ZIMBABWE

BUDGET STRATEGY PAPER: 2025

"*BUILDING RESILIENCE FOR SUSTAINED ECONOMIC TRANSFORMATION*"

MINISTRY OF FINANCE, ECONOMIC DEVELOPMENT AND INVESTMENT PROMOTION

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INTRODUCTION

1. The 2025 Budget Strategy Paper (BSP) is being issued to communicate the fiscal policy direction of Government to stakeholders, that includes citizens, private sector, labour and development partners. It is meant to enhance understanding on the broader macro-fiscal issues guiding the budgeting process and underpinning the prioritisation of public resources and fiscal policy.

2. Broadening stakeholder participation and rebuilding public trust in the Budget process is a commitment Government has embraced. This ensures that every citizen contributes to how resources raised through taxes are being deployed to grow the economy and provide the critical public services that support a strong society.

3. The policy priorities set out in this BSP seek to address gaps identified during the NDS1 Mid Term Review, as well as give implementation impetus for the remaining period of the National Development Strategy 1: 2021-2025 (NDS1).

4. The adversity of shocks in their various forms, magnitude and duration continue to create a difficult and turbulent economic and fiscal operating environment which undermines the country's development progress. The rate of economic development and structural transformation must match the pace and scale required to significantly improve the living standards of citizens.

5. The pervasive risks and the impact of sanctions, pandemics, natural disasters, climate change, limited economic diversification, absence of sufficient value-added products, geo-political tensions, among others, all require counter-measures that enhance adaptation, mitigation and resilience.

6. Notwithstanding the adverse exogenous and endogenous shocks, the National Vision's thrust to deliver a*n Upper Middle-Income Society by 2030* remains within reach, given the expansion in economic activity and transformation being experienced across all sectors of the economy. The proposed policy measures during 2025, therefore, seek to maintain and upscale this positive trajectory and hence, the theme *"Building Resilience for Sustained Economic Transformation"*.

7. Progress towards economic transformation is a commitment by the Second Republic, to be achieved through bold and ambitious policy actions that seek to transform the economy and reduce dependency on primary products, from agriculture, mining and low skilled services, as drivers for sustainable economic growth and generation of jobs.

8. The 2025 Budget Strategy Paper, therefore, proposes interventions that respond to global and domestic shocks, address emerging issues that impact on societal progress, such as the digital revolution and artificial intelligence, and ensures investment in critical social sectors and infrastructure adds value to the country's abundant resources for the benefit of all.

9. Maintaining macro-economic stability remains central in improving the living standards of citizens and sustaining an enabling business environment, that has been created through the introduction of the structured currency, the ZiG. Going forward, economic reform measures will be intensified to protect the domestic currency, as well as durably restore macro-economic stability.

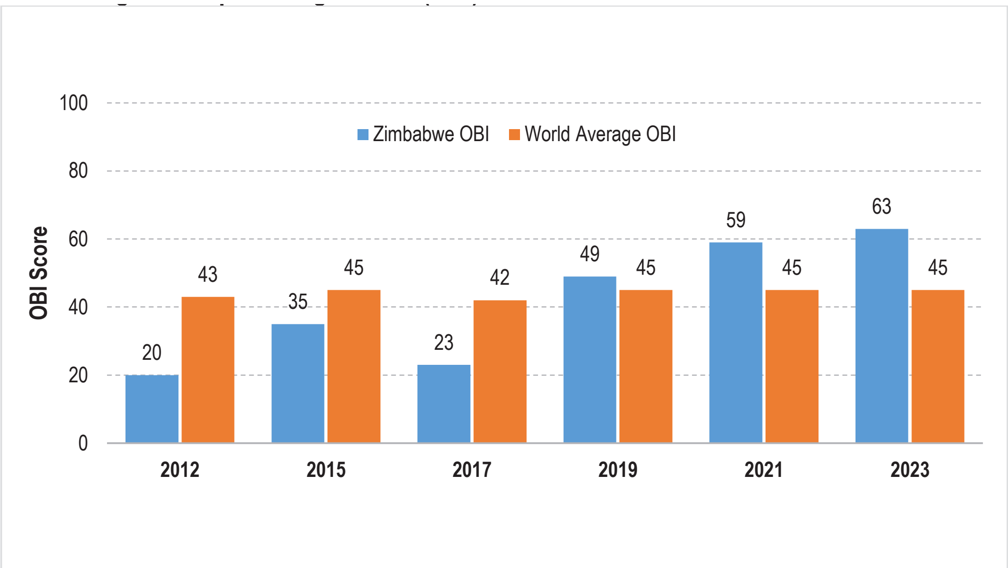
10. Furthermore, supply side interventions will be instituted to promote a manufacturing value chain led economic recovery that will underpin sustainable inclusive growth and development. This includes measures to upscale value addition and beneficiation of primary products and investment in emerging high value services sectors, increase the value

of locally produced products and export receipts, as well as reduce vulnerability to external shocks.

11. The scale of resources needed to support the reform agenda and to transform the economy remains huge and cannot be generated solely from domestic sources. In this regard, Government is committed to progressing the Zimbabwe Arrears Clearance and Debt Resolution Strategy, which seeks to address the country's relatively large debt overhang, as well as scale up external sources of finance, both public and private, to complement the country's development agenda.

12. Government's commitment towards strengthening stakeholder input in the budgetary process has seen the executive, and oversight institutions, upscaling public engagement and participation in the formulation of decisions on how public resources are mobilised and utilised. In recognition of the progress made by Government and stakeholders in this process, the International Budget Partnership (IBP) awarded Zimbabwe an Open Budget Index (OBI) score of 63 out of 100 in the 2023 Open Budget Survey (OBS).

Figure 1: Open Budget Index (OBI) Score for Zimbabwe: 2012 - 2023



Source: International Budget Partnership, 2023 Open Budget Survey Report

13. This is an improvement from the score of 59 recorded in 2021, and 18 points above the world average of 45. As the world's only comparative assessment tool of its kind, improvement in the country's scoring indicates significant progress in improving public finance systems and processes, which are transparent, participatory and accountable.

THE 2025 MACRO-ECONOMIC FRAMEWORK

14. This section provides an overview of recent global and domestic economic developments, as well as Government's projections of key macro-economic variables during 2025 and beyond.

15. Government will continue to monitor the various economic risks and developments in order to refine policy interventions that effectively manage any external and domestic shocks. The projections contained herein will be updated in September 2024, to take into account external and domestic economic developments, as well as to guide the 2025 Budget proposals to be presented to Parliament in November 2024.

Global Economic Outlook and Risks

16. The global economy remains remarkably resilient, with growth holding steady, as global inflation continues its downward trend. Global growth, estimated at 3.2% in 2023, is projected to continue on the same growth path in the last half of 2024 and into 2025, according to the April 2024 IMF World Economic Outlook projections.

17. Nonetheless, the projection for global growth in 2024 and 2025 of 3.2% is lower than the historical (2000-2019) yearly average of 3.8%. Economic activity is being suppressed by the effects of higher central bank interest rates, aimed at combatting inflation, withdrawal of fiscal support by most countries, and slow productivity improvements across the globe.

18. Advanced economies are now expected to experience marginal higher growth from 1.6% in 2023 to 1.7% in 2024, before rebounding to 1.8% in 2025. The 0.1% growth revision for 2024 is mostly attributed to the positive growth in the United States of America, a resurgence in the Euro-zone and the United Kingdom (UK).

19. Growth in the United States of America is expected to increase to 2.7% in 2024, before decelerating to 1.9% in 2025, as gradual fiscal tightening and a softening in labour markets is anticipated to slow aggregate demand.

Table 1: Global Growth Estimates & Projections

	2023	2024	2025
World	3.2	3.2	3.2
Advanced economies	1.6	1.7	1.8
United Kingdom	0.1	0.5	1.5
Germany	-0.3	0.2	1.3
United States	2.5	2.7	1.9
European Union	0.4	0.8	1.5
Emerging markets	4.3	4.2	4.2
China	5.2	4.6	4.1
India	7.8	6.8	6.5
Sub-Saharan Africa	3.4	3.8	4.0
Nigeria	2.9	3.3	3.0
South Africa	0.6	0.9	1.2

Source: IMF World Economic Outlook (April 2024)

20. Notably, all economic regions are expected to experience growth in 2024, except for emerging markets and developing economies, where growth is expected to moderate marginally down by 0.1% from 4.3% in 2023, to 4.2% in 2024 and 4.2% in 2025, indicating the long-term effects of the COVID-19 pandemic in developing countries, depressed domestic demand in China and increasing geo-political tensions.

Sub-Saharan Africa

21. In Sub-Saharan Africa, growth is now projected to increase from 3.4% in 2023 to 3.8% in 2024, with nearly two thirds of countries anticipating higher growth rates. Economic recovery is expected to continue beyond 2024, with growth projected to reach 4% in 2025, as the negative effects of earlier weather shocks subside, and supply side fundamentals gradually improve.

Table 2: Selected Sub-Saharan African Economies GDP Growth (%)

	2023	2024	2025
Sub-Saharan	3.4	3.8	4.0
Oil Exporting Countries	2.5	3.3	3.0
Nigeria	2.9	3.3	3.0
Angola	0.5	2.6	3.1
Middle-Income Countries	2.6	3.2	3.3
South Africa	0.6	0.9	1.2
Mauritius	6.9	4.9	3.7
Low-Income Countries	5.4	5.4	5.7
Ethiopia	7.2	6.2	6.5
Mozambique	6.0	5.0	5.0
Malawi	1.6	3.3	3.8

Source: IMF REO April 2024 Update

Southern African Region

22. According to the African Development Bank's 2024 African Economic Outlook, growth in Southern Africa is projected to pick up from an estimated 1.6% in 2023 to 2.2% in 2024 and firming up to 2.7% in 2025.

Table 3: Selected Southern African Countries GDP Growth Projections (%)

	2023	2024	2025
Southern African	1.6	2.2	2.7
Botswana	2.7	4.0	4.3
Lesotho	0.9	1.7	2.2
Madagascar	4.4	4.5	5.3
Malawi	1.5	3.3	3.8
Mozambique	5.0	5.2	5.2
Namibia	4.2	2.6	3.3
Eswatini	4.8	4.9	3.6
Zambia	5.8	4.5	4.5
South Africa	0.6	1.3	1.6

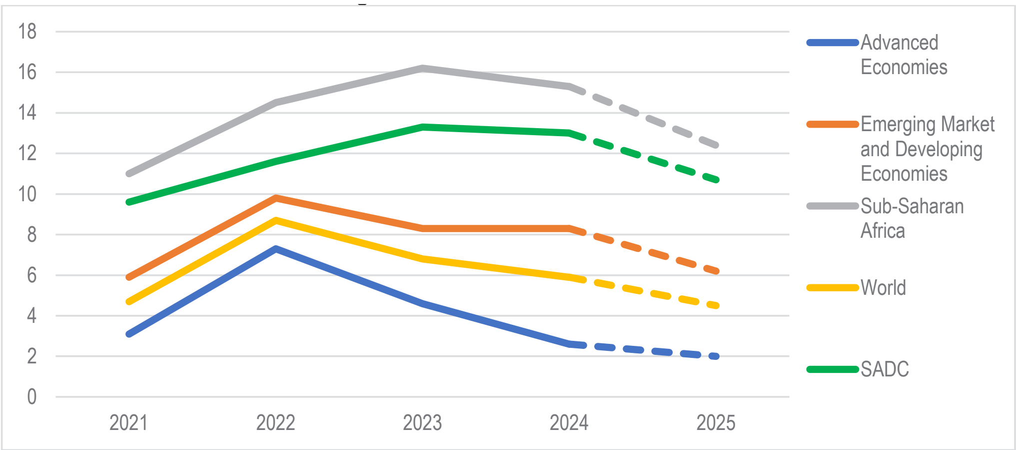
Source: AfDB AEO 2024 Update

23. Despite the improvement in growth, the Southern African region continues to be adversely affected by global shocks, including funding squeezes, as governments grapple with persistent fiscal financing gaps and high borrowing costs. Furthermore, climate shocks, such as droughts of unparalleled severity, are becoming more frequent.

Global Inflation

24. Global inflation is expected to decelerate from 6.8% in 2023, to 5.9% in 2024 and 4.5% in 2025 as commodity prices stabilise. Low-income countries are, however, projected to witness higher inflation, owing to currency depreciation, with pass-through effects on food, fuel, and fertilizer prices.

Figure 2: Global Inflation



Source: IMF: Datasets: April 2024

25. In advanced economies, inflation is expected to average 2% in 2025, while in Sub-Saharan Africa, inflation is projected to moderate from 16.2% in 2023 to 15.3% in 2024, due to currency depreciation and pass-through effects of elevated food and fuel prices.

International Commodity Prices

26. The World Bank Commodity Price Index is projected to decline by 3% year-on-year in 2024 and by a further 4% in 2025. The Energy Price Index is expected to edge down by 3% year-on-year in 2024 and easing a further 4% in 2025. Oil prices are projected to increase in 2024, with Brent crude price averaging $84/bbl in 2024. Oil prices in 2025, are expected to trend somewhat lower, averaging $79/bbl, as supply conditions improve.

27. Non-energy commodity prices are forecast to dip by 2% year-on-year in 2024 and by an additional 3% in 2025. Accordingly, food commodity prices are set to decline by 6% in 2024 and 4% in 2025. Base metal prices are forecast to edge up in 2024/25, and projected to remain well above 2015-2019 levels, reflecting a pick-up in global industrial activity and growing production of clean energy, due to improving technologies.

28. Gold prices, which dominate the precious metals index, are set to dip slightly in 2025, but projected to remain historically high, averaging 62% above the 2015-2019 levels.

Table 4: International Commodity Price Indices Forecasts

	2023	2024 f	2025 f
Energy	106.9	104.0	100.0
Non-energy commodities	110.2	107.9	104.9
Agriculture	110.9	109.4	104.8
Beverages	107.8	131.9	115.8
Food	125.4	118.5	113.9
Oils and Meals	118.9	110.2	104.9
Grains	133.0	118.0	113.6
Other food	127.2	129.8	126.2
Raw materials	77.1	75.8	77.1
Fertilizers	153.5	120.2	112.9
Metals and minerals	104.0	103.4	104.1
Base Metals	109.0	109.9	111.5
Precious Metals	147.3	158.9	156.8

Source: World Bank Commodity Markets Outlook; April 2024

Domestic Economic Developments and Outlook

29. Actual GDP growth during 2023 was 5.3%, benefiting from positive performance in agriculture, mining, construction, as well as retail and wholesale trade, which outweighed contractions registered in such other sectors as electricity.

30. Projections for 2024 indicate growth of 2%, a downward revision on the projection of 3.5% in the 2024 National Budget. This is on account of recent commodity prices shocks that have undermined mining activities,

as well as a severe El Nino induced drought during the 2023/24 summer cropping season that significantly reduced agricultural output and severely impacted on hydro-power generation.

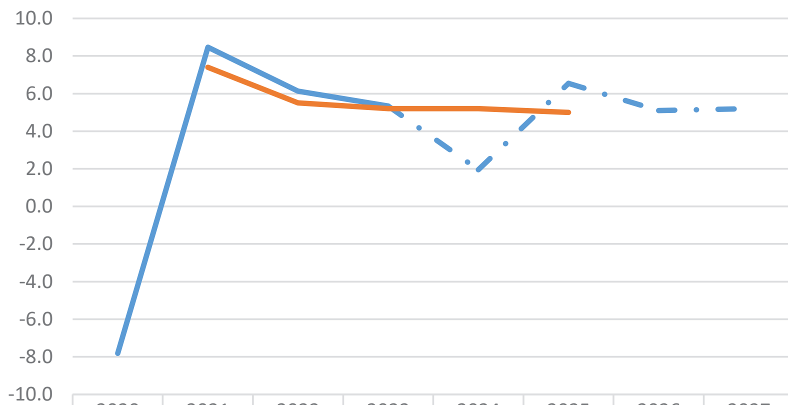
Table 5: GDP Growth Rates

GDP Growth Rates	2021	2022	2023	2024	2025	2026	2027
Agriculture, Hunting and Fishing and forestry	17.5	6.2	6.3	-21.2	23.6	7.0	8.8
Mining and quarrying	5.9	10.5	5.3	5.2	5.4	5.1	3.3
Manufacturing	1.2	1.4	2.1	2.5	3.3	3.5	2.4
Electricity, gas, steam and air conditioning supply	33.9	3.5	-3.7	3.1	4.5	5.5	5.0
Water supply; sewerage,	12.7	1.7	-4.7	5.0	1.2	5.4	8.9
Construction	3.5	0.3	6.8	6.2	4.9	4.6	4.9
Wholesale and retail trade;	8.1	4.6	6.6	5.8	5.1	5.2	6.1
Transportation and storage	8.5	6.6	10.0	5.6	5.2	6.0	6.5
Accommodation and food service activities	38.5	23.7	26.4	12.0	6.2	6.6	-2.3
Information and communication	9.8	14.1	16.1	11.0	8.0	8.4	8.8
Financial and insurance activities	3.0	15.6	2.4	5.6	3.4	4.4	4.8
Real estate activities	4.1	0.1	0.3	4.0	2.2	3.0	4.5
Professional, scientific and technical activities	-3.1	-0.3	0.9	0.4	0.5	0.4	0.5
Administrative and support service activities	14.6	1.7	1.6	2.2	1.6	1.8	1.8
Public administration and defence;	5.3	0.3	3.1	4.6	3.3	2.8	6.3
Education	5.8	5.5	6.8	2.9	3.3	3.5	3.8
Human health and social work activities	18.6	-1.7	2.4	5.5	5.1	5.5	4.0
Arts, entertainment and recreation	14.0	3.6	1.2	1.7	2.1	2.0	2.0
Other service activities	-2.8	2.4	2.2	2.8	3.0	2.9	2.8
Domestic Services	2.3	-2.5	0.5	0.8	1.0	1.1	1.0
GDP at Market Prices	**8.5**	**6.1**	**5.3**	**2.0**	**6.5**	**5.1**	**5.2**

Source: MoFED&IP, RBZ and ZIMSTAT

31. In the outlook, the economy is projected to grow by 2%, 6.5%, 5.1% and 5.2% in 2024, 2025, 2026 and 2027, respectively. Growth in 2025 is expected to benefit from the recovery in agriculture, attributable to the expected normal to above normal rainfall season, as well as increased activities in the manufacturing sector, which will benefit from investments in new steel production.

Figure 3: Economic Growth Outlook



	2020	2021	2022	2023	2024	2025	2026	2027
Outturn	-7.8	8.5	6.1	5.3	2.0	6.5	5.1	5.2
NDS1 Target		7.4	5.5	5.2	5.2	5		

Source: MoFED&IP, RBZ and ZIMSTAT

32. The positive growth projection of 6.5% in 2025 is well above the NDS1 target of 5% and is underpinned by the following assumptions:

- Normal to above-normal rainfall, with preliminary forecasts indicating 85% probability that the region will experience La Nina, usually associated with normal to above normal rainfall;
- Subdued international commodity prices;
- Stable power supply, on account of stable electricity generation at Hwange Unit 7 and 8, as well as optimum output from Hwange Units 1 – 6 and solar energy IPPs; and
- Exchange rate and price stability, resulting from a stable domestic currency, the ZiG.

33. Downside risks to the growth projections will mainly arise from a decline in international mineral commodity prices that could affect mining sector activities, as well as adverse weather conditions that could impact negatively on agricultural output.

Inflation and Exchange Rate Developments

34. Government introduced a new currency, the Zimbabwe Gold (ZiG) on 5 April 2024 to replace the Zimbabwe dollar. Resultantly, the Consumer Price Index (CPI) reference for the country was changed to the ZiG from April 2024, with ZIMSTAT now producing three consumer price indices in ZiG, US$ and a weighted composite of the two currencies.

35. The introduction of the ZiG, coupled with accompanying policy measures, have brought relative stability in prices and the exchange rate, with ZiG month-on-month inflation remaining stable at 0.0% in June, from -2.4% in May 2024, whilst US dollar month-on-month inflation stood at -0.3%, in June, from 0.1% in May 2024. The weighted month-on-month inflation decelerated by -0.2% in June 2024.

36. In the outlook to December 2024, inflationary pressures are expected to remain subdued, due to the tight monetary policy stance being pursued by Government, complemented by dissipating negative inflation expectations as the local currency unit remains stable against major currencies.

37. Both domestic prices and the ZiG exchange rate are expected to remain stable during 2025, on the back of tight fiscal and monetary conditions.

2025 FISCAL POLICY THRUST

38. In support of long-term fiscal sustainability and stability of the domestic currency, Government will maintain a sustainable Budget deficit of less than 3% of GDP, align expenditure outlays to available resources, while prioritising development expenditures. Doing so will minimise overall borrowing costs, monetisation of the Budget deficit and avoid recourse to the central bank overdraft facility.

39. In addition, commitments from the assumed Reserve Bank liabilities will be renegotiated, and resource mobilisation measures enhanced, to ensure the current national debt does not crowd out other critical Government programmes and projects.

40. Consistent with the projected growth of 6.5% during 2025, tax and non-tax revenue collections are estimated at ZiG103.17 billion (17.9% of GDP), whilst expenditures are projected at ZiG111.68 billion (19.4% of GDP), giving a Budget deficit of ZiG8.5 billion (1.5% of GDP).

41. The indicative fiscal framework for the 2025 Budget is as shown in the Table below.

Table 6: Fiscal Framework 2023 – 2027 (ZiGM)

	2023	2024	2025	2026	2027
National Accounts					
Real GDP at (2019) market prices (ZiGM)	94.9	96.8	103.1	108.4	114.0
Nominal GDP at market prices (ZiGM)	53,508.7	422,898.0	576,882.1	630,199.8	699,465.4
Real GDP Growth (%)	5.3	2.0	6.5	5.1	5.2
Government Accounts					
Revenues (ZiGM)	7,838.3	93,213.7	103,170.9	113,962.6	126,823.2
% of GDP	14.6	22.0	17.9	18.1	18.1
Expenditures & Net Lending (ZiGM)	11,338.3	98,764.9	111,683.9	118,921.2	130,845.8
% of GDP	21.2	23.4	19.4	18.9	18.7
Expenses	6,555.0	80,862.9	90,914.6	96,579.6	105,169.0
% of GDP	12.3	19.1	15.8	15.3	15.0
Use of goods and services	1,751.8	12,336.2	16,125.1	17,302.7	20,221.2
% of GDP	3.3	2.9	2.8	2.7	2.9
% Total Expenditure	15.5	12.5	14.4	14.5	15.5
% of Revenue	22.3	13.2	15.6	15.2	15.9
Compensation of Employees	3,679.0	49,732.7	58,688.3	62,209.6	69,353.8
% of GDP	6.9	11.8	10.2	9.9	9.9

% Total Expenditure	32.4	50.4	52.5	52.3	53.0
% of Revenue	46.9	53.4	56.9	54.6	54.7
Interest Payments	33.0	2,375.8	4,382.5	4,645.4	6,070.9
% of GDP	0.1	0.6	0.8	0.7	0.9
% of Revenue	0.4	2.5	4.2	4.1	4.8
Capital Expenditure	4,783.3	17,902.0	20,769.3	22,341.6	25,676.7
% of GDP	8.9	4.2	3.6	3.5	3.7
Overall Balance	-3,500.1	-5,551.2	-8,513.0	-4,958.6	-4,022.5
% of GDP	-6.5	-1.3	-1.5	-0.8	-0.6

Source MoFED&IP

Revenue Mobilisation Strategies

42. Domestic resource mobilisation is a critical component of fiscal consolidation, as it provides scope for underwriting the economic reform agenda, as well as supporting implementation of NDS1 programmes and projects.

43. In support of the use of the domestic currency, the ZiG, Government will require tax payers to settle a sizable proportion of their tax obligations in local currency, irrespective of the currency of trade. Already, customs duties are now payable in local currency. Going forward, and in line with the de-dollarisation roadmap, other taxes will also be paid exclusively in local currency, including payment for Government services.

44. The current review of the tax structure and regime principally seeks to broaden the tax base and improve efficiency of the tax system, taking into account the country's dynamics and context. The streamlining of the tax incentive scheme and tax expenditures also seeks to standardise the tax regime and support a private sector led overall economic growth.

45. The 2025 taxation proposals will focus on the following:—

- Further streamlining of tax expenditures, in particular, for the extractive sectors, where Government has already excluded the mining sector from Special Economic Zone incentives, in order to ensure a fair share from the country's finite resources, as well as enhance optimal contribution to the fiscus;
- Introduction of automatic registration of qualifying micro, small and medium enterprises for Value Added Tax (VAT), Pay As You Earn (PAYE), Corporate Income Tax (CIT), among other revenue heads in all economic sectors;
- Enhancement of tax administration through use of digital technologies and integration of the Zimbabwe Revenue Authority system to banks, Central Vehicle Registry, Civil Registry, the Zimbabwe National Roads Administration (ZINARA), the Procurement Regulatory Authority (PRAZ) and Government Ministries, Departments and Agencies (MDA), among other institutions directly or indirectly linked to revenue collection; and
- Broadening of the tax base, through incorporating cross border online transactions into the tax net.

Expenditures Priorities

46. To support structural transformation, fiscal outlays will prioritise the provision of critical economic enablers, whilst also ensuring core social programmes that benefit the poor are protected. Given the impact of the current drought, Government will scale up mitigatory measures and prioritise investments meant to drought proof agriculture and the rest of the economy, going forward.

47. Consistent with the structural transformation agenda, a Human Capital Development Strategy will be developed to align the human resources and skills needed to achieve national goals. The Strategy will also provide opportunities for re-skilling and up-skilling public servants in order to match global demands and societal needs.

48. Effectively managing the public service wage bill remains critical in creating fiscal space to sustainably fund key programmes and projects. Work in this regard will draw from the findings of the recent Job Evaluation Exercise, and will seek to establish a fit for purpose and better remunerated public service with a Single Spine Structure.

49. Furthermore, the findings from the annual Citizen Satisfaction Survey will be used to inform resource outlays and interventions by MDAs to address identified service gaps and changing needs of citizens, in line with the thrust of enhancing a citizen centric approach to public service delivery.

50. Value for money principles will be strengthened by entrenching the e-procurement system to all MDAs, establishment of a unified e-Government service, deployment of smart technologies, upgrading of ICT systems and infrastructure investment to lower tiers of Government, that way, ensuring services are nearer to the people, and turnaround times are reduced.

51. Furthermore, Government will enhance legislative and administrative measures to mitigate further accumulation of Budget related arrears, as well as promote efficient use of resources in order to enhance public service delivery.

52. All MDAs will be required to develop and implement Risk Management Frameworks that identify, manage and control risks which may undermine public service delivery.

Public Procurement

53. In support of the Electronic Government Procurement (eGP) system, launched on 23 October 2023, Government, will prioritise investments in infrastructure that provides for enhanced security and electronic bidding for the eGP system. This is critical for supporting end-to-end encryption of bids to curb bid collusion, as well as promote a competitive and secure environment.

54. Besides rolling the system to all MDAs, Government will also integrate Environmental, Social and Governance aspects into the procurement system in order to promote responsible consumption and sustainability.

55. As part of fiscal consolidation measures, PRAZ, in conjunction with ZIMSTATS, is undertaking a national price list survey that will cover all categories of goods and services procured by Government. The national price list survey is critical in ensuring value for money and will be used in standardising the costing of programmes and projects, as well as guide overall procurement processes by MDAs.

56. In support of the Zimbabwe Industrial Reconstruction and Growth Plan and the local content policy, Government will institute measures to ensure procurement by MDAs prioritise local suppliers of goods and services, guided by existing laws and regulations.

Fiscal Gap and Financing

57. To cover the financing gap, in addition to the revenue mobilisation measures, consideration will also be given to accelerating joint ventures with SOEs, as well as potential asset sales.

58. To promote broad, competitive bidding and price discovery of Government securities, as well as deepen the domestic debt market,

Treasury will continue to issue securities through the auction system, complemented by private placements. This will ensure mobilisation of adequate resources for financing the Budget.

59. Treasury is also targeting the listing of securities on both the Zimbabwe Stock Exchange and the Victoria Falls Stock Exchange, such as green bonds, social bonds, diaspora bonds and debt swaps, among others.

60. Furthermore, as part of measures to share risk on the issuance of Government guarantees, Treasury will prioritise the issuance of partial guarantees and borrowing authority for commercially viable high impact developmental projects. The partial guarantees will be issued for the financing of viable infrastructure projects, as well as agriculture projects, with preference given to farmers with irrigation infrastructure and a proven track record of no default on loans from other agricultural programmes.

61. Prescribed assets are a necessary vehicle for mobilisation of long-term savings towards national development. In order to crowd in additional funding from insurance companies and pension funds, Government has expanded the Prescribed Asset Status Framework to include bankable projects, as well as private equity projects that support economic development efforts.

Public Debt

62. The country's stock of debt as at end of June 2024 amounted to ZiG287.2 billion, comprising of external debt of ZiG168.5 billion and domestic debt of ZiG118.7 billion. The debt stock is broken down as 58.7% external debt and the remainder being domestic debt 41.3%.

63. The rapid growth of the national public debt over the past few years is mainly on account of Government takeover of legacy debts, the central

bank's external liabilities, capitalisation of the Mutapa Investment Fund and the compensation of former farm owners.

64. Servicing of the debt, in the absence of long-term concessional external support and preference for short-term paper by domestic investors, has increased debt servicing costs and created an unfavourable fiscal position that undermines support for the social sectors and other developmental programmes.

65. To contain the cost of debt servicing, Government will restructure the terms and conditions of some of the debt, as well as issuance of long-term securities.

66. In addition, Government will accelerate the Zimbabwe Arrears Clearance and Debt Resolution Strategy through the Structured Dialogue Platform (SDP) and the Engagement and Re-Engagement agenda in order to address the debt burden and ensure access to external long term concessional funding.

Risks to the Economic and Fiscal Outlook

67. Significant exogenous and endogenous shocks during the past few years have created challenging macro-economic conditions and elevated levels of downside risks to the economy. Despite these risks, the economy has proved to be resilient, recording positive growth rates since 2021, albeit lower than potential.

68. While the outlook will remain challenging, the projected strong economic growth of 6.5% in 2025 is premised on a good 2024/25 summer cropping season, stable electricity generation at Hwange 7 and 8, as well as completion of major investments in manufacturing, mining and tourism sectors.

69. Risks to this growth projection will emanate mainly from geo-political tensions, softening of commodity prices, climate change impacts and continued global supply chain disruptions.

70. In this regard, stabilising the macro-economic environment and the domestic currency, ZiG, will be an important step in mitigating the above risks, build resilience and engender sustained higher levels of economic growth and development.

71. Furthermore, Government will implement climate change adaptation and mitigation actions across all sectors, in order to enhance adaptive capacities and climate resilience, focusing on the following areas:

- Implementation of the National Climate Change Adaptation Plan (NAP) by mainstreaming climate change in development planning and budgeting processes;
- Implementation of Nationally Determined Contribution (NDC) with Government implementing measures to upscale uptake of renewable energy, energy efficiency, afforestation and reforestation, reducing veld fires and sustainable waste management, among others;
- Mainstreaming of climate change consideration in budget formulation and implementation in order to deliver the national climate change response and meet the global climate action goals;
- Implementation of awareness and capacity building measures for MDAs to ensure enforcement of S.I. 150 of 2023 on Carbon Trading (General) Regulations which regulates carbon trading in the country including the share of proceeds; and
- Adoption of the NDC Implementation and Investment Framework to facilitate mobilisation of support and upscale implementation of mitigation measures.

PROPOSED STRATEGIC PRIORITIES FOR THE 2025 BUDGET

72. The National Development Strategy1 will come to an end in December 2025. Key among the milestones achieved to date include the following:—

- Fiscal consolidation;
- Monetary policy restoration, as well as currency and exchange rate reforms;
- Structural and governance reforms;
- Engagement and re-engagement;
- Infrastructural development;
- Investment promotion; and
- Support for the productive sectors.

73. In support of the development of NDS2 (2025–2030), the successor to the NDS1, Government is conducting an economic census from 1 May 2024 to provide comprehensive and latest economic data to estimate the size of the economy and also guide formulation of economic policies, going forward.

74. Based on the findings from the NDS1 Mid Term Review, the 2025 National Budget will prioritise projects and programmes, particularly those that support a conducive business environment, drive industrialisation, aid structural transformation, and build resilience to shocks.

75. In this regard, the Zimbabwe Industrial Reconstruction and Growth Plan for 2025 proffers measures to promote growth of the manufacturing sector, leveraging on the country's abundant natural resources, through diversification and value addition of local primary products that can compete in the region and beyond.

76. The above interventions will require resources, both domestic and external, at the scale that would make meaningful impact. Hence, Government will sustain the current economic reforms and implement a robust resource mobilisation strategy to fund identified programmes and projects.

Economic Growth and Macro-Stability

77. Government will prioritise fiscal and monetary policies to support the stability of the domestic currency, the ZiG, under a stable macro-economic environment. Among other interventions, the Liquidity Management Committee of the Treasury and the central bank will play a greater role in coordinating fiscal and monetary measures to effectively manage liquidity injections into the economy.

78. Tough decisions and measures to re-establish fiscal sustainability will be unavoidable, covering resource mobilisation, enhancing efficiency of public expenditures, as well as reducing waste. Containing costs of major expenditure heads, such as the wage bill and debt servicing will be critical to creating fiscal space and reducing the risk of monetising the Budget deficit.

79. A sustainable and stable macro-economic environment will underpin the projected strong rebound of 6.5% economic growth projected for 2025.

Currency Reforms and Exchange Rate Management

80. The phased de-dollarisation programme is well underway and seeks to re-establish a mono-currency regime, backed by a domestic currency that can spur domestic production and boost exports by making local products more competitive in international markets.

81. The introduction of a structured domestic currency, the ZiG, on 5 April 2024 was a critical step in this process and has significantly stabilised the macro-economic environment. Sustaining the stability in the medium-to-long term, will require consistency in the implementation of policy reforms, effective management of liquidity injections into the market, as well as, foreign currency generation and supply to the economy.

82. Furthermore, confidence building measures will be instituted and clearly communicated to the market, in order to upscale trust, acceptance and use of the domestic currency.

83. This is cognisant of such dynamics of the local economy, as imperfections of the financial sector, legacy issues that still drive perceptions, as well as weakened trust and low confidence of market players. The policy framework to support the domestic currency will encompass pragmatic and market-based approaches, in order to lock out negative perceptions and adverse expectations that have weakened policy effectiveness in the past.

84. Policy refinements, as opposed to reversals and inconsistency, will be sustained, so as to build a solid track record of policy credibility. To buttress this, an optimum quantity of ZiG notes and coins will be maintained at all times in order to balance the need for transactional convenience with that of preserving the store of value properties of the local currency.

85. Broadly, the macro-economic stabilisation policy thrust going forward will focus on the following:—

- Restructuring of the national debt to reduce servicing costs and alignment to Budget capacity;
- Effectively managing liquidity injections into the market through the Liquidity Management Committee;

- Following up on measures to strengthen the demand and use of domestic currency by Government, the corporate world and the general public;
- Progressively switching the foreign and local currency mix in the economy, as part of the de-dollarisation strategy;
- Fiscal consolidation measures, including domestic revenue mobilisation and asset disposal to ensure sustainable fiscal deficit financing and avoidance of the inflationary and self-defeating recourse to the central bank overdraft facility;
- Maintaining the current tight monetary policy stance, by strengthening the money supply growth management measures in place, and increased use of Open Market Operations (OMO) of the RBZ;
- Avoidance of any quasi-fiscal operations;
- Continuous improvement in the functioning of the market based willing buyer willing seller foreign exchange market; and
- Instituting measures to deepen money and capital markets activities, to foster use of longer-term financial instruments in the economy.

Investment Facilitation and Promotion

86. The current investment mobilisation drive and engagement with potential investors, domestic, foreign and non-resident Zimbabweans, is meant to increase investment inflows, facilitate technological transfer, deepen productive linkages and value chains, as well as boost the overall competitiveness of the economy.

87. Government will align sectoral policies to the thrust of the country's Investment Policy, as well as implement measures to improve the business environment and lower the cost and risk of doing business.

88. Such reviews will also address and standardise laws and regulations governing entry of investors and establishment, repatriation of investment and profits, settlement of investment disputes, among other considerations.

89. Noting that tax incentives can be a major determinant to decisions on investment location, the current tax incentive structure will be reviewed and as necessary, aligned to the national development objectives.

90. Consistent with the devolution agenda and balanced development thrust, Provinces have developed investment profiles, leveraging on their natural resource endowments and opportunities. These are being marketed to both local, and foreign investors in order to increase investment inflows that will grow the Provincial gross domestic product and accelerate socio-economic transformation across the country.

91. Increased engagement with the diaspora community is critical for sustainable national development and investment, with remittances from Zimbabweans abroad amounting to US$2.16 billion in 2023.

92. In 2025, the National Budget will prioritise initiatives aimed at fostering closer ties with the diaspora community, including policies to facilitate efficient investment channels that address their peculiarities and aspirations, knowledge transfer programmes, as well as incentives for remittances through formal channels.

Supporting Productive Value Chains

93. Government seeks to reverse the trend where trade and export receipts rely on a few unprocessed raw materials and low value-added products with very limited skills content. During 2023, for example, mineral earnings, at US$5.4 billion, accounted for 75% of the country's total export earnings of US$7.2 billion.

94. In this regard, diversifying the product range to such sectors as manufacturing will upscale Zimbabwe's participation in regional and global value chains, increase trade in high value-added products, build economic resilience from shocks, provide more decent jobs, increase foreign exchange receipts and improve the quality of life of citizens.

95. Already, complementary investment in strategic regional corridors and cross border infrastructure projects in transport, energy and information communication technology currently being implemented, will expedite regional integration, simplify cross-border movement and processes, as well as reduce the cost of business and trade.

Agriculture

96. The agriculture sector is expected to rebound from a 21.2% contraction during 2024, to register a positive growth of 23.6% in 2025, benefiting from the anticipated La-Nina weather phenomenon, usually associated with normal to above normal rainfall pattern.

97. Growth prospects for wheat during 2024 may improve on account of higher output than initially projected during this winter wheat season, given the area planted of 121 000 hectares against a target of 120 000 hectares.

98. Interventions in agriculture will be guided by the Agriculture Food Systems and Rural Transformation Strategy and Agriculture Recovery Plan. Government support will broadly be based on implementation of the key tenets of the Agriculture Recovery Plan, covering the following:–

- Climate proofing agriculture, through construction of dams, irrigation development and adoption of climate smart agriculture innovations;
- Timely provision of inputs;

- Intensification of farmer education and training;
- Appropriate financing (Long-term financing);
- Strengthening of the livestock disease surveillance system;
- Upscaling of appropriate scale smallholder mechanisation;
- Refurbishment of national grain storage infrastructure;
- Scale-up of climate resilient WASH approaches;
- Subscribing to a sovereign drought insurance policy; and
- Establishment of agro-processing centres for strategic crops.

Financing

99. To ensure national food security, Government financing will mainly focus on the Agriculture Productive Social Protection Scheme, targeting provision of inputs to 3 million rural and 500 000 peri-rural beneficiaries, with region-specific input packages comprising (seed, fertilizer and chemicals).

100. The private sector will fund the National Enhanced Agricultural Productivity Scheme (NEAPS) through loans acquired from commercial banks. Other private individual farmers will continue to finance their farming activities using resources mobilised from own initiatives and contractual financing.

101. To facilitate an increased role for the private sector in funding agriculture activities, Government will review the marketing models for all strategic crops, as well as increase access to grain output directly from self-financed farmers.

Irrigation

102. The 2025 National Budget will channel resources towards irrigation development, consistent with the target of developing over 350 000 hectares under irrigation in the medium-to-long-term. Through the Accelerator Model, all the 460 rural irrigation schemes will be transformed into viable Irrigation Scheme Business Units, with enhanced production, beneficiation and value addition.

103. On account of the increased incidence of climate shocks, investment in irrigation infrastructure will be complemented by the adoption of climate-smart agriculture innovations, with support from the private sector.

Marketing of Agriculture Crops

104. Government will promote the use of the Zimbabwe Mercantile Exchange (ZMX) in the marketing of agriculture produce, in order to enhance farmer income and reduce post-harvest loses. In this regard, the GMB will be focusing only on procuring grain for the Strategic Grain Reserve, with the rest of the produce being sold to private players through the ZMX.

105. Broadening market options for farmers reduces fiscal burden and over-reliance on the GMB. In this regard, the range of products and services offered by the Zimbabwe Mercantile Commodity Exchange will be broadened, going forward. This will allow market access for farmers, price discovery, and convenient trading of agricultural commodities.

106. Furthermore, allowing market forces to determine the price of agricultural produce is critical in stimulating output and investment in the sector. Government will also facilitate the provision of fiscal and non-fiscal incentives for investment in value addition and agro-processing.

Rural Development and Industrialisation

107. Rural development and transformation will be promoted through judicious investment in communities and execution of Rural Development 8.0 interventions. The concept is anchored on value adding and beneficiating agricultural produce, in order to raise incomes for communities and ensure food security even during drought years.

108. The concept entails establishment of 35 000 Village Business Units (VBU) in 35 000 villages, 4 800 Youth Business Units (YBU), and 9 600 School Business Units (SBU) which can generate income for households in order to improve livelihoods. Emphasis will be on ensuring that the economic activities in each operating unit generate income and alleviate poverty.

109. In addition, the 460 rural irrigation schemes will be transformed into viable business units, with increased production, productivity and profitability. ARDA will provide technical expertise in the form of a competent Scheme Business Manager, whose mandate is to transform schemes into viable commercial enterprises.

Livestock

110. The El-Nino induced drought has brought to the fore, the need to build resilience for the livestock sector currently facing high cattle mortality due to lack of pasture, diseases and water availability. In this regard, Government will collaborate with the private sector and livestock farmers to promote improved dairy and beef cattle nutrition through provision of animal feed, including hay bailing for the most affected areas.

111. Government will also facilitate intensive cattle dipping by prioritising construction and rehabilitation of dip tanks and ensuring that they are

operational. This will be complemented by the Presidential Blitz Tick Grease Programme that seeks to eliminate debilitating tick-borne diseases.

Farm Mechanisation and Productivity

112. Farm equipment remains a critical input in the modernisation of agricultural activities that enhance crop and livestock production and productivity. In this regard, Government will facilitate the procurement of agriculture equipment in collaboration with the private sector.

113. This will be complemented by the adoption of new farming technologies, such as use of herbicides, *Pfumvudza/Intwasa*, and improvement in the timely availability of seeds, chemicals and fertilizers in the local market.

Horticulture Export Revolving Fund

114. The Horticulture Export Revolving Fund (HERF) provides support to farmers for capital expenditure and working capital requirements. The support targets eligible and productive exporting horticulture farmers with a good track record in the horticulture industry.

115. The facility is channelled through local banks on a risk-sharing structure where banks undertake due diligence and credit assessments on beneficiaries, whilst the Government provides an 80% cover guarantee.

Business Advisory and Extension Services

116. Extension services provide critical agricultural advisory services which help farmers to increase knowledge in livestock and crop production. The Budget will support institutions involved in farmer extension services to increase farm yields and output.

117. The capacitation will include the provision of such tools of trade as vehicles and equipment, including appropriate accommodation.

Land utilisation

118. Land utilisation will be improved through the promotion of joint ventures (JVs), investor-landlord match-making models, as well as consolidation of the ARDA model for irrigation schemes.

119. At the same time, smallholder mechanisation and capacitation of local research institutions will be upscaled in order to promote local production of farm mechanisation equipment.

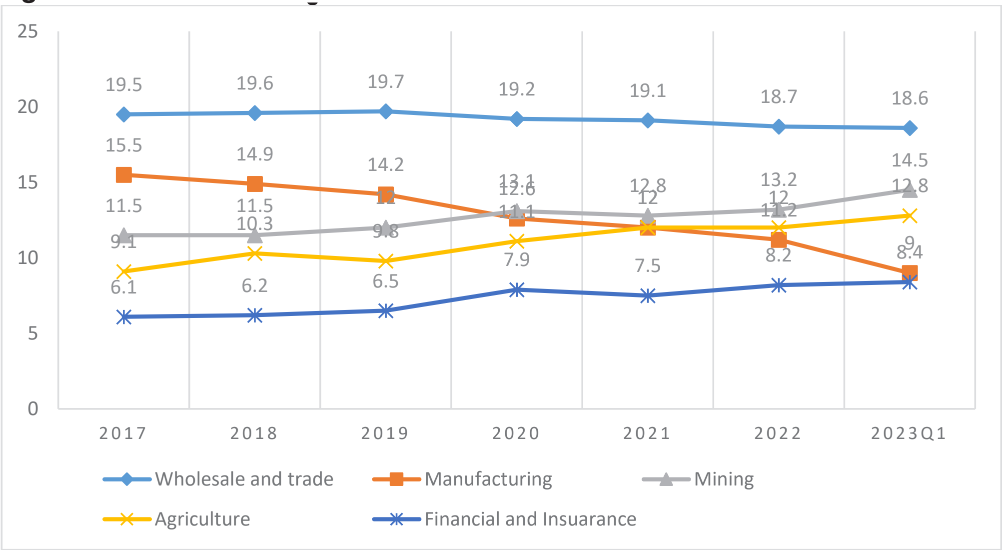
Manufacturing

120. The country continues to record robust economic growth despite exogenous and endogenous shocks. The growth has, however, not been transformative with regard to changing national productivity, increasing exports, and employment creation. The rate of structural transformation must, therefore, match the pace and scale required to significantly improve the living standards of citizens.

121. This, in part, is due to the declining contribution of the manufacturing sector to the overall economy over the years which has seen the share of manufacturing to GDP decline from 23% during the 1980–1989 period to 9% in 2023.

122. The decline in the contribution of the manufacturing sector to GDP is attributable to low export competitiveness of locally produced goods, dominance of primary products and limited linkages with the rest of the productive sectors. The manufacturing sector also has strong import dependence for raw materials, underlying the fact that local value chains are not in tandem with economic aspirations.

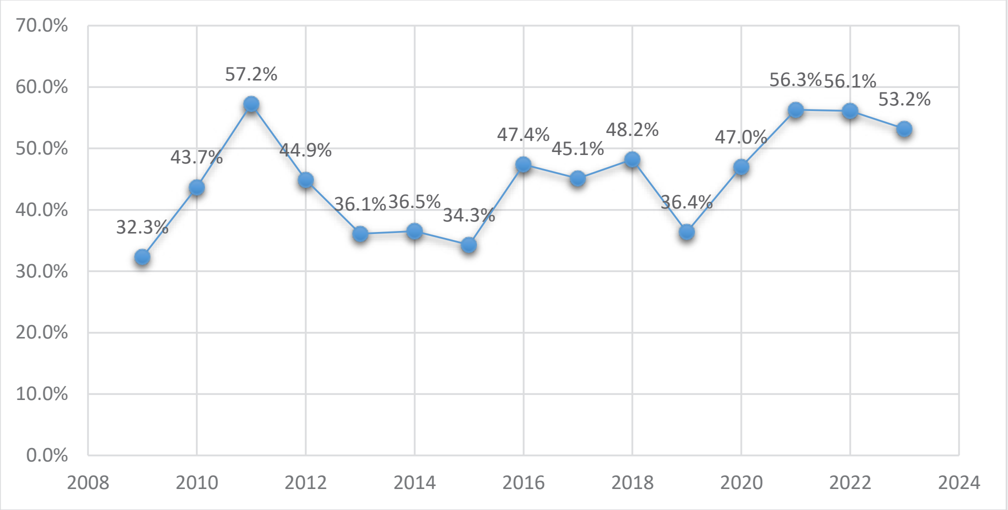
Figure 4: Sectoral Shares to GDP



Source. Confederation of Zimbabwe Industries

123. Despite increased investment in new technologies and equipment to boost capacity, output from the manufacturing sector has remained constant, resulting in the Capacity Utilisation Index dropping from 56.1% in 2022 to 53.2% in 2023.

Figure 5: Capacity Utilisation



Source. Confederation of Zimbabwe Industries

124. Factors undermining growth of the manufacturing sector include the following:

- Inadequate and unreliable public utility services such as electricity and water;
- A high and complex regulatory environment. Compliance costs alone account for 18% of total overheads;
- Absence of low-cost long-term finance; and
- Costly logistics due to poor rail freight services.

125. To address the current structural challenges and bottlenecks affecting the sector, Government would be implementing the Zimbabwe Industrial Reconstruction and Growth Plan (2024–2025) to foster growth.

126. Proposed strategies in the Plan seek to achieve the following objectives:—

- A manufacturing growth rate of at least 5% per annum;
- Grow manufacturing sector investment by 3% per annum;
- Increase the share of the manufacturing value added (MVA) in GDP to 20% by 2030;
- Increase the manufactured exports by 25% per annum;
- Increase the share of manufacturing employment to total employment to 20% by 2030; and
- Increase the competitiveness, diversification and complexity of the country's manufactured exports.

127. Sector specific strategies will also be effected to upscale processing of primary products and raw materials into intermediate goods used in the manufacture of finished products, foster innovation and research,

accelerate investment in Fourth Industrial Revolution (4IR) technologies, as well as promote strong linkages with the SMEs.

128. New focus areas identified in the Plan include lithium value addition, solar energy, recycled waste and enhanced value addition in the agro-processing area among others.

129. The Plan will be complemented by interventions meant to upscale value addition and beneficiation, improve the business operating environment, export development and competitiveness leveraging on the opportunities to be unlocked under the African Continental Free Trade Area (AfCFTA)

130. Furthermore, Government will implement programmes that maximise use of local productive assets in rural areas, to create industrial hubs that generate employment and enhance overall standards of living for rural communities.

Mining

131. Despite depressed international commodity prices, the mining sector continues to exhibit resilience and is expected to grow by 5.4% during 2025. This is on the back of recent and ongoing investments in gold, iron and steel, coal, chrome, platinum group metals and lithium subsectors, which will positively impact on output growth.

132. Notwithstanding the growth over the years, the sector's contribution to the socio-economic development of the country had been dampened on account of the following:–

- The long spell of depressed commodity prices;
- Electricity supply challenges;

- High capital requirements and import content of mining operations;
- Low value addition and beneficiation of mineral products, the bulk of which are exported unprocessed; and
- Negative environmental impact of most mining activities.

133. Given the above, Government is reviewing the current mining framework to ensure the country enjoys maximum benefits from all mineral activities, including underwriting the country's socio-economic transformation and development agenda.

134. Mineral exploration remains key to the development of the mining sector, in order to accurately define the mineral reserves in the country and ensure exploitation of the resource is shared equitable and transparently between investors and the State.

135. Furthermore, Government is focusing on enhancing domestic mineral beneficiation and value addition. Specific projects earmarked towards this important initiative will include the following:–

- Establishment of the Mines to Energy Park in Mapinga, Mashonaland West Province, to beneficiate lithium to lithium hydroxide and lithium carbonate, graphite anodes whilst establishing two 375MW power plants required to power this project;
- Establishment of additional Gold Service Centres across Provinces and capacitating small scale miners to boost gold deliveries to Fidelity Gold Refinery (FGR);
- Establishment of more beneficiation and value addition facilities, such as ferrochrome smelters;
- A Minerals Commodities Exchange will be established to enable trading of mineral commodities in an organised, transparent and

regulated marketplace, for the benefit of miners, including artisanal and small-scale miners; and

- Supporting the initiatives by PGM producers to expedite the establishment of the Base Metal Refinery (BMR) which will accommodate base metal toll refining among platinum producers.

136. In addition, Government is committed to enhancing and upscaling mining value chains to ensure they facilitate forward and backward linkages with the rest of the economy.

137. The "*Responsible Mining Initiative*" will be stepped up to ensure mining sector players comply with our laws and embrace ethical and environmental responsible mining and processing practices throughout the value chain, in order to safeguard the country's natural resources and eco-systems.

138. Government will restructure and capacitate the Ministry of Mines and Mining Development for efficient service delivery. This includes establishment of sub-offices in Provinces, to bring technical services closer to miners in line with the devolution and decentralisation agenda.

Tourism

139. The country's tourism promotion agenda continues to be enhanced through investments in supportive infrastructure by the State and major hospitality industry players. Prime tourist destinations have witnessed a surge in hotel construction and refurbishments, ensuring that facilities meet international standards and best practices.

140. The *'Open Skies Policy'* and upgrades on major airports have underpinned growth in airlines flying into Zimbabwe from 3 in 2020 to the current 20. Airline frequencies also continue on an upward projectile.

Table 7: Airlines Coming into Zimbabwe

Year	Total number of Airlines	Number of Airlines which pulled out	Number of new Airlines	Total Airlines
2020	3	13	-	3
2021	3	-	7	10
2022	10	-	6	16
2023	16	-	2	17
2024	17	-	1	20

Source: ACZ

141. Construction of the 10 000-seater Mosi Oa Tunya International Cricket Stadium in Victoria Falls is expected to boost sports tourism into the country. Furthermore, the proposed establishment of the Tourism Academy in the resort city will attract regional scholars with diverse skills and experiences, which will improve local skills and service excellence, which had deteriorated in the past, due to skills flight.

142. The above developments have been complemented by the deployment of tourism attaches in key source markets (France, Hong Kong, Beijing, Germany, France, UK, Cape Town, Johannesburg, Saudi Arabia and Japan), including crowding in of international conferences under the National Convention Bureau.

143. Continued participation at flagship national and international tourism meetings, conferences, and exhibitions (MICE tourism), marketing, and support of Zimbabwe's tourism to the world through promotional programmes will be enhanced during 2025, to supplement destination competitiveness and national branding.

144. Focus will also be on developing new products that enhance performance of various tourism clusters, as well as extend the average length of stay. This will entail measures that enhance the domestic tourism brand and image.

Infrastructure, ICTs and the Digital Economy

145. Fiscal outlays under the Zimbabwe Infrastructure Investment Programme have focused on projects that improve the business operating environment, as well as enhance social and economic development.

146. Given the large amount of resources required to close the infrastructure gap, adoption of other delivery methods to complement fiscal resource outlays will be explored. Already, Government is in discussion with Africa50 to adopt the concept of asset recycling financing for infrastructure assets in the transport sector.

147. This will be complemented by review of the current pipeline projects to determine their cost, benefit and deliverability under the current difficult financing climate. Focus will be on identifying bottlenecks to project implementation that includes the impulsive projects without discernible funding streams, capacity gaps to effectively design, execute and supervise large projects, as well as spreading resources thinly amongst many projects.

148. Such a review will improve the quality of infrastructure spending and ensure projects expand the productive capacity of the economy.

Information Communication and Technology

149. Consistent with the National Development Strategy1, the Zimbabwe National Information and Communication Technology Policy (2022–2027), underscores the importance of ICTs as a cross-cutting enabler for all the key pillars of the economy. To ensure the sector drives the transformation towards a digital economy, investment in infrastructure, innovation, policy streamlining, equal access and resilience against evolving cyber risks, will be prioritised.

150. Through the Digital Zimbabwe Project and strategic collaborations with the private sector, Government will promote innovation, and build a resilient digital eco-system that fosters inclusive growth and prosperity for all citizens. This includes an enabling environment for the uptake of ICTs, address electricity supply limitations, internet intermittency and limited coverage, digital skills dearth and cyber-security issues.

151. Furthermore, the establishment of an ICT Technological Park, which will be an innovation hub that supports startups, from ideation to commercialisation, will be prioritised, in partnership with the private sector.

152. In collaboration with technopreneurs, Government will promote research and development that will result in the development of such emerging technologies as AI, Internet of Things (IoT), Robotics, Virtual, and Augmented Reality. A Techno Park will serve as a catalyst for technological advancement, that contributes towards the growth of the digital economy.

153. As part of measures towards a digital economy, Government will implement the following:—

- Embed futures thinking and best practice in the development and deployment of inclusive, accessible digital platforms, paying special attention to rural and marginalised areas;
- Expedite the implementation of a data exchange platform, cyber-security systems and supporting frameworks to enhance information sharing, collaboration and inter-operability across various systems;
- Develop and enact enabling policies and regulatory frameworks, to guide the digital enablement process;

- Promote the proper adoption and use of new and emerging technologies, in all socio-economic domains; and
- Formulation of appropriate guidelines for the adoption of new and emerging technologies, focusing on the Big 7 of the 4th Industrial Revolution (4IR), namely, *Artificial Intelligence; Internet of Things (IoT); Big data and Analytics; Robotics; 3D Printing; Unmanned Aerial Vehicles (UAV) and Blockchain Technology*.

154. Implementation of the Digital Zimbabwe 2030 Master Plan will also see locally developed ICT products being used to support the country's digital transformation agenda and roll-out of such innovation initiatives as Smart Health, Smart Agriculture, Smart Government, Smart Cities, and Smart Stadiums.

E-Government

155. Implementation of the e-Government programme during 2025 will focus on ensuring all MDAs are connected to a secure wide area network, forming a fundamental pillar of Government's Private Cloud. This will also entail enforcement of standards and streamlining of acquisition of ICTs across public sector institutions.

156. During 2025, priority will be on high impact digitalisation projects, supportive of a resilient and adaptive digital eco-system, that encompasses the following:—

- On-line public services and their availability to citizens continuously, paying attention to rural and under-served areas;
- Development of inclusive, secure digital infrastructure *(Data Centres, networks and Telecoms)* and systems in an environmentally sustainable manner;

- Standardisation of ICTs, to facilitate interoperability, integration and seamless information sharing and collaboration;
- Strengthening the management of e-Government contracts and Service Level Agreements (SLAs) to ensure value for money, service operability, validation, enforcement of standards and reduction in downtime;
- Engagement of Original Equipment Manufacturers (OEMs) and Original Software Manufacturers (OSMs) for ICT acquisition and shared procurement;
- Promulgation and enforcement of policies and regulations that support digital transformation;
- Development of robust cyber-security systems for digital infrastructure, data and information assets;
- Promotion of digital literacy capacitation, innovation and start-ups, to enhance the adoption of e-commerce and digital platforms across all sectors of the economy;
- Implementation of an effective change management programme, to ensure cultural shift and encourage the wider adoption and use of digital services;
- Establishment of mechanisms to monitor and holistically measure the digital economy;
- Enhanced security of digital assets, personal data and compliance with policies, regulatory frameworks, standards and international good practice; and
- Enhanced decision making in policy formulation, leveraging on data analytics and real-time monitoring.

157. To enhance efficiency, accountability, effectiveness and professionalism in public finance management, Government will prioritise the maintenance and upgrade of the Government National Systems and such network infrastructure as PFMS, e-Government, including the replacement of obsolete equipment, SLAs, and bandwidth improvements.

158. The maintenance of national ICT systems will be centralised, and all common ICT licences consolidated, in order to reduce costs of licencing and Service Level Agreements, benefiting from economies of scale.

159. The National Data Centre, being the core component of the Government private cloud will be upgraded to enhance systems availability, and all new and old national systems will be migrated to the Centre, to ensure the Government enterprise modelling is achieved.

Transport

160. Government will continue to invest in transport systems that facilitate the seamless movement of goods, services and people within the country and across borders.

161. In the road sector, focus will be on upgrading the road network to an all-weather roads transportation system, leveraging on the progress made thus far. To this end, Government will sustain investment in road infrastructure projects, connecting such regional corridors as the Beitbridge-Harare-Chirundu Road Rehabilitation Project and the Mbudzi Inter-change Construction.

162. Additionally, ongoing works on roads connecting major cities and towns, such as Harare-Kanyemba and Shurugwi-Mhandamabwe will also be prioritised, including arterial urban roads and rural feeder roads.

163. Also critical is the need to undertake scheduled maintenance of our roads, including routine patching, crack sealing and resurfacing in order to protect current investments, extend the lifespan, as well as their continued use and service to the economy.

164. Given the capital-intensive nature of rail infrastructure, Government will continue to explore sustainable funding options for the recapitalisation of the National Railways of Zimbabwe (NRZ), focusing on rehabilitation and upgrading of rail infrastructure, procurement of equipment and replacement of rolling stock. Re-establishing our rail network will significantly reduce the cost of logistics in the country.

165. The airport upgrade and modernisation programme, which has improved the country's image and increased passenger handling capacity for major airports, will be extended to cover strategic small domestic airports, in order to facilitate trade and tourism.

166. Furthermore, Government has already extended the Border Posts Modernisation Programme to cover Forbes, Nyamapanda and Chirundu Border Posts. Execution of the projects will enhance seamless and smooth movement of traffic along the SADC regional corridors.

Water and Sanitation

167. The El Nino induced drought further exacerbated water insecurity for citizens, limiting access for households, agricultural and other productive commercial uses. With the current drought situation, fears abound that existing boreholes and other water sources, despite still being functional, will dry up before the start of the next rain season.

168. In the medium-term, Government will focus on scaling up water and sanitation programmes and projects throughout the country, guided by

the Integrated Approach to Water Development. The focus will be on dam construction, conveyancing infrastructure, borehole drilling and rehabilitation.

169. The 6.0 Infrastructure Development Model, will also be enforced to ensure communities receive immediate benefits from investments. In this regard, dam construction projects will include water supply systems, irrigation development, and hydro-power generation, where possible, fisheries and waste water treatment and management. This means that all dam construction projects will be deemed complete only when beneficiaries access water for productive use. Government will also encourage and incentivise the private sector to invest in this critical area.

170. The 2025 Budget will also allocate resources for 15 ZINWA water stations countrywide, in order to scale up provision of clean and safe drinking water for communities across small towns and growth points.

171. Under the Presidential Rural Drilling Programme, 8 000 boreholes and 10 000 business units will be established, as part of measures to improve livelihoods and quality of life for rural communities. The business units will focus on producing goods and services that address the needs of the communities.

172. Regarding irrigation, the Accelerated Irrigation Rehabilitation and Development Programme will continue to guide irrigation development throughout the country, and seeks to increase the area under irrigation, raise crop production and productivity, ensure food security, upscale employment creation and provide more feedstock materials for agro-industry.

Energy

173. In line with the medium-term growth projections, the country's electricity demand will continue to grow up to 5 177 MW by 2030, driven primarily by increasing demand from such productive sectors as mining, manufacturing, agriculture, as well as growth of household consumption.

174. The completion of the Hwange Units 7 and 8 Expansion Project has significantly improved energy supply to ameliorate deficits at Kariba. In this regard, further investment and policy reforms to meet the growing demand for electricity will be scaled up through implementation of new projects, as well as maintenance and refurbishment programmes of existing power generation units.

175. In this regard, Government has started project development activities for the development of Hwange Units 9 and 10 that will underwrite the country's base load and energy mix.

176. Through the Project Implementation Agreement, Government has provided risk mitigation incentives that should enhance bankability of all solar projects implemented through Independent Power Producers (IPPs). The incentive scheme will upscale investments in clean energy sources for the country, as well as improve resilience of the sector from climatic shocks.

177. Through the Rural Electrification Fund, Government will continue to invest in grid extension, solar projects, mini-hydro power plants and bio-gas digesters to improve coverage of power supply and promote economic activities across the country. Government will also partner the private sector in implementing off-grid systems, in order to provide electricity to communities away from the national grid.

Housing Development

178. Congruent with the UN's Sustainable Development Goals and the Zimbabwe National Human Settlements Policy, the ambitious housing delivery target under NDS1 was revised from 220 000 housing units by 2025, to a million. Success in the housing delivery target reflects effective collaboration between Government, banks, building societies, insurance companies, corporates and homeowners, as well as the multi-sectoral approach to funding for the various housing delivery models.

179. Government's focus is to transform all settlements into vibrant communities and smart cities, that foster economic growth and development. Through the Budget, Government will provide incentives for development of on-site and off-site infrastructure across all improperly constituted settlements such as Caledonia, Consortium in Harare, among others.

180. Furthermore, the Presidential Title Deeds Programme, launched in Epworth in April 2023 will be rolled out to all Provinces and districts, ensuring homeowners in informal, dysfunctional and conventional settlements get title to their properties, including rural business centres. The programme brings with it dignity and inclusivity for the beneficiaries, allowing them to leverage on the asset to raise resources from financial institutions for re-investment in other productive activities.

181. Furthermore, in order to avert the mushrooming of unplanned settlements, Government will implement the following measures, among others:

- Promotion of densification and vertical development, to deal with urban sprawls;
- Suspension of allocation of land for housing development to cooperatives;

- Promoting security of tenure by issuance of tittle deeds to beneficiaries, through the Presidential Tittle Deeds Programme;
- Abolition of the parallel development policy; and
- Moratorium on all allocation on unserviced land.

182. The Public Service Pension Fund will be capacitated to invest in transformative projects and construction of housing units across the country.

183. The housing loan facilities for junior staff in the public service will be prioritised, including procurement of residential accommodation for senior officers. Furthermore, the on-going construction works for institutional and staff accommodation will be prioritised, in order to create a conducive working environment for Government employees.

Youth, Sport, Arts and Culture

184. The country's youths hold great economic promise, with their innovation and creativity harnessed for the socio-economic development of the country. Beyond the knowledge and skills that accrue through education, Government, parents and society must provide the eco-system that inculcates responsibility, discipline and hard work in our youths which ensures individual talent and skills are deployed for a better future for themselves.

185. In this regard, Government will sustain and improve the education system, including refurbishment and equipping of Vocational Training Centres in order for them to provide high standard training to our youths. Such investments will ensure that the country's youths are competitive and capable of seizing job opportunities available, as well as become veritable self-employed entrepreneurs.

186. Youth entrepreneurial skills and empowerment programmes will be sustained through provision of finance facilities, programmes and opportunities in various sectors of the economy, such as agriculture, mining and the digital economy.

187. Financial institutions such as Youth Empowerment Bank, Empowerbank, National Venture Capital Fund and Small and Medium Development Corporation will be capitalised to provide funding for youth projects during 2025.

188. Government will also collaborate with parents and other stakeholders in addressing such youth deviant behaviour as drug and substance abuse, illusion of easy solutions to problems and misuse of the internet and digital platforms.

Sports, Recreation, Arts and Culture

189. Growth of sports, recreation, arts and culture sector will contribute towards employment creation, curb drug and substance abuse, and, hence can be a catalyst for economic development. Furthermore, the sector is an important tool in promoting nation building and patriotism across communities.

190. During 2025, focus will be on the resuscitation and construction of such sports facilities as national stadia, multi-purpose sport facilities and recreation courts in all Provinces.

191. Additionally, the Cultural and Creative Industries will benefit from the construction of two Film Studios, the National Culture Village and Conference Centre, Kanyemba Arts and Cultural Centre, as well as other community arts and culture spaces within provinces.

Women, Gender Equity, SMEs and Veterans of the Liberation Struggle

Women and Gender Equity

192. To accelerate the achievement of gender equality and the empowerment of all women and girls, Government will identify barriers to women advancement and implement policy strategies to reduce poverty and promote sustainable and inclusive development through gender perspective financing lens.

193. Interventions will seek to strengthen women empowerment programmes, as well as national gender machineries that address structural discrimination, pervasive norms, stereotypes and systemic biases embedded in the economic and social structures which limit women's ownership and control of economic resources.

194. Within MDAs, Government will capacitate the gender desks to enable them support gender-responsive approaches and gender main-streaming activities within the Public Service. This will include development of methodologies and tools to monitor and evaluate investments for gender equality and the empowerment of women and girls in national and local budgetary processes.

195. To enhance the productive capacity of women entrepreneurs, women-led and women-owned businesses, Government will implement such measures that address structural barriers to women's financial inclusion as:

- Adoption of new ways of mobilising funding for women, such as venture capital;
- Establishing women's financial incubation hubs, in collaboration with financial institutions;

- Strengthening formalisation of Women's Businesses;
- Implementing non-collateral-based funding for women;
- Engaging and encouraging the private sector to invest in women's empowerment;
- Support gender main-streaming and women empowerment programmes; and
- Strengthen access to information and communications technology and safety in digital spaces for women and girls.

196. The 2025 Budget will also empower financial institutions such as Zimbabwe Women Micro Finance Bank, EmpowerBank and the Small and Medium Enterprises Development Corporation with resources that will be used to support business ventures by women.

Small and Medium Enterprises

197. Government remains committed to ensuring increased participation of Small and Medium Enterprises (SMEs) across the various productive sector value chains, as part of the economic transformation agenda.

198. Through engagements with SMEs and other relevant stakeholders, Government will develop customised support packages for the sector, entailing the following:

- Simplification of complex registration systems;
- Incentives and support for startups;
- Nurture match marking arrangements and business linkages with large corporates;

- Participation at local, regional and international fairs and investment platforms;
- Standardisation and certification of SMEs products, in order to take advantage of emerging opportunities within the Africa Continental Free Trade Area (AfCFTA);
- Development of work space and infrastructure for SMEs, in collaboration with the private sector; and
- Capacity building, covering skills training, business information, business management practices, access to work space, compliance and marketing knowledge, among others.

199. Access to finance remains a major challenge hindering the growth of SMEs and start-ups operating across various sectors, thereby limiting growth of innovative initiatives. In this regard, the 2025 Budget will empower financial institutions with resources that will be used to support SMEs.

Veterans of the Liberation Struggle

200. Improving the livelihoods of the Veterans of the Liberation Struggle and their dependants remains central to addressing the needs of this important constituency. In this regard, the 2025 National Budget will allocate resources to cover such needs of the Veterans of the Liberation Struggle as medical benefits, funeral grants and educational assistance through monthly gratuities.

201. In addition to welfare programmes, Government is implementing various interventions towards enhanced empowerment of the veterans in such sectors as agriculture, mining, as well as allocation of stands in peri-urban areas.

202. Government is also capacitating relevant institutions to preserve the nation's liberation war legacy and accurately record and document the Liberation War history. This process includes the memorialisation of liberation war battle sites and camps, as well as the reburial of freedom fighters who were buried in mass graves and caves during the liberation war.

Devolution and Decentralisation

203. In furtherance of national development, Government is putting in place the necessary legislation to underpin the devolution and decentralisation agenda, in order to ensure transparency, accountability, efficiency and effectiveness in the use of public resources.

204. Already, the Zimbabwe Inter-Governmental Fiscal Transfers Systems Administrative Manual has been approved, and officials within central government and local authorities are being trained as part of capacity building. Going forward, focus will be on scaling up monitoring and evaluation of programmes and projects being implemented at the local level, to ensure adherence to the principles and guidelines espoused in the Manual.

205. Furthermore, Government will align public administrative structures to those in the Manual, such as the Inter-Governmental Fiscal Transfer Committee, Inter-Governmental Fiscal Transfers Unit, Transfer Administration Unit, amongst others, in order to improve on resource management and ensure the smooth flow of Inter-Governmental Fiscal Transfer funds.

206. To ensure that the law is used as a tool of development, all stakeholders will be exhorted to support enactment of the requisite legislation used by the lower tiers of Government through an Act of Parliament. This

will ensure efficient implementation of the devolution agenda, in order to align the Provincial/ Metropolitan Councils and the Urban and Rural Councils Acts to the new Constitution.

Human Capital Development, Well-Being and Innovation

207. Successful, creative and innovative economies are sustained by a labour force able to take on new challenges and solve problems creatively. In this regard, the country's evolving education system must produce a child capable of identifying problems of value, resolve them based on new ways of thinking and work persistently and collaboratively with others to overcome societal challenges.

208. The 2025 Budget will prioritise outlays towards health, education and other social sectors, that create a healthy and productive population.

Health

209. The National Health Strategy 2021–25 Implementation Progress Report for the period to the first quarter of 2024 indicates achievements made in managing the country's health systems, covering drugs availability, stabilisation of the attrition rate and construction and upgrading of health infrastructure, amongst other interventions.

210. In addition, the Essential Health Services Index of the World Health Organisation, which measures progress on interventions, such as reproductive health, maternal, new-born and child health, infectious diseases, among others, indicates progress in the country's health delivery over the past 3 years. Improvements have been higher, compared to peer countries within the region and Africa.

Table 8: Coverage of Essential Health Services Index

	2000	2005	2010	2015	2017	2019	2021
Zimbabwe	30	31	46	56	57	55	55
Zambia	28	34	45	52	53	54	56
Malawi	22	28	38	42	48	48	48
Mozambique	20	23	31	40	43	43	44
Lesotho	27	33	45	54	56	53	53
Africa	23	28	36	42	44	45	44
Global	45	50	58	65	67	68	68

Source: WHO (last updated 2023/05/01)

211. Investment in resilient and adaptable healthcare systems during 2025 will ensure the country's preparedness for disease outbreaks, support human resource capacity improvement and procurement of health consumables.

212. In this regard, fiscal outlays will target the following interventions:—

- Bridging the gap in the provision of health infrastructure services by procuring minimum health infrastructure assets for health institutions, including life-saving equipment. This will ensure access and effective service delivery, as well as address imbalances between regions;
- Building robust and resilient primary health care services in every community, to enable early detection and treatment of health outbreaks;
- Ensure availability of essential medicines and drugs that satisfy priority health care needs at every level of care; and
- Recruitment, training and retention of well trained and motivated workforce that sufficiently provides health services to citizens.

213. Furthermore, and in response to the resurgence of communicable diseases, such as cholera, health funding will seek to ensure basic

essential services are available to all, including those in the most remote areas of the country.

214. The ongoing construction of 30 health centres, being implemented by NMS Infrastructure Limited focuses on delivery of fully equipped and modern health facilities in under-served areas. Already, 4 health centres have been completed, and are already delivering health services to the beneficiary communities. During 2024, construction of 2 district hospitals and 16 health posts are underway.

215. During 2025, focus will be to sustain current works until the project is completed. This will help increase coverage of health services to under-served and marginalised communities.

Education

216. In pursuit of transformation, innovation and a knowledge driven economy, the foundational primary and secondary education level will prioritise access and inclusivity for all children through construction of new schools, as well as, provision of laboratories, functional libraries and digital systems.

217. Government will ensure every child has a fair chance in life, by prioritising the following learner support services:–

- Regular and reliable provision of school feeding and nutrition;
- Menstrual health and hygiene support;
- Provision of STEM/STEAM learning areas;
- Promotion of indigenous languages in schools;
- Full implementation of Heritage Based Curriculum; and

- Development and usage of open and distance learning, e-teaching and learning materials, including radio and television lessons.

218. Regarding tertiary education, Government will accelerate the completion of already initiated projects, focusing on students' hostels, lecture and administration blocks at State universities and polytechnics. Furthermore, the science and technology innovation eco-system will be enhanced through the construction and equipping of industrial parks, innovation hubs and laboratories.

219. The uptake and application of STEM subjects will be enhanced through expanding STEM offerings and capacitating STEM training institutions by refurbishing laboratories and re-tooling them.

220. Policy priorities under the Heritage Based Education 2024-2030 Curriculum Framework will target the following outcomes:–

- Improved Corporate Governance;
- Improved access to quality, equitable and inclusive Education;
- Increased uptake and application of STEM subjects;
- Availability of specialist skills, to meet the demand of industry, commerce and public sector;
- Improved Research Development and Innovation throughput; and
- Improved science and technology innovation eco-systems.

221. Regarding availability of specialist skills for industry, commerce and the public sector, Government will strengthen the training and certification of artisans, technicians and technologists. In the spirit of *leaving no one and no place behind*, Government will expand skills training to rural communities, through the Integrated Skills Expansion Outreach Programme (ISEOP).

222. To drive industrialisation and innovation, Government will improve science and technology innovation eco-systems, targeting agro-innovation, minerals and mining value chains and utilisation of advanced technologies. Construction and equipping of research, science and technology physical infrastructure, such as industrial parks, innovation hubs and laboratories, will be upscaled.

Social Protection

223. Government's social protection framework targets to reduce extreme poverty by empowering and building resilience against shocks in vulnerable and disadvantaged households, including the elderly, children in need of care and protection, persons with disabilities and the chronically ill.

224. Collaborating with all stakeholders, interventions during 2025 will focus on improving the current social protection system by addressing challenges such as fragmentation and duplication, enhance predictability, consistency and accountability, as well as ensure resource outlays address the needs of vulnerable groups.

225. The life cycle approach to social protection that Government has adopted, enables comprehensive support at every stage of human development, and ensures responsive programmes reinforce each other in protecting the vulnerable, from lifelong effects of shocks, poverty and discrimination.

226. Planned activities during 2025 include the following:–

- Strengthening the legal and policy frameworks governing child and social protection programmes;
- Scaling up resource outlays towards social protection initiatives, given the increased incidence of shocks;

- Rollout of the Integrated Social Protection Management Information System across all programmes and districts, in order to optimise resource allocation, and improve efficiency of delivery mechanisms, as well as ensuring social protection programmes effectively support those most in need;
- Provision of probation services and rehabilitation of children in conflict and contact with the law;
- Establishment of a Drug and Substance Abuse Agency, multipurpose interaction centres, out-patient psycho-social support centres and stand-alone drug rehabilitation centres in all provinces; and
- Improve spending for social safety nets, including welfare programs, pensions, and disability support.

227. Government will also prioritise the provision of utility vehicles to most institutions to enable access to key public services, such as medical assistance and the day to day running of the institutions.

Skills Audit and Development

228. Government recognises the critical role of skills in spurring socio-economic growth and development.

229. Technical skills for the key sectors of the economy, as well as core skills, such as planning skills, critical thinking skills, contract negotiation, management and general leadership skills, will be key in achieving industrialisation, value addition, entrepreneurship and effective and efficient delivery of public services to our citizens.

230. The 2018 Critical Skills Audit revealed that the country's skills base stands at only 38%. This is despite Zimbabwe maintaining very high literacy rates of above 90%.

231. In this regard, Government aims to raise the skills base to above 70% by prioritising upgrading and modernisation of training institutions, technical, vocational, universities and polytechnics.

232. Emphasis will be on boosting skills in the Science, Technology Engineering and Mathematics (STEM) areas. In the same vein, Government will increase financing of scholarships based on strategic refocussing and coordination, informed by a recent review of all existing scholarship programmes.

233. Reliable and high-quality skills data and skills anticipation systems are important tools for reducing skills mis-matches between industry needs and skills produced by training institutions. Comprehensive and sectoral skills audits will, therefore, continue to be upscaled in order to align skills development programmes with industry needs and national priorities.

234. Government will foster closer collaboration between industry and training institutions, as well as create online platforms for skills development, including Techno Hubs, to facilitate on-line training, in line with global trends, driven by the 4th Industrial Revolution.

Innovation, Research and Development

235. Research and development plays a crucial role in fuelling innovation and driving economic growth, as well as creating the foundation for sustainable development. New discoveries allow companies to stay competitive, increase profits and improve the well-being of society.

236. The 2025 National Budget will prioritise research and development undertaken by relevant institutions such as State universities, SIRDC and the Ministry of Defence. Trends elsewhere indicate that military research, in particular, contributes in creating a powerful national innovation eco-system that drives the economy of the future.

Effective Institution Building and Governance

237. Independent Commissions, established through the Constitution, are an important vehicle for expressing the values and preferences of citizens, communities and society as they play a critical role of rebuilding public trust in institutions, promote social stability and peace, as well as the well-being of communities.

238. The 2025 National Budget will, therefore, provide resources that enable oversight institutions to effectively execute their mandates, be more transparent and responsive in addressing societal concerns regarding such issues as corruption, tender-preneurship and resource leakages, among others.

239. This includes capacitating relevant institutions involved in the legislative reforms and alignment of laws to the Constitution.

Public Financial Management Reform Strategy

240. The Public Financial Management Reform (PFMR) Strategy (2021–2025) sought to improve the management and stewardship of public resources by modernising and addressing identified deficiencies in order to improve the quality of public financial management and ensure an efficient, effective and transparent system that minimises opportunities for corruption.

241. The PFMR strategy focusses on improving budget credibility, enhancing fiscal discipline and sustainability, improving resource allocation, strengthening transparance and accountability, as well as increasing value for money.

242. To ensure the timely and optimal implementation of PFM reforms, a framework of measures to address identified gaps was developed, covering planning, budgeting, accounting and reporting, as well as oversight.

243. During 2025, focus will be on:

- Development of a debt registry wherein, contingent liabilities and authorised guarantees and borrowing power authorities will be managed and comprehensively disclosed;
- Setting up and operationalisation of a Treasury Single Account (TSA), thus winding up all remaining retention funds;
- Development of a Treasury Accounting Procedures Manual, from which accounting officers would draft their own instructions;
- Alignment of the PFM Act to the Constitution; and
- Ensuring that all MDAs produce International Public Sector Accounting Standards (IPSAS) compliant financial statements.

State Enterprise and Parastatal Reform

244. The consolidation of some State-Owned Enterprises (SOEs) under the Mutapa Investment Fund is a critical step in transforming the performance of SOEs by ensuring disciplined application of the entities' resources to meet national targets. In this regard, the Fund has set up a governance framework to regulate its relationship with investee companies. The framework seeks to inculcate good corporate governance for investee companies, enhance transparency, as well as ensure effective allocation and use of resources towards service delivery that meet national objectives and targets.

245. Through a diagnostic scan and review of current operations of the SOEs, the Fund will identify strategies to optimise performance, including developing new products, sound finance structures for specific projects and bringing strategic investment partners where necessary, especially in the natural resources sector.

246. Furthermore, a comprehensive review of the various laws governing SOEs will be undertaken to address inconsistences and overlaps, as well as provide clarity on the operations of all companies under the Fund.

Peace and Security

247. The current geo-political tensions and dynamics require Government to provide adequate resources for our security forces to safeguard and protect the country's territorial integrity, national interests and sovereignty.

248. In this regard, the 2025 Budget will set aside resources to capacitate the country's security institutions, to enable them provide a safe and conducive environment for both citizens and businesses.

Ease of Doing Business Reforms

249. Sustaining the ease of doing business reforms plays an important role in creating an environment conducive to entrepreneurship and investment, and allows the country to attract both domestic and foreign investors, whilst also creating a favourable climate for innovation and development of new businesses.

250. During 2025, Government will develop a policy framework that supports sustainable business growth and enables entrepreneurs, both local and foreign, to operate with increased ease and efficiency. Priority will be on

streamlining administrative procedures that facilitate business approvals in an efficient and transparent manner.

251. Focus will be on establishing a robust One Stop Investment Service Center (OSISC) through the Zimbabwe Investment Development Agency (ZIDA) that acts as a single cohesive structure, providing prompt, efficient and transparent services to investors regarding issuance of business approvals, permits and licences, thereby removing bottlenecks faced by local and foreign investors in establishing and running businesses in Zimbabwe.

Image Building, Engagement and Re-Engagement

252. The global economic landscape presents challenges and opportunities, requiring the country to craft policies that address vulnerabilities, whilst also exploiting resource endowments to spur sustainable growth and the well-being of citizens.

253. The increased impetus on image building, engagement and re-engagement by the Second Republic seeks to showcase the country's potential as a viable investment destination of choice, resolve the debt burden constraining access to external funding, as well as address the negative perceptions towards Brand Zimbabwe.

254. Such engagements rebuild trust and foster cooperation with partners, allowing the country to enjoy a respectable status in the international community.

255. Developing and sustaining Brand Zimbabwe helps in creating a more united country that is cohesive and prosperous. In this regard, completion of the Zimbabwe Broadcasting Digitalisation Project and introduction of community radio stations will foster increased participation of

communities in the main-stream economy, as well as providing an efficient communication channel of Government policies and programmes to citizens.

Engagement and Re-Engagement: Arrears Clearance and Debt Resolution Process

256. To implement the Engagement and Re-Engagement agenda, Government established a Structured Dialogue Platform (SDP) with all creditors and development partners, in order to institutionalise structured dialogue on economic and governance reforms to underpin the Arrears Clearance and Debt Resolution process.

257. Since the establishment of the SDP, there has been commendable progress, promoted by a transparent and inclusive consultative process.

258. The dialogue involves consultations and technical meetings under the three Sector Working Groups (SWGs), focusing on Economic Growth and Stability Reforms, Governance Reforms; and Land Tenure Reforms (99-Year lease), Compensation of Former Farm Owners (Global Compensation Deed) and the resolution of farms affected by the Land Reform Programme and protected by the Bilateral Investment Protection and Promotion Agreements (BIPPAs).

259. Under the Economic Stability and Growth Reforms SWG, all liabilities of the central bank were transferred to Treasury and these are now being serviced from the National Budget. In addition, negotiations are currently underway for a Staff Monitored Programme with the International Monetary Fund, and is expected to be concluded before year end.

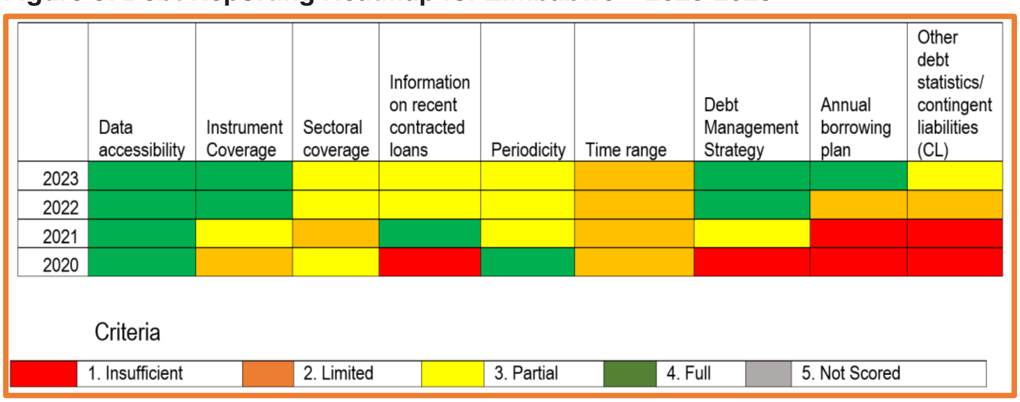
260. To cushion the vulnerable groups during the SMP implementation period, Government is seeking a 'wet' SMP, for which funding is required for the priority areas in social protection, education, health, agriculture/food security and climate change.

261. On compensation of Former Farm Owners (FFOs), 1 300 farmers have registered their interest to sign off the revised agreement with Government. The administrative payment process has commenced, with Government already undertaking verification. In addition, Government invited applications through an advertisement in the national newspapers to initiate payment of compensation of farms protected by BIPPAs, which were ratified before the Land Reform Programme.

Transparency and Accountability

262. In line with the Public Debt Management Act and prudent debt management, Treasury will continue with comprehensive and regular reporting of public debt information. In this regard, Zimbabwe has made significant progress in debt reporting and transparency, moving from four red ratings out of nine categories in 2020, to no red ratings by 2023.

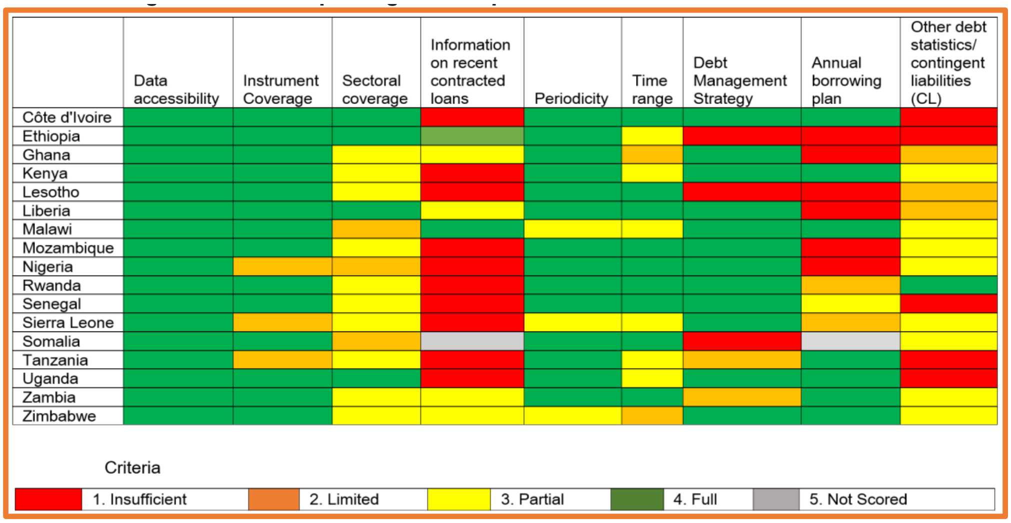
Figure 6: Debt Reporting Heatmap for Zimbabwe – 2020-2023



Source: World Bank

263. Out of the 39 rated countries in Sub-Saharan Africa, Zimbabwe is one of the seven countries with no red rating in all categories as at end of 2023, according to the World Bank Debt Reporting Heatmap.

Figure 7: Debt Reporting Heatmap for Zimbabwe and other selected countries (2023)



Source: World Bank

Zimbabwe Digitalisation Project

264. The Zimbabwe Digitalisation Project represents the country's efforts to modernise its radio and television broadcasting infrastructure in order to provide citizens with improved access to digital media content and services, ensuring that *no one and no place is left behind in* the national development matrix.

265. The project, which commenced in 2015, has seen current aggregate coverage for FM radio expand to 76%, whilst coverage for digital TV is at 38%. During 2025, priority will be to cover those areas unserved or under-served, particularly border areas where communities are forced to resort to other country's networks.

266. In this regard, the 2025 National Budget will introduce measures meant to sustainably fund outstanding works covering digitalisation of the remaining 30 television sites, refurbishment of 20 FM radio sites, construction of 9 new towers and replacement of 7 old defective towers. Completion of the project will ensure affected communities participate in the development and prosperity of the country.

Development Partner Support

267. Government continues to engage with development partners, private sector, civil society organisations and other key stakeholders through the following three-tier Dialogue Forum Platforms:

- Development Cooperation Policy Dialogue Forum – Diplomatic (Apex), Chaired by the Hon. Minister of Finance, Economic Development and Investment Promotion;
- National Development Cooperation Forum – Management (Heads of Cooperation), Chaired by the Secretary for Finance, Economic Development and Investment Promotion; and
- Sector Level Coordination – Technical (Sector Working Groups), chaired by the Secretary for the Lead Ministry in the respective Sector.

268. Treasury continues to encourage the regular engagement of Sector Working Groups, as a platform for joint planning, programming and monitoring of development initiatives between Government, development partners and other key stakeholders. This is crucial in ensuring that development assistance is aligned to national priorities, and complements Government efforts towards achieving national goals. To this end, the Lead Sector Ministries are urged to prioritise the Sector Working Group meetings and engagements.

269. Moreover, as part of efforts to increase accountability and transparency in the management of development assistance inflows, development partners are urged to regularly upload information on their developmental interventions to the Development Projects Management Information System (DEVPROMIS).

270. Government is committed to strong multi-stakeholder dialogue as a basis for effective partnerships with key development actors. To this end, Government calls upon all development partners to actively participate in the Global Partnership for Effective Development Cooperation Monitoring Exercise so as to contribute their views on building inclusive partnerships for development.

CONCLUSION

271. The economic reforms and transformation agenda Government has embarked on seek to entrench macro-economic stability that is sustainable in order to build resilience and support economic growth and improve livelihoods of citizens.

272. In this regard, the stability already established with the introduction of the structured currency and other structural reform measures by Government require collective effort and full support from all stakeholders.

Hon. Prof. M. Ncube
Minister of Finance, Economic Development and Investment Promotion

25 July 2024