gold (kgs)	26,495	35054	28000
Graphite (tons)	1,577	1577	5800
Nickel (tons)	16,617	17810	16000
Paladium (kgs)	11,822	12094	12000
Phosphate (tons)	60,094	51393	61000
Platinum (kgs)	14,257	14,703	15000
Rhodium (kgs)	1,283	1334	1500
Ruthenium (kgs)	1,102	1155	1200
Diamonds (carats)	2,508	3252	2000

Source: Chamber of Mines & MFWG

Annex 5: Volume of Manufacturing Indices

	2017	2018 Est.	2019 Proj.
Foodstuffs	101.0	101.8	101.9
Drinks, Tobacco and Beverages	98.5	99	97
Textiles and Ginning	80.0	80.1	80
Clothing and Footwear	95.0	95.6	96.0
Wood and Furniture	98.2	98.3	97
Paper, printing and Publishing	91.0	96	93
Chemical and Petroleum Products	88.0	89	86
Non metallic mineral products	143.2	143.5	145
Metals and Metal products	70.0	73	73
Transport, Equipment	66.0	66.5	67
Other manufactured goods	66.7	67	68
Manufacturing Index	91.6	92.8	92.1

Source: ZIMSTAT & MFWG

Annex 6: Tourist Arrivals

	2017	2018	2019	2020
Tourist Arrivals	2,422,930	2,579,974	2,400,000	2,500,000

Source: ZTA & MFWG

Annex 7: 2018 – 2019 Monthly Electricity Generation (GWh)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	No	Dec	Total
2018	632 .2	483.7	533.6	619.3	783.8	768.7	803.7	846.0	871.6	937.6	899.6	857.7	9,037.5
2019	827 .6	802.4	827.6	799.7	754.7								4,012.0

Source: ZPC

Annex 8: Electricity Generation GWh:

	2017	2018 Est.	2019 Proj.
January	519	648	827
February	814	503	802
March	629	554	828
April	592	637	800
May	631	811	755
June	606	793	730
July	745	842	787

August	723	908	631
September	656	903	570
October	643	953	605
November	628	916	598
December	665	873	598
IPP			350
Total	7851	9341	8882

Source: ZPC & MFWG

Annex 9: International Internet Bandwidth Capacity (Mbps)

	Mar-17	Jun-17	Sep-17	Dec-17	Apr-18	Jul-18	Oct-18	Feb-19	May-19
Equipped International Incoming	76,060	98,325	101,625	102,080	102,950	104,405	113,870	113,405	114,995
Used International Incoming	35,103	36,297	46,188	48,017	56,242	80,546	85,333	84,683	87,720

Source: POTRAZ

Annex 10: Jan -June 2019 Government Finances:ZWL\$ million

	Jan	Feb	Mar	Apr	May	Jun	Total
Total Revenues	487.6	606.7	832.3	822.0	932.2	1,310.8	4,991.7
Tax	468.2	597.1	812.2	810.2	912.8	1,279.5	4,880.0
Non-Tax	19.4	9.6	20.1	11.8	19.4	31.3	111.6
Total Expenditures & Net Lending	385.2	521.3	577.0	695.3	857.9	1,151.1	4,188.0
Employment Costs	327.4	356.8	330.8	371.0	393.8	377.4	2,157.5
Operations & Maintenance	27.8	71.3	102.8	154.9	142.2	401.0	899.8
Interest	29.8	16.7	46.8	31.1	36.4	28.5	189.4
Transfers to Provincial Councils & Local Authorities	0.0	0.0	0.0		39.7	1.5	41.2
Capital Expenditures & Net Lending	0.1	76.5	96.6	138.3	245.9	342.6	900.1
Budget Balance	102.4	85.4	255.3	126.7	74.3	159.8	803.6

Source: MOFED

Annex 11: Total Public and Publicly Guaranteed Debt

Preliminary Zimbabwe's Total Public and Publicly Guaranteed Debt as at end June 2019 (ZWL Millions)								
SUMMARY	Central Government			Public Enterprises			Grand Total	% of Total
	DOD	Arrears	Total	DOD	Arrears	Total		
Total Public Debt	23,775	33,454	57,230	337	9,291	9,628	66,858	100.0%
1. External Debt	15,014	33,454	48,469	337	9,291	9,628	58,097	86.9%
<i>a. Bilateral Creditors</i>	12,789	20,958	33,748	337	5,546	5,883	39,630	59.3%
Paris Club	1161	18362	19523	244	5339	5583	25,106	37.6%
Non Paris Club	9002	2030	11031	93	207	300	11,331	16.9%
RBZ Assumed Debt	2627	566	3193	0	0	0	3,193	4.8%
<i>b. Multilateral Creditors</i>	2,225	12,496	14,721	0	3,745	3,745	18,467	27.6%
World Bank	1508	7068	8,576	0	2029	2029	10,605	15.9%
African Development Bank	250	4248	4,498	0	589	589	5,087	7.6%
European Investment Bank	138	975	1,113	0	1127	1127	2,241	3.4%
Others	329	206	535	0	0	0	535	0.8%
2. Domestic Debt	8,761		8,761				8,761	13.1%
RBZ Debt Assumption	241		241				241	0.4%
RBZ Restructuring	3,995		3,995				3,995	6.0%
Government Legacy Debts	2,584		2,584				2,584	3.9%
RBZ Capitalisation	100		100				100	0.1%
SOEs Capitalisation	131		131				131	0.2%
ZAMCO	1,071		1,071				1,071	1.6%
Budget Financing	490		490				490	0.7%
Arrears to Service Providers	149		149				149	0.2%

Source: MOFED

Annex 12: Trade Statistics (US\$m): Jan – May 2019

	Jan	Feb	Mar	Apr	May	Total
Exports	292.6	349.5	295.9	277.0	343.2	1,558.23
Imports	366.7	408.0	329.0	416.7	436.8	1,957.19
Trade Balance	-74.0	-58.5	-33.1	-139.7	-93.6	(398.96)

Source: ZIMSTAT

Annex 13: Supplementary Capital Development Budget

SECTOR	2019 ORIGINAL BUDGET		REVISED BUDGET	
	Consolidated Revenue Fund (CRF)	Total Consolidated Revenue Fund Additional Requirements	Total Consolidated Revenue Fund	
	ZWL\$	ZWL\$	ZWL\$	
INFRASTRUCTURE	1,127,625,000	1,344,767,000	2,472,392,000	
Energy and Power Supply	12,000,000	42,000,000	54,000,000	
Transport	387,800,000	527,917,000	915,717,000	
Water Supply and Sanitation	214,550,000	167,550,000	382,100,000	
ICT	97,265,000	79,000,000	176,265,000	
Public Amenities	180,010,000	221,705,000	401,715,000	
Social Services	173,800,000	156,595,000	330,395,000	
Irrigation Development	36,500,000	141,000,000	177,500,000	
Other Infrastructure Related Outlays	25,700,000	9,000,000	34,700,000	
AGRICULTURE EXPENDITURES	615,000,000	2,950,000,000	3,565,000,000	
Strategic Grain Reserve	235,000,000	1,254,000,000	1,489,000,000	
Agriculture Input Schemes	250,000,000	1,678,000,000	1,928,000,000	
<i>Special Maize Production Programme</i>	-	1,028,000,000	1,028,000,000	
<i>Vulnerable Input Scheme</i>	130,000,000	650,000,000	780,000,000	
<i>Agriculture Input Guarantee Scheme</i>	120,000,000	-	120,000,000	
Agriculture Marketing Authority	80,000,000	-	80,000,000	
Compensation for Land Improvements	50,000,000	18,000,000	68,000,000	
CAPITALISATION OF SOES	32,000,000	120,300,000	152,300,000	
Mining Promotion Corporation	3,000,000	-	3,000,000	
ZESA	-	35,000,000	35,000,000	
Agribank	10,000,000	-	10,000,000	
Air Zimbabwe	2,000,000	62,300,000	64,300,000	
NATPHARM	1,000,000	-	1,000,000	
Youth Empowerment Bank	-	5,000,000	5,000,000	
Small Enterprises Development Corporation	6,000,000	12,000,000	18,000,000	
Women Micro Finance Bank	10,000,000	6,000,000	16,000,000	
OTHER CAPITAL ITEMS	262,906,000	628,331,000	891,237,000	
Contingent Liabilities	34,500,000	10,000,000	44,500,000	
Shareholding in International Organisations	20,000,000	10,000,000	30,000,000	
Constituency Development Fund	16,800,000	-	16,800,000	
Furniture and equipment	45,950,000	37,770,000	83,720,000	
Vehicles, plant and mobile equipment	94,169,000	410,225,000	504,394,000	
Other	51,487,000	160,336,000	211,823,000	
GRAND TOTAL	2,039,602,000	5,034,398,000	7,074,000,000	

Annexure 14: 2019 Supplementary Estimates of Expenditure

Vote Appropriations	2019 Estimates		
	Original Estimates	Additional Estimates	Revised Estimates
	ZWL\$	ZWL\$	ZWL\$
Office of the President and Cabinet	294,700,000	499,565,000	794,265,000
Parliament of Zimbabwe	145,000,000	98,937,000	243,937,000
Labour and Social Welfare	81,201,000	1,083,995,000	1,165,196,000
Defence, Security and War Veterans	546,939,000	551,201,000	1,098,140,000
Finance and Economic Development	273,593,000	1,204,884,000	1,478,477,000
Audit Office	7,763,000	7,140,000	14,903,000
Industry and Commerce	47,055,000	47,093,000	94,148,000
Lands, Agriculture and Rural Resettlement	989,298,000	3,392,970,000	4,382,268,000
Mines & Mining Development	15,445,000	9,600,000	25,045,000
Environment, Tourism and Hospitality Industry	38,136,000	81,270,000	119,406,000
Transport and Infrastructural Development	399,182,000	761,295,000	1,160,477,000
Foreign Affairs	56,090,000	260,075,000	316,165,000
Local Government, Rural Development and National Housing	179,886,000	278,749,000	458,635,000
Health and Child Care	694,467,000	507,061,000	1,201,528,000
Primary and Secondary Education	1,132,322,000	362,205,000	1,494,527,000
Higher & Tertiary Education, Science and Technology Development	380,842,000	107,346,000	488,188,000
Women Affairs, Community, Small and Medium Enterprises Development	44,771,000	29,036,000	73,807,000
Home Affairs and Cultural Heritage	517,822,000	356,541,000	874,363,000
Justice, Legal & Parliamentary Affairs	155,608,000	129,380,000	284,988,000
Information, Publicity and Broadcasting Services	45,192,000	13,442,000	58,634,000
Youth, Sport, Arts and Recreation	53,495,000	31,806,000	85,301,000
Energy & Power Development	16,011,000	78,887,000	94,898,000
Information Communication Technology and Courier Services	17,912,000	18,100,000	36,012,000
Judicial Services Commission	27,638,000	32,911,000	60,549,000
Public Service Commission	279,278,000	34,244,000	313,522,000
Council of Chiefs	5,202,000	6,470,000	11,672,000
Human Rights Commission	3,335,000	2,565,000	5,900,000
National Peace and Reconciliation Commission	2,463,000	4,370,000	6,833,000
National Prosecuting Authority	8,089,000	14,959,000	23,048,000
Zimbabwe Anti-Corruption Commission	6,403,000	36,752,000	43,155,000
Zimbabwe Electoral Commission	14,321,000	10,833,000	25,154,000
Zimbabwe Gender Commission	2,000,000	2,533,000	4,533,000
Zimbabwe Land Commission	10,488,000	19,004,000	29,492,000
Zimbabwe Media Commission	2,000,000	1,616,000	3,616,000
TOTAL	6,493,947,000	10,076,835,000	16,570,782,000
Debt Service: Interest Bill	351,114,000	159,886,000	511,000,000
Pension	594,100,000	223,486,000	817,586,000
Other Constitutional & Statutory Appropriations	326,200,000	394,432,000	720,632,000
Total Expenditure & Net Lending	7,765,361,000	10,854,639,000	18,620,000,000
Repayment of Loans	2,550,300,000	0	2,550,300,000
Total Expenditure & Net Lending including Loan Repayment	10,315,661,000	10,854,639,000	21,170,300,000

Annexure 15: PROGRESS ON POLICY REFORMS

POLICY ISSUE	POLICY OBJECTIVE	PROGRESS & WAY FORWARD																								
Fiscal Consolidation																										
1. Expenditure Management	<ul style="list-style-type: none"> To contain expenditures in line with the appropriate budget deficit of below 5% of GDP and ultimately attain a budget surplus in the medium term. This also frees resources to developmental programmes such as infrastructure and social services delivery. 	<p>Treasury Bills</p> <ul style="list-style-type: none"> The RBZ Overdraft, and loans of about ZWL\$3.995 billion were restructured in 2019. Government rolled over Treasury bills to the tune of ZWL\$230 million during the first held of 2019. Treasury Bills Issuance Committee has been reactivated to ensure that all new Treasury Bills issuances are in line with budget financing needs. 																								
	<ul style="list-style-type: none"> This also frees resources to developmental programmes such as infrastructure and social services delivery. 	<p>Public Wage Bill</p> <ul style="list-style-type: none"> The Cost of Living Adjustment in April resulted in Targets being exceeded as indicated in the table below. <table border="1" data-bbox="691 1181 1050 1558"> <thead> <tr> <th></th> <th>Actual (ZWL\$ Million)</th> <th>Target (ZWL\$ Million)</th> </tr> </thead> <tbody> <tr> <td>Jan</td> <td>327.4</td> <td>328.7</td> </tr> <tr> <td>Feb</td> <td>356.8</td> <td>328.7</td> </tr> <tr> <td>Mar</td> <td>330.8</td> <td>328.7</td> </tr> <tr> <td>Apr</td> <td>371.0</td> <td>328.7</td> </tr> <tr> <td>May</td> <td>393.8</td> <td>328.7</td> </tr> <tr> <td>June</td> <td>377.4</td> <td>328.7</td> </tr> <tr> <td>Total</td> <td>2157.2</td> <td>1972.2</td> </tr> </tbody> </table>		Actual (ZWL\$ Million)	Target (ZWL\$ Million)	Jan	327.4	328.7	Feb	356.8	328.7	Mar	330.8	328.7	Apr	371.0	328.7	May	393.8	328.7	June	377.4	328.7	Total	2157.2	1972.2
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Total	2157.2	1972.2																								
	<ul style="list-style-type: none"> Rationalisation of numbers and freezing of 	<p>Freeze on Hiring</p>																								

	posts on non-critical staff	<ul style="list-style-type: none"> Government hired additional staff in health and education resulting in an additional bill of ZWL\$43.4 million 																								
2. Revenue Mobilisation	<ul style="list-style-type: none"> To broaden the tax base and enhance resource mobilisation which would be ring-fenced specifically for developmental programmes and projects, social sector spending and provincial devolution. 	<p>2% IMTT Collections</p> <table border="1"> <thead> <tr> <th></th> <th>Actual (ZWL\$ Million)</th> <th>Target (ZWL\$ Million)</th> </tr> </thead> <tbody> <tr> <td>Jan</td> <td>98.5</td> <td>50.0</td> </tr> <tr> <td>Feb</td> <td>94.7</td> <td>50.0</td> </tr> <tr> <td>Mar</td> <td>87.7</td> <td>87.6</td> </tr> <tr> <td>April</td> <td>104.7</td> <td>95.0</td> </tr> <tr> <td>May</td> <td>121.2</td> <td>95.0</td> </tr> <tr> <td>June</td> <td>163.6</td> <td>95</td> </tr> <tr> <td>Total</td> <td>669.85</td> <td>472.6</td> </tr> </tbody> </table>		Actual (ZWL\$ Million)	Target (ZWL\$ Million)	Jan	98.5	50.0	Feb	94.7	50.0	Mar	87.7	87.6	April	104.7	95.0	May	121.2	95.0	June	163.6	95	Total	669.85	472.6
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June	163.6	95																								
Total	669.85	472.6																								
3. Budget Deficit Containment	<ul style="list-style-type: none"> Containing the budget deficit to sustainable levels which also provide scope for managing the debt and inflation outcomes. 	<p>Monthly budget deficits</p> <ul style="list-style-type: none"> Since January 2019, the Government has been running budget surpluses and had a cumulative surplus of ZWL\$803.9 million up to June 2019. <table border="1"> <thead> <tr> <th></th> <th>Actual (ZWL\$ Million)</th> <th>Target (ZWL\$ Million)</th> </tr> </thead> <tbody> <tr> <td>Jan</td> <td>102.4</td> <td>-16.4</td> </tr> <tr> <td>Feb</td> <td>85.4</td> <td>-43.0</td> </tr> <tr> <td>Mar</td> <td>255.3</td> <td>137.5</td> </tr> <tr> <td>Apr</td> <td>126.7</td> <td>175.3</td> </tr> <tr> <td>May</td> <td>74.3</td> <td>147.5</td> </tr> <tr> <td>June</td> <td>159.8</td> <td>90.0</td> </tr> <tr> <td>TOTAL</td> <td>803.9</td> <td>490.9</td> </tr> </tbody> </table>		Actual (ZWL\$ Million)	Target (ZWL\$ Million)	Jan	102.4	-16.4	Feb	85.4	-43.0	Mar	255.3	137.5	Apr	126.7	175.3	May	74.3	147.5	June	159.8	90.0	TOTAL	803.9	490.9
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TOTAL	803.9	490.9																								
4. Inflation	<ul style="list-style-type: none"> Depreciation of the parallel exchange rate, therefore, is perceived to have been the main driver of inflation during the first half of the year. The RBZ will continue the extensive 	<p>Month on Month</p> <ul style="list-style-type: none"> Month-on-month inflation, averaged 12.4% in the first half of 2019 against 6.4% recorded in the last half of 2018. Downside risks to the inflation outlook are Wage pressures and administratively determined prices such as electricity and fuel that require realignment. In order to manage the pass through effect from adjustments of these prices, a staggered approach will be desirable. 																								

	<p>mopping up of excess liquidity in the market and this will see containment of inflationary pressures in the outlook to year-end. Similarly, the exchange rate is expected to stabilize.</p>	
5. Public Debt	<ul style="list-style-type: none"> • Pursuing a two-pronged approach entailing: <ul style="list-style-type: none"> ○ Re-engagement with external creditors for purposes of resolving the external debt overhang (USZWL\$8.0 billion as at 30 June 2019) including arrears clearance, USZWL\$5.6 billion; ○ Containing the domestic debt (USZWL\$8.8 billion as at 30 June 2019) to sustainable levels through budget deficits containment. 	<p>External Debt</p> <ul style="list-style-type: none"> • Re-engagement with multilateral financial institutions and other creditors continues. • USZWL\$108 million owed to the IMF was cleared in 2018; • USZWL\$680 million and USZWL\$1.4 billion is still owed to the AfDB and World Bank, respectively; • A further USZWL\$308 million is owed to the European Investment Bank. <p>Domestic Debt</p> <ul style="list-style-type: none"> • On 9 July 2019, Government thus floated a tender through an auction system and a total ZWL\$18 million was issued for market development and price discovery.
Monetary Sector and Currency Reforms		
6. Restoration of Reactivation of Monetary Policy	<ul style="list-style-type: none"> • In complementing fiscal austerity measures under implementation, the monetary policy now targets to mop 	<p>20 February 2019 the Government Gazetted S.1. 33 of 2019</p> <p>SI 33 of 2019 empowered the Reserve Bank of Zimbabwe to:</p> <ul style="list-style-type: none"> • Establish the RTGS dollar as a medium of exchange, giving it legal tender status within the multi-currency system.

	<p>up excess liquidity and manage speculative borrowing.</p>	<ul style="list-style-type: none"> • Establish an inter-bank foreign exchange market, on a willing-seller willing-buyer basis in order to: <ul style="list-style-type: none"> • Restore domestic competitiveness and promote growth; • Correct the price distortions in the foreign exchange market; • Strengthen demand for domestic forms of payments and preserve foreign currency for external payments; and • Improve export competitiveness through sale of export proceeds at market determined rates. • License Bureau De Change to trade in the interbank <p>24 June 2019 the Government Gazetted S.1. 142 of 2019</p> <p>SI 142 of 2019 implication are as follows:</p> <ul style="list-style-type: none"> • Introduction of the Zimbabwe dollar represented by the RTGS dollar as defined in SI 33 of 2019; • Designation of bond notes and coins as well as electronic currency as the Zimbabwe dollar; • Termination of the multicurrency system to make ZWLZWL\$ the sole transacting currency in Zimbabwe. • Holding of foreign currency not an offence in Zimbabwe; • Free funds, export retentions and domestic nostros retained; and • Requirement that domestic Nostro foreign currency accounts be used strictly for foreign payments transactions. <p>Measures to Strengthen The ZZWL\$</p> <ul style="list-style-type: none"> • Increased interest rates from 15% to 50% for the RBZ overnight window; • Remove administrative limits on Bureau De Changes • Place a vesting period of 90 days for dually listed shares • Mop up excess liquidity at 7%
Fuel Subsidy	<ul style="list-style-type: none"> • Removal of fuel subsidy which had created an arbitrage in there fuel market. • These distortions were promoting illicit fuel exports to neighboring countries and wasteful tendencies on 	<ul style="list-style-type: none"> • On the 12th of January 2019 Government started the process of removing the subsidy on fuel so that the prices match the current international prices • However, the continual depreciation of the exchange rate has resulted frequent fuel price increases. • The current price of fuel is ZW\$7.55 and ZWL\$7.22 for petrol and diesel respectively

	the part of our motorists.	
Structural Reforms		
7. State Owned Enterprises and Parastatals Reforms	<ul style="list-style-type: none"> • SOE reforms to improve their efficiency and governance, that way, improving their contribution to the economy. 	<ul style="list-style-type: none"> • Government has targeted 5 public enterprises, namely Tel-One/Net-One/Telecel, ZIMPOST and POSB for immediate reforms and work is already underway to identify transaction advisors. • Projections are that Government will realise at least USZWL\$350 million from this initial process. • In addition, turnaround strategies for at least 20 Public Enterprises are being supported by various development partners.
		<p><i>Tel-One/Netone</i></p> <ul style="list-style-type: none"> • To be privatised as a single package. The Technical Committees for Tel One and Net One have therefore been combined to ensure the privatisation of the two entities is undertaken as a single package as approved.
		<p><i>POSB</i></p> <ul style="list-style-type: none"> • The Technical Committee ON Partial Privatisation of POSB was established in July 2018, to assist in the implementation of the partial privatisation process. • Invitation of Expressions of Interest for engagement of Transactional Advisors was done on 20 September 2018. • Adjudication & Short-listing of the potential Transactional Advisors was done on 6 and 7 November 2018. • Adjudication of Bids was done on 25 June 2019 and awaiting No Objection decision from PRAZ.
		<p><i>Grain Marketing Board</i></p> <ul style="list-style-type: none"> • The de-merger of the GMB into GMB Strategic Grain Reserve and Silo Foods Industries has been completed. Silo now operational
		<p><i>National Competitiveness Commission</i></p> <ul style="list-style-type: none"> • Government has also reconsidered its decision of April 2018 to convert the National Competitiveness Commission into a Department under the Ministry of Industry and Commerce. • In this regard, the National Competitiveness Commission will continue to operate as an autonomous entity that is premised on private sector involvement. • The government is in the process of capacitating the institution in terms of the budget and skills development and the bulk will come from Standard Development Fund (SDF). • To date only ZWL\$30 thousand dollars was received from the ministry falling short to have such dialogue 2019.

		<p><i>Allied Timbers</i></p> <ul style="list-style-type: none"> Government has approved the identification and engagement of a strategic partner as part of the partial privatisation process for Allied Timbers, including identification of a suitable transaction advisor to assist in the engagement of the strategic partner.
		<p><i>ZESA</i></p> <ul style="list-style-type: none"> Government approved the re-bundling of ZESA and to merge all the 5 separate units into a single integrated company with one board. The restructuring will make ZESA more viable, boost its power generation capacity and enhance the expansion of the local power supply network. This process will include the amendment of the Electricity Act in order to cater for the proposed changes in the structure of ZESA. Technical Committee is working on the implementation.
8. Ease of Doing Business Reforms	<ul style="list-style-type: none"> Accelerating and deepening the ease and cost of doing business reforms to improve competitiveness and establish a One-Stop Shop Investment Centre. 	<p><i>Zimbabwe Investment and Development Agency (ZIDA)</i></p> <ul style="list-style-type: none"> The One Stop Investment Services Center is operational as an interim arrangement. The ZIDA Bill is being considered by Parliament. Legislation Bill (ZIDA Bill) to underpin the establishment and operations of a specific and dedicated institution -Zimbabwe Investment and Development Agency (ZIDA) and the Bill was gazetted on 5 April 2019. The respective Bill also seeks to provide assurance to investors about the country's commitment to property rights.
Institutional and Political Reforms		
9. Transforming relevant institutions to promote good governance		<p><i>Repealing of POSA and AIPPA</i></p> <ul style="list-style-type: none"> Cabinet approved the principles of the proposed Maintenance of Peace and Order Bill on 19 February 2019, which will repeal the Public Order and Security Act (POSA). Tabled before Parliament on 19 April 2019. In addition, Cabinet approved principles of 3 Bills, which will repeal the Access to Information and Protection of Privacy Act (AIPPA) (Chapter 10:27). These are the Protection of Personal Information Bill and the Freedom of Information Bill approved on 19 February and the Zimbabwe Media Commission Bill approved on 13 February 2019.
		<p><i>Cyber Protection, Data Protection, and Electronic Transactions Bill</i></p>

		<ul style="list-style-type: none"> Principles of the Cyber Protection, Data Protection, and Electronic Transactions Bill were approved by Cabinet on 19 December 2018. The Bill is meant to provide comprehensive guidelines on cybercrimes, use of electronic data and transactions, among others. 																																																						
		<p><i>Citizens Law</i></p> <ul style="list-style-type: none"> On 26 February 2019, Cabinet approved proposed changes to the citizenship laws to pave way for the granting of dual citizenship to people born in Zimbabwe. Bill is being drafted by the Attorney General's Office 																																																						
		<p><i>Police Act</i></p> <ul style="list-style-type: none"> In February 2019, the Police Act amendments became effective and finally being in line with the Constitution. This will see the country's Police Force - the Zimbabwe Republic Police (ZRP) being rebranded to the Zimbabwe Police Service (ZPS) as a professional Police responsible to the needs of the society. Bill is being drafted by the Attorney General's Office. 																																																						
		<p><i>Governance Commissions</i></p> <ul style="list-style-type: none"> The 2019 Budget has allocated USZWL\$49.8 million to institutions mandated to promoting good governance targeting capacitation of those Constitutional institutions mandated to promote democratic principles. Already the following amounts have been disbursed to March as follows: <table border="1"> <thead> <tr> <th></th> <th>Budg</th> <th>Jan</th> <th>Feb</th> <th>Mar</th> <th>Apr</th> <th>May</th> <th>Jun</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>ZEC</td> <td>14.2</td> <td>0.6</td> <td>0.9</td> <td>1.0</td> <td>0.9</td> <td>1.7</td> <td>0.8</td> <td>5.9</td> </tr> <tr> <td>ZGC</td> <td>2.0</td> <td>0.1</td> <td>0.2</td> <td>0.3</td> <td>0.4</td> <td>0.2</td> <td>0.1</td> <td>1.2</td> </tr> <tr> <td>ZHRC</td> <td>3.3</td> <td>0.1</td> <td>0.2</td> <td>0.2</td> <td>0.4</td> <td>0.1</td> <td>0.3</td> <td>1.3</td> </tr> <tr> <td>ZJSC</td> <td>27.6</td> <td>1.3</td> <td>3.3</td> <td>3.4</td> <td>2.7</td> <td>3.5</td> <td>2.7</td> <td>16.9</td> </tr> <tr> <td>NPRC</td> <td>2.5</td> <td>0.1</td> <td>0.1</td> <td>0.1</td> <td>0.1</td> <td>0.7</td> <td>0.5</td> <td>1.5</td> </tr> </tbody> </table>		Budg	Jan	Feb	Mar	Apr	May	Jun	Total	ZEC	14.2	0.6	0.9	1.0	0.9	1.7	0.8	5.9	ZGC	2.0	0.1	0.2	0.3	0.4	0.2	0.1	1.2	ZHRC	3.3	0.1	0.2	0.2	0.4	0.1	0.3	1.3	ZJSC	27.6	1.3	3.3	3.4	2.7	3.5	2.7	16.9	NPRC	2.5	0.1	0.1	0.1	0.1	0.7	0.5	1.5
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ZJSC	27.6	1.3	3.3	3.4	2.7	3.5	2.7	16.9																																																
NPRC	2.5	0.1	0.1	0.1	0.1	0.7	0.5	1.5																																																
	<ul style="list-style-type: none"> Reaffirming commitment to peace and dialogue, and maintaining an open-door policy to resolve challenges 	<p><i>Political Dialogue</i></p> <ul style="list-style-type: none"> A National Political Dialogue was launched on February, 6 2019, bringing together at least 21 leaders of different political parties to confront the national socio-political and economic challenges. This culminated in the formation of the Political Actors Dialogue (POLAD), which was then launched on 17 May 																																																						

	<p>facing the country. The objective is to remove deficit of trust, restore public confidence, forge a renewed sense of shared national vision and social cohesion and advance an economy that works for everyone.</p>	<p>2019 with the main objective of fostering unity among Zimbabweans.</p> <ul style="list-style-type: none"> • Political parties adopted a code of conduct to promote conditions necessary for dialoguing and building political tolerance, mutual respect, consensus, information dissemination
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ANNEX 16 : APPROVED FEES: MINISTRY OF TRANSPORT AND INFRASTRUCTURAL DEVELOPMENT

Tolling Fees

Table 1a: ZINARA Toll Fees

Vehicles	Current Fees (ZWL\$)	Approved Fees (ZWL\$)
Light Motor Vehicles	2	10
Minibuses	3	15
Buses	4	20
Heavy Vehicles	5	25
Haulage Trucks	10	50

Table 1b: New Limpopo Bridge Toll Fees

Vehicle Class	Current (US\$)	Approved Fees (US\$)	Approved Fees (Rand)
Motor cycle	4	4	55
Light Motor Vehicle (up to 3 tonnes)	9	9	125
Heavy Vehicle	23	23	325

Overload Fees

Table 2a (Locally Registered Vehicles)

Description	Current (ZWL\$)	Approved (ZWL\$)
Axle Overload/Gross Train Mass (per Kg) - Offloaded Goods	0.50	2.50
Axle Overload (Per Kg)/ Gross Train Mass (per Kg) - Goods not Offloaded	1.00	5

Table 2b (Foreign Registered Vehicles)

Description	Current (ZWL\$)	Approved (US\$)
Axle Overload/Gross Train Mass (per Kg) - Offloaded Goods	0.50	0.50
Axle Overload (Per Kg)/ Gross Train Mass (per Kg) - Goods not Offloaded	1.00	1.00

Abnormal Load Fees

Table 3a: Abnormal Size Permit (Locally Registered Vehicles)

Type of Permit	Current Rate (ZWL\$)	Approved Rate (ZWL\$)
Abnormal Size Permit	30	150
Abnormal Size Permit (Local Vehicles with escort)	70	350

Table 3b: Abnormal Size Permit (Foreign Registered Vehicles)

Type of Permit	Current Rate (ZWL\$)	Approved Rate (US\$)
Abnormal Size Permit	40	40
Abnormal Size Permit (Foreign Vehicles with escort)	100	100

Table 4a: Abnormal Vehicle Registration (Locally Registered Vehicles)

Type of Permit	Current Rate (ZWL\$)	Approved Rate (ZWL\$)
Abnormal Vehicle Registration	100	500

Table 4b: Abnormal Vehicle Registration (Foreign Registered Vehicles)

Type of Permit	Current Rate (ZWL\$)	Approved Rate (US\$)
Abnormal Vehicle Registration	120	120

Table 5a: Abnormal Load Permit (Locally Registered Vehicles)

Mass Ranges (kgs)	Current Rate (ZWL\$/kg)	Approved Rate (ZWL\$/kg)
3750 - 4350	0.08	0.40
4351 - 4550	0.10	0.50
4551 – 4750	0.12	0.60
4751 – 5000	0.15	0.75

Table 5b: Abnormal Load Permit (Foreign Registered Vehicles)

Mass Ranges (kgs)	Current Rate (ZWL\$/kg)	Approved Rate (US\$/kg)
3750 - 4350	0.11	0.11
4351 - 4550	0.14	0.14
4551 – 4750	0.17	0.17
4751 – 5000	0.20	0.20

Table 6: Vehicle Licence Fees

Net Mass	Current Fees (ZWL\$)	Approved Fees (ZWL\$)	Current Fees (ZWL\$)	Approved Fees (ZWL\$)	Current Fees (ZWL\$)	Approved Fees (ZWL\$)	Current Fees (ZWL\$)	Approved Fees (ZWL\$)	Current Fees (ZWL\$)	Approved Fees (ZWL\$)
Licence Period	(4 months)		(6 months)		(8 months)		(10 months)		(12 months)	
Up to 1500kg	20	100	30	150	40	200	50	250	60	300
1500 – 2250kg	25	125	37	185	50	250	62.5	312.5	75	375
2250 – 3000kg	30	150	45	225	60	300	75	375	90	450
3000 – 3750kg	60	300	82.5	412.5	105	525	127.5	637.5	150	750
3750 – 4250kg	75	375	112.50	562.50	150	750	187.50	937.50	225	1125
4250 – 5000kg	90	450	135	675	180	900	225	1125	270	1350
5000 – 5750kg	100	500	157.5	787.5	210	1050	250	1250	300	1500

Net Mass	Current Fees (ZWL\$)	Approved Fees (ZWL\$)	Current Fees (ZWL\$)	Approved Fees (ZWL\$)	Current Fees (ZWL\$)	Approved Fees (ZWL\$)	Current Fees (ZWL\$)	Approved Fees (ZWL\$)	Current Fees (ZWL\$)	Approved Fees (ZWL\$)
5750 – 6250kg	105	525	157.50	787.50	210	1050	250	1250	300	1500
6250 – 7000kg	120	600	180	900	240	1200	300	1500	360	1800
7000 – 7750kg	130	650	192.5	962.5	255	1275	317.5	1587.5	380	1900
7750 – 9250kg	140	700	205	1025	270	1350	335	1675	400	2000
9250 – 10000kg	150	750	220	1100	290	1450	360	1800	430	2150
10000 – 10750kg	200	1000	280	1400	360	1800	440	2200	520	2600
10750 kg and above	300	1500	400	2000	500	2500	600	3000	700	3500

Table 7: Vehicle Registration Fees

Type of Service	Current Fee (ZWL\$)	Approved Fee (ZWL\$)
Duplicate Registration Book	15	75
Original Plates	80	400
Change of Plates	80	400
Change of Ownership (returning plates)	15	75
Change of Ownership (buying new plates)	95	475
Personalised Plates	2 500	12,500
Change of Particulars	3	15
Duplicate Licence (urgent)	50	250
Duplicate Licence (normal)	15	75
Search Fee	5	25
Original Licence (urgent)	35	175
Foreign Drivers Licence Conversion	100	500
Change of Ownership Trailer (returning plates)	15	75
Change of Ownership Trailer (buying new plates)	85	425
Peugeot 607/406/Mazda 626	60	300
Mazda 3/6/Familiar others	65	325
Mazda 323/Picanto/Toyota	55	275
Datsun Go – New	55	275
All Motor Cycles	10	50

Department of Inland Waters

Table 8: Inland Water Fees

Revenue Line	Current Fees (ZWL\$)	Approved Fees (ZWL\$)
Boats Registration:		
Boats Registration (Less than 5m in length overall)	100	500
Boats Registration (5m or more but less than 9m in length overall)	150	750
Boats Registration (9m or more but less than 15m in length overall)	250	1250
Boats Registration (15m or more in length overall)	250	1250
Issue of a duplicate certificate of registration	50	250
Amendment of a certificate of registration	50	250
Survey		
Survey of a raft canoe	30	150
Survey of a dump barge	200	1000
First survey of a dump barge	250	1250
First survey of more than 25 tonnes but less than 100 tonnes	200	1000
First survey of less than 15 tonnes	150	750
Annual survey of less than 15 tonnes	75	375
Survey of Private Use and Recreational Vessels		
First survey of more than 9m in length overall but less than 15m	100	500
Annual survey of more than 9m in length overall but less than 15m	120	600
First survey of 15m and above in length overall	120	600
Annual survey of 15m and above in length	120	600
Survey of any vessel at owners request at an isolated or distant location	200	1000
Certificate of Competence		
Master's Certificate practical (inland waters)	50	250
Practical of Master's Certificate (inland waters)	50	250
Duplicate Master's Certificate	25	125
Launch Master's Certificate Class 1 theory (Inland Waters)	45	225
Launch Master's Certificate Class 1 practical (Inland Waters)	45	225
Duplicate Certificate Class 1	25	125
Launch Master's Certificate Class 2 theory (Inland Waters)	40	200
Launch Master's Certificate Class 2 practical (Inland Waters)	40	200
Duplicate Certificate Class 2	25	125
Fishing Vessel Master's Certificate Class 1 theory (Inland Waters)	40	200
Fishing Vessel Master's Certificate Class 1 practical (Inland Waters)	40	200
Duplicate Fishing Vessel Master's Certificate	25	125

Revenue Line	Current Fees (ZWL\$)	Approved Fees (ZWL\$)
Permits		
Use of Government buoys for berthing (all vessels per week)	25	125
Fee upon application:		
For an ordinary shipping service permit	100	500
For a temporary shipping service permit	100	500
For the renewal or transfer of an ordinary shipping service permit	100	500
For amendment to an ordinary shipping service permit	100	500
For exemption for the required to hold an ordinary permit	100	500
Upon Issue of:		
For an ordinary permit per vessel other than canoe per year up to a maximum of 3 years	50	250
For an ordinary shipping service permit canoe per year	30	150
For temporally shipping service permit or provisional permit per vessel other than canoe	50	250
For an amendment to an ordinary shipping service permit	50	250
For the renewal or transfer of an ordinary shipping service permit	50	250
For an exemption from the requirement to hold an ordinary shipping service permit	20	100
For an ordinary shipping permit per vessel per 3 years	100	500

Road Motor Transport

Table 9a: Permit Fees (Locally Registered Operators)

Permit Type	Current Fee (ZWL\$)	Approved Fee (ZWL\$)
Operator's Licence Application Fee	50	250
Operator's Licence permit fee per vehicle/3 years	75	375
Route Authority Application Fees	25	125
Route Authority Application Fees/validity according to passenger insurance cover	50	250
COMESA Permit Application Fees/1 year	75	375
Cross Border permit application fee	75	375
Cross Border Permit Fees	75	375

Table 9b: Permit Fees (Foreign Registered Operators)

Permit Type	Current Fees (ZWL\$)	Approved Fee (US\$)	Validity Period
Operator's Licence	500	500	14 Days
Operator's Licence	650	650	42 Days
Operator's Licence	950	950	56 Days
Operator's Licence	1,100	1,100	70 Days
Operator's Licence	1,250	1,250	84 Days

Vehicle Inspection Department

Table 10: VID Services

Activity	Current Fees (ZWL\$)	Approved Fees (ZWL\$)
Leaner Licence Tests	20	100
Certificate of competence (class 1,2,5)	25	125
Certificate of competence (class 3 and 4)	20	100
Inspection of vehicle:		
Light vehicle	20	100
Heavy vehicle	25	125
Storage Fees/per day	20	100
Re-inspections	20	100
Inspection of vehicle under RT 16	50	250
Duplicate Certificate of Fitness	20	100
Duplicate Certificate of Competency	20	100
Garage Inspection	20	100
Use of weighbridge per unit or vehicle	20	100
Voluntary Inspection	20	100
Verification of vehicle particulars	20	100
Retesting (class 1.2.3.4.5)	20	100

Traffic safety council of Zimbabwe

Table 10: TSCZ Product Selling Prices

Product	Current Price (ZWL\$)	Approved Price (ZWL\$)
Highway Code	5	25
Student Driver Workbook	8	40
Driving School Premises Logo	40	200