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ZIMBABWE

THE 2025 NATIONAL BUDGET

"Building Resilience for Sustained Economic Transformation"

Presented to the Parliament of Zimbabwe

by

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MINISTER OF FINANCE, ECONOMIC DEVELOPMENT AND INVESTMENT PROMOTION

Harare, 28 November 2024

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INTRODUCTION

1. The year 2024 has been an extraordinary year, presenting both challenges and opportunities. The challenges have impacted on the economy, people's lives and progress towards achieving the Nation's Vision 2030 of becoming an upper middle-income society. The economy has, however, shown remarkable resilience.

2. On the positive side, the introduction of the structured currency, the Zimbabwe Gold (ZiG), to replace the Zimbabwe Dollar, as well as other monetary and fiscal measures, unveiled in April 2024, have thus largely stabilised the macro-economic environment and ensured that the economic conditions improve, creating opportunities for stronger sustainable growth going forward.

3. Positive strides were also noted on the engagement and re-engagement front, with brand Zimbabwe being enhanced when the country successfully hosted major international events such as the Economic Commission for Africa 56^{th} Session of African Ministers of Finance, Planning and Economic Development, the Gastronomy Tourism for Africa, as well as the 44^{th} SADC Heads of State Summit, among other major events.

4. During the SADC Summit, His Excellency, the President, Cde, Dr E. D. Mnangagwa assumed the SADC Chairmanship, while the Ministry also assumed the Chairmanship of the Committee of SADC Ministers of Finance and Investment.

5. As an agricultural and mining based economy, the projected favourable 2024/25 agricultural season, due to the La Nina phenomenon, coupled with increased investments in critical sectors and favourable international commodity prices, particularly for gold, are expected to lead to robust economic growth and export earnings in 2025, which will positively impact on the balance of payments position of the country and provide liquidity to support the economy.

6. However, during the 2023/24 agricultural season the country and region were impacted by an unprecedented drought, which created food insecurity for most households, heightened recessionary and inflationary pressures on the economy, as well as curtailed domestic electricity production, which resulted in increased load shedding. However, Government's drought mitigation responses and measures ensured that the shock had minimal impact on livelihoods and the economy.

7. Furthermore, the economy was confronted by a number of headwinds, notably, an unfavourable and uncertain global

environment, which continues to narrow policy options and presents challenging policy trade-offs. These were exacerbated by the volatile exchange rate and inflationary pressures experienced in August and September.

8. The 2025 National Budget, running under the theme, *'Building Resilience for Sustained Economic Transformation',* seeks to respond to these challenges and opportunities by laying a solid foundation for future sustained and inclusive growth and development.

9. Mindful of His Excellency, the President, Cde, Dr E. D. Mnangagwa's vision for countries in SADC to modernise and industrialise their economies through research, innovation and new technologies, the 2025 National Budget will support the ecosystems for innovators and disruptors.

10. This requires extraordinary effort from all stakeholders, with clear commitment to not just identify problems, nor just proposing solutions, but also working together with a clear vision of the future. In this regard, business, labour, civil society and the generality of citizens must be partners in building a better future for Zimbabwe.

11. This envisaged economic growth model is based on entrepreneurship, innovation and the ability to adapt to change.

As Charles Darwin once said, “It is not the strongest of the species that survives, nor the most intelligent, but the one most adaptable to change”. To succeed in this complex global environment, we must seize every opportunity presented to us through adaptive production and trade systems.

12. Government will prioritise the implementation of tight fiscal and monetary policies to address price pressures and stability of the domestic currency. Focus in this regard, will be on fiscal consolidation including the efficient and effective use of scarce fiscal resources.

13. Therefore, mobilisation of resources will be critical going forward. Furthermore, the ongoing Arrears Clearance and Restructuring Process will lead to lower debt servicing obligations and a sustainable fiscal position that creates the fiscal space for critical public spending in the social sectors, infrastructure and empowerment initiatives.

14. Government is aware of the country’s electricity supply gap which continues to weigh down on economic growth and social progress. Bold measures and reforms, such as lower restrictions on self-generation and crowding in private sector investment will be instituted to increase domestic electricity generation and curb power cuts.

15. In formulating the 2025 National Budget, Treasury consulted widely and benefited immensely from the various inputs, submissions and engagements with various stakeholders within and outside Government. These range from Parliamentarians, Government Departments, industry, development partners, miners, academia, civil society, bankers, the youths, women and small-scale entrepreneurs, among others.

ECONOMIC DEVELOPMENTS

16. In 2024, the subdued global economic performance is having a negative impact on the domestic economy, through low international mineral commodity prices, except for gold, and high borrowing costs. The situation is, however, projected to improve in 2025 with both the global and the domestic economies expected to recover.

Global Developments

17. Global economic growth is projected to hold steady at 3.2% in 2024 and 2025, respectively, according to the October 2024 IMF World Economic Outlook projections, due to a slowdown in economic activity across advanced economies and emerging markets. Downside risks such as climate change, volatile global financial market, escalating conflicts, heightened policy uncertainty, and increased protectionism measures, have the

potential to hold back growth going forward.

18. Growth in advanced economies is also projected to remain low at 1.8% in 2024 and 2025 respectively. The United States economy is projected to grow by 2.8% in 2024 and is anticipated to slow to 2.2% in 2025. This is against upside risks to inflation which may lead to higher interest rates and a cooling labour market which dampens consumer spending.

19. After a period of stagnation in the European Union, growth is expected to rise modestly to 0.8% in 2024, supported by improved services and net exports. In 2025, growth in the European Union is projected to accelerate by 1.2% driven by rising real wages and increased investment. This is notwithstanding the challenges affecting the European manufacturing industry, particularly in Germany.

Table 1: Global Growth Estimates and Projections

	2023 Est	2024 Proj	2025 Proj
World	3.3	3.2	3.2
Advanced economies	1.7	1.8	1.8
United States	2.9	2.8	2.2
European Union	0.4	0.8	1.2
United Kingdom	0.3	1.1	1.5
German	-0.3	0.0	0.8
Emerging markets	4.4	4.2	4.2
China	5.2	4.8	4.5
India	8.2	7.0	6.5
Sub-Saharan Africa	3.6	3.6	4.2
Nigeria	2.9	2.9	3.2
South Africa	0.7	1.1	1.5

Source: IMF World Economic Outlook (October 2024)

20. The growth forecast for emerging markets and developing

economies has been revised upward, driven by stronger Asian economic activity. China's growth is expected to be 4.8% in 2024, due to a rebound in private consumption and robust exports. However, it is projected to slow down to 4.5% in 2025.

21. In the same vein, India's growth forecast has also been raised to 7% for 2024, reflecting improvements in private consumption, particularly in rural areas, and carryover effects from upward revisions in 2023.

Sub-Saharan Africa

22. The Sub-Saharan Africa region will grow by 3.6% in 2024, and is projected to further grow by 4.2% in 2025, reflecting a bullish outlook for the region. This is largely on account of gradual improvements in the supply chain and recovery from the negative effects of earlier weather shocks.

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

	2023	2024	2025
Sub-Saharan	**3.6**	**3.6**	**4.2**
Fuel Exporters	2.5	2.8	3.2
Nigeria	2.9	2.9	3.2
Angola	1.0	2.4	2.8
Middle-Income Countries	2.7	3.0	3.5
South Africa	0.7	1.1	1.5
Mauritius	7.0	6.1	4.0
Low-Income Countries	5.7	5.0	6.0
Ethiopia	7.2	6.1	6.5
Zambia	5.4	2.3	6.6
Malawi	1.5	1.8	4.0

Source: IMF REO October 2024 Update

23. The Southern African Development Community (SADC) real GDP growth is projected at 2.5% and 3.3% in 2024 and 2025, respectively, as shown in the table below.

Table 3: SADC Countries GDP Growth Projections (%)

	2023	2024	2025
Southern African Development Community	**2.7**	**2.5**	**3.3**
Angola	1.0	2.4	2.8
Botswana	2.7	1.0	5.2
Comoros	3.0	3.5	4.0
Congo, Democratic Republic of the	8.4	4.7	5.0
Eswatini	4.9	4.6	4.2
Lesotho	2.2	2.8	2.3
Madagascar	3.8	4.5	4.6
Malawi	1.5	1.8	4.0
Mauritius	7.0	6.1	4.0
Mozambique	5.4	4.3	4.3
Namibia	4.2	3.1	4.2
Seychelles	3.2	3.1	3.9
South Africa	0.7	1.1	1.5
Tanzania	5.1	5.4	6.0
Zambia	5.4	2.3	6.6
Zimbabwe	5.3*	2.0*	6.0*

Source: IMF REO October 2024 Update

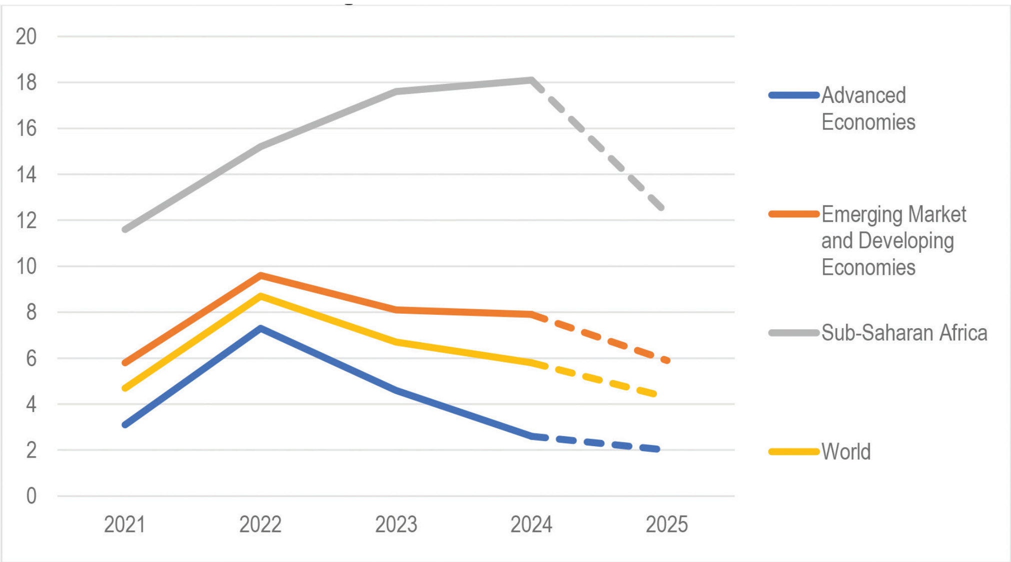
24. Despite improvements in growth prospects, the Sub-Saharan region continues to be weighed down by global external shocks, including tight global financial conditions, as governments grapple with financing gaps and high borrowing costs. Furthermore, climate shocks are becoming more frequent, including droughts of unparalleled severity.

Global Inflation

25. Global inflation is projected to decelerate from 6.7% in 2023, to 5.9% in 2024 and to 4.3% in 2025. This is due to decreasing

commodity prices, especially oil and gas. However, inflation is projected to be higher than expected in low-income countries, amid pass-through effects of past currency depreciations, administrative price adjustments and underperformance of agriculture due to droughts. Going forward, monetary policy frameworks are projected to anchor inflation expectations.

Figure 1: Global Inflation



Source: IMF: Datasets: October 2024

26. Advanced economies are projected to return to pre-pandemic average inflation of around 2.0% in 2025. In sub-Saharan Africa, inflation is projected to slightly increase from 17.6% recorded in 2023, to 18.1% in 2024 due to currency depreciations, administrative price adjustments, and underperformance in agriculture.

Global Commodity Prices

27. Despite an anticipated modest decrease in overall commodity prices in 2024 and 2025, commodity prices are projected to stay above pre-pandemic levels, but experiencing a dip in 2025. This reflects enduring supply constraints and demand patterns that have shifted during the post-pandemic recovery.

Table 4: Commodity Price Indices Developments

	2022	2023	2024 Proj.	2025 Proj.	2026 Proj
Energy	**152.6**	**106.9**	**100.8**	**94.5**	**92.5**
Crude oil brent $/bbl.	99.8	82.6	80.0	73.0	72.0
Agriculture	**119.3**	**110.9**	**113.2**	**108.4**	**107.9**
Beverages	106.3	107.8	170.7	155.0	150.8
Food	138.1	125.4	114.8	110.2	109.8
Grains	150.4	133.0	112.9	107.6	107.9
Fertilisers	**235.7**	**153.5**	**116.9**	**115.2**	**117.1**
Base metals	**122.4**	**109.0**	**115.6**	**116.5**	**113.5**
Precious metals	**136.8**	**147.3**	**177.6**	**178.0**	**174.3**

Source: Commodity Markets Outlook, October 2024

28. High commodity prices are expected to persist in 2025, mainly due to the continuation of geopolitical tensions, robust demand for metals driven by clean-energy investments and increased industrial and infrastructure activity in China, which is partially offsetting weaknesses in its real estate sector.

Brent Crude Oil

29. Average oil prices have decreased slightly by 3% to US$80/bbl in 2024, from US$83/bbl in 2023, a reflection of subdued

global economy and steady oil supply. Since 2022, average oil prices are expected to decline for four consecutive years through to 2026, settling just slightly above their 2021 level.

Figure 2: Brent Crude Oil Price

Source: World Bank Pink Sheets, October 2024

30. In 2025, oil prices are projected to ease to US$73/bbl and US$72/bbl in 2026 as production and demand stabilises. However, downside risks remain elevated with a potential to cause oil price increases in the outlook.

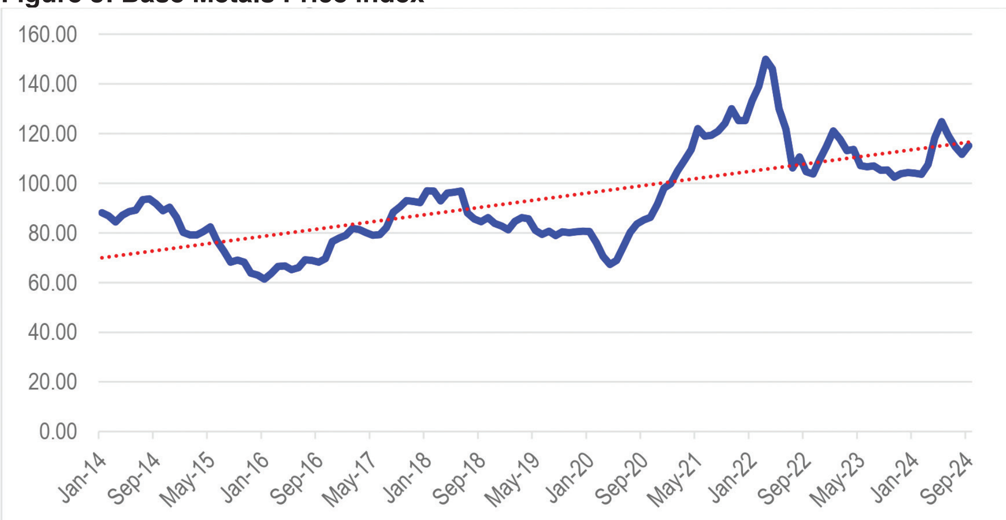
Base Metals

31. Over the past six months, base metal prices have been under pressure, due to subdued global demand combined with supply recovery. The base metals price index is projected to decline by 8% between 2023 and 2024, due to weakening demand.

32. Projections for 2025 and 2026 indicate that prices are expected to stabilise particularly for aluminium, which is expected to rise by about 9% in 2025, with slight gains for copper, nickel, and lead.

33. Risks to the outlook, are further economic slowdown in China and advanced economies due to trade restrictions and energy market disruptions.

Figure 3: Base Metals Price index



Source: World Bank Pink Sheets, October 2024

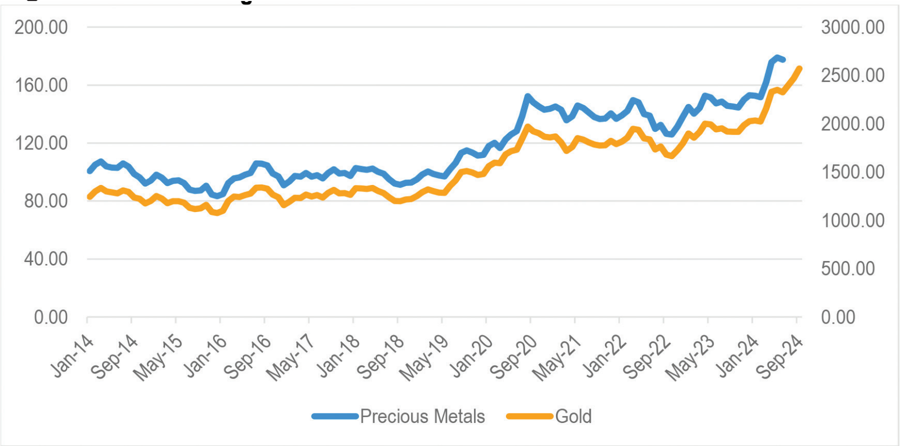
34. Zimbabwe heavily relies on mining to generate foreign currency, especially from base metals, therefore, and the recovery of metal prices provides an opportunity to generate additional foreign exchange earnings.

Precious Metals

35. Precious metal prices increased by 4.3% in 2024 compared to 2023, primarily due to gold's safe-haven appeal amid ongoing inflationary pressures. Gold has broken price records in 2024 due to strong demand, bolstered by declining US interest rates and heightened geo-political tensions.

36. As we move into 2025 and 2026, a combination of global inflation and geo-political risks are expected to support further firming of gold price.

Figure 4: Precious Metals Price Indices



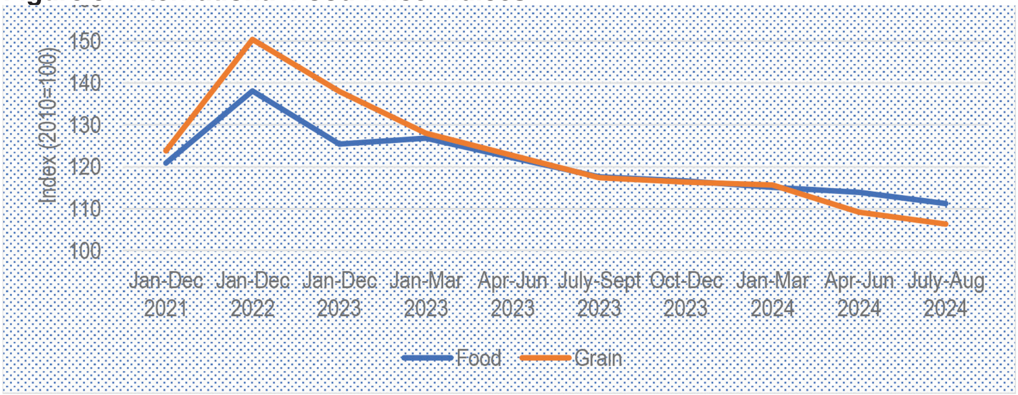
Source: World Bank Pink Sheets, October 2024

37. As a major producer of gold, the country is benefiting from the rising price of gold in terms of increased foreign currency receipts, critical for supporting imports requirements and building of foreign currency reserves.

International Food Prices

38. International food prices are expected to decline by around 5.2% in 2024 and by a further 4% in 2025, primarily due to improvements in global supply, particularly for grains and lower energy prices.

Figure 5: International Food Price Indices



Source: World Bank Pink Sheets, October 2024

39. Extreme heat and prolonged droughts amid record global high temperatures will have an impact on harvests, adding to pressures on food prices and food security. Low-income countries are likely to be disproportionately affected, since food and energy costs take up a large portion of the basket of household expenditures.

40. Risks in the outlook for food prices include geo-political tensions, adverse weather conditions and increased demand for biofuels, which may lead to pressure on food prices and

may reverse the recent downward trends and significantly impacting global food supply chains.

Domestic Economic Developments and Outlook

GDP Growth

41. The domestic economy is still projected to record a growth of 2% in 2024. However, the agriculture sector, which was initially projected to contract by -21%, is now expected to contract by -15% on account of better than anticipated output on wheat and dairy. This improvement will, however, be offset by lower performance in mining and manufacturing sectors, maintaining the overall growth forecast of 2%.

42. In the outlook, economic growth is now projected at 6% in 2025, slightly below the initial forecast of 6.5%. The projected strong economic performance is expected to emanate from the recovery in the agriculture sector, which is poised to grow by 12.8%, electricity generation by 10.6%, information technology by 9.9% and by mining 5.6%.

43. The anticipated La-Nina weather phenomenon, usually associated with normal to above-normal rainfall, is going to be the major driver of growth in agriculture and electricity generation.

Table 5: GDP Growth (%)

	Weight	2023	2024 Proj.	2025 Proj	2026 Proj	2027 Proj
Agriculture, Hunting and Fishing and forestry	*12.1*	6.3	-15.0	12.8	7.7	6.8
Mining and quarrying	*13.3*	5.3	2.3	5.6	5.5	5.0
Manufacturing	*10.9*	2.1	2.0	3.1	3.2	3.3
Electricity, gas, steam & air conditioning supply	*3.1*	-3.7	3.1	10.6	4.2	5.0
Water supply; sewerage, waste management	*0.2*	-4.7	3.8	3.9	3.7	2.6
Construction	*2.8*	6.8	6.2	4.9	4.6	4.9
Wholesale & retail trade; motor vehicles repair	*19.0*	6.6	5.1	5.4	4.6	5.0
Transportation and storage	*2.0*	10.0	5.6	5.2	6.0	6.5
Accommodation and food service activities	*1.9*	26.4	12.0	4.3	2.5	2.6
Information and communication	*6.9*	16.1	11.0	9.9	6.9	7.0
Financial and insurance activities	*8.0*	2.4	4.8	4.8	5.0	5.0
Real estate activities	*2.7*	0.3	3.8	4.3	3.2	3.2
Professional, scientific and technical activities	*1.0*	0.9	0.4	0.7	0.5	0.6
Administrative and support service activities	*1.0*	1.6	2.0	2.6	1.7	2.2
Public administration and defence	*2.2*	3.1	4.6	4.5	4.4	4.7
Education	*2.8*	6.8	3.4	0.0	5.3	4.9
Human health and social work activities	*2.6*	2.4	4.1	4.9	7.2	4.0
Arts, entertainment and recreation	*0.5*	1.2	1.7	2.1	2.0	2.0
Other service activities	*1.4*	2.2	2.8	3.0	2.9	2.8
Domestic Services	*0.1*	0.5	0.8	1.0	1.1	1.0
GDP Growth Rates	***100***	**5.3**	**2.0**	**6.0**	**5.0**	**5.0**

Source: MoFED&IP, RBZ and ZIMSTAT (2024)

44. Looking at GDP performance from the demand side, private consumption and government consumption are projected to grow by 2.5% and 5.4% in 2024, respectively. In 2025, however, private consumption is projected to drive economic growth by 6.6% due to strong recovery in household spending, while the public sector is anticipated to register a growth of 5.3%.

45. Gross fixed capital investment is expected to grow from 0.5% in 2024, to 4.6% in 2025, driven by private sector investment on the back of an expected stable macro-economic environment.

Table 6: GDP Demand Components Real Growth

	2023	2024	2025	2026	2027
Overall GDP growth	**5.3**	**2.0**	**6.0**	**5.0**	**5.0**
Private Consumption	4.8	2.5	6.6	4.9	5.0
Government Consumption	13.9	5.4	5.3	4.0	6.8
Gross Fixed Capital Investment	3.9	0.5	4.6	6.3	6.8
Exports, Goods and Services	1.5	2.3	5.7	5.7	4.2
Imports, Goods and Services	4.6	3.5	6.0	5.0	5.0

Source: MoFED&IP, RBZ and ZIMSTAT (2024)

46. In terms of sectorial contribution to GDP growth in 2025, the agriculture sector is expected to contribute 1.3%, wholesale and retail trade 1.1%, while mining and information sectors are expected to account for 0.7% each. The contribution of agriculture to GDP growth indicates the vital role the sector plays in the economy, particularly in providing food security, employment, and export revenues.

Table 7: Sectoral Contribution to GDP Growth (%)

	2022	2023	2024	2025
Agriculture, Hunting, Fishing	0.7	0.8	-1.8	1.3
Mining and quarrying	1.3	0.7	0.3	0.7
Manufacturing	0.2	0.2	0.2	0.3
Electricity,	0.1	-0.1	0.1	0.3
Water supply; sewerage	0.0	0.0	0.0	0.0
Construction	0.0	0.2	0.2	0.1
Wholesale and retail trade	0.9	1.2	1.0	1.1
Transportation and storage	0.1	0.2	0.1	0.1
Accommodation and food service	0.3	0.4	0.2	0.1
Information and communication	0.8	1.0	0.8	0.7
Financial and insurance activities	1.2	0.2	0.4	0.4
Real estate activities	0.0	0.0	0.1	0.1
Professional, scientific and technical	0.0	0.0	0.0	0.0
Administrative and support service	0.0	0.0	0.0	0.0
Public administration & defence;	0.0	0.1	0.1	0.1
Education	0.2	0.2	0.1	0.0
Human health and social work	0.0	0.1	0.1	0.1
Arts, entertainment and recreation	0.0	0.0	0.0	0.0
Other service activities	0.0	0.0	0.0	0.0

	2022	2023	2024	2025
Domestic Services	0.0	0.0	0.0	0.0
GDP at Market Price	**6.1**	**5.3**	**2.0**	**6.0**

Source: MOFED, ZIMSTAT, RBZ

47. The 2025 economic growth projections are underpinned by the following broad assumptions:

- Normal to above-normal rainfall which is expected to result in increased agricultural production;
- Stable exchange rate and low inflation providing a conducive doing business environment; and
- Tight fiscal and monetary policies.

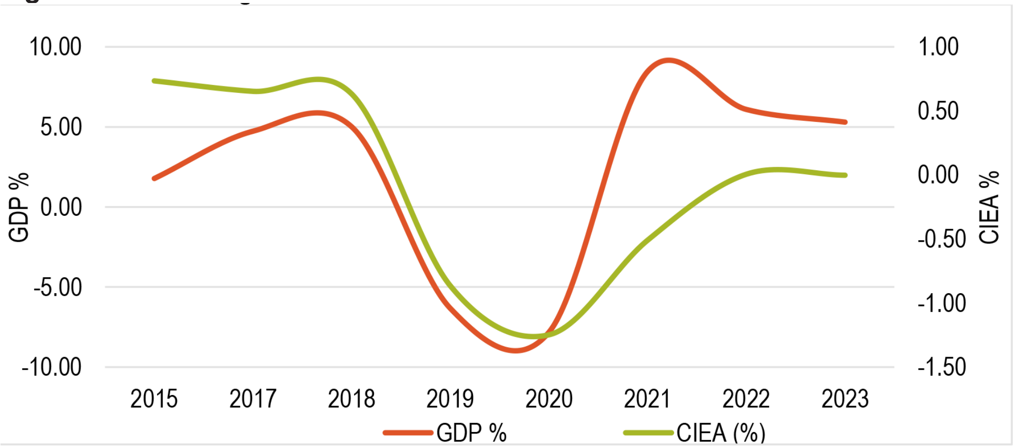
48. Economic growth beyond 2025 is projected to remain steady at 5%, mainly driven by private consumption and investment.

Composite Indicator of Economic Activity

49. The Ministry of Finance, Economic Development and Investment Promotion in collaboration with the Reserve Bank of Zimbabwe has developed a Composite Indicator of Economic Activity (CIEA), to enhance economic monitoring using high frequency data. The CIEA complements quarterly GDP figures, by providing a comprehensive picture of the country's economic performance frequently. It is critical for policy formulation.

50. The CIEA is being designed to closely mirror GDP performance, allowing for monthly tracking of economic trends and fluctuations. Results of the coincidence model indicate a strong corelation between the CIEA and GDP growth.

Figure 6: CIEA vs GDP Growth 2015 to 2023



Source: MoFEDIP & RBZ

51. This initiative represents a significant step towards better economic measurement, ultimately fostering an evidence-based policy environment.

Foreign Currency Receipts

52. The country's external sector position has remained resilient, as reflected by a notable increase in foreign currency receipts, which rose by 17.9%, to US$10 billion, during the first nine months of 2024, from US$8.5 billion received during the same period in 2023.

Table 8: Total Foreign Currency Receipts (US$ Billions)

Type of Receipt	2024		2023			
		Jan – Sept	% Contri	Jan - Sept	% Contri	% Δ
Export Proceeds		5,911	59	4,772	56	23.80
International Remittances	Diaspora	1,566	16	1,323	16	18
	NGOs	873	9	874	10	0
Loan Proceeds (Private)		1,262	13	1,236	15	2.10
Income receipts		91	0.90	92	1	-1
Foreign Investment		333	3.30	216	2.50	54

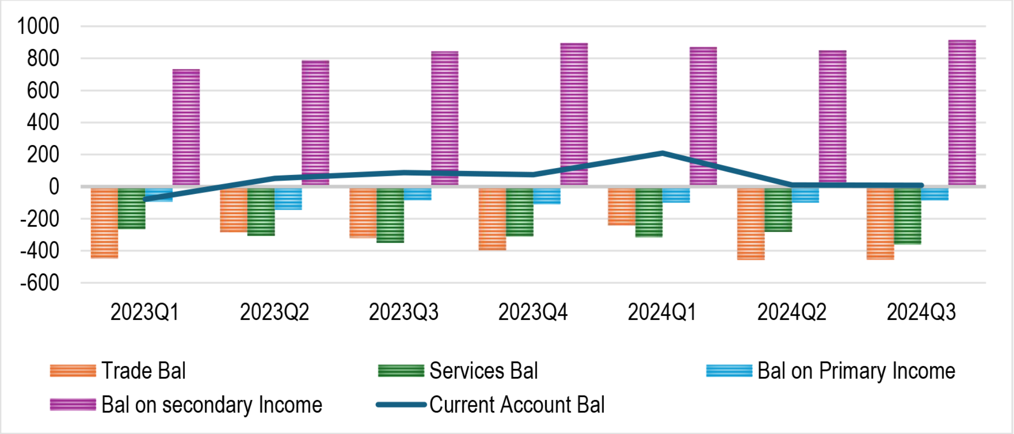
Source: RBZ

53. The growth was primarily driven by export receipts and diaspora remittances which accounted for 59% and 25% of the total receipts, respectively.

Balance of Payments Developments and Outlook

54. The improvement in foreign currency receipts has positively impacted the country's balance of payments position. Preliminary estimates indicate that the current account balance recorded a surplus of US$227 million in the first nine months of 2024, a significant improvement from the surplus of US$59.4 million recorded in the same period last year.

Figure 7: Current Account Developments (US$M)

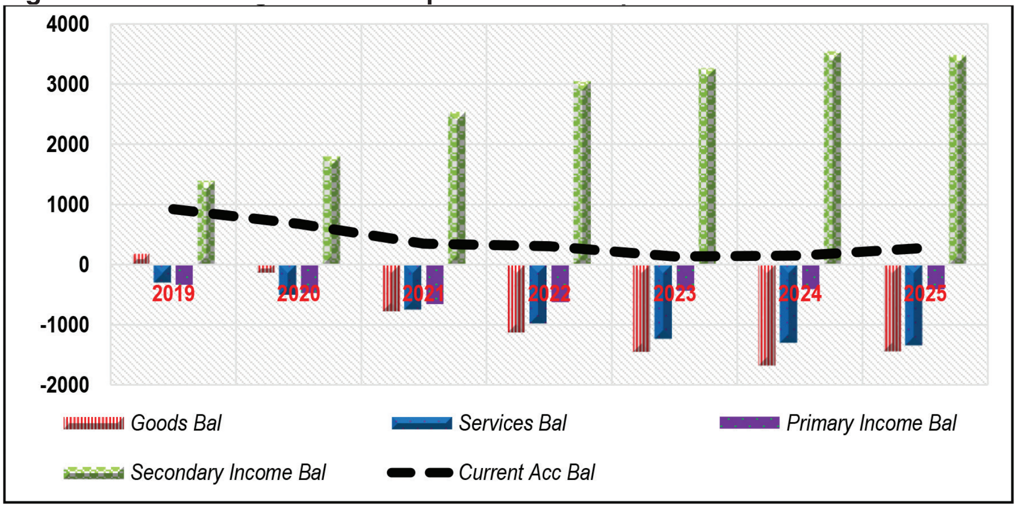


Source: RBZ and ZIMSTAT Estimates

55. The country experienced strong inflows through secondary income, contributing to the current account surplus, notwithstanding deficits registered in the services and primary income accounts.

56. In 2024, the current account is projected to record a surplus of US$150.5 million and further improve to US$277.4 million in 2025, driven mainly by the resilient diaspora remittances inflows and a projected narrower trade deficit.

Figure 8: Current Account Developments



Source: RBZ

Merchandise Exports

57. During the first nine months of the year, merchandise exports stood at US$5.4 billion, an increase of 3.3% compared to the corresponding period in 2023. This export growth was primarily driven by growth in the exports of gold and tobacco.

Table 9: Merchandise Exports (US$M)

	Jan-Sept 2023	Jan-Sept 2024	Change (%)
Agric Exports	**751.6**	**888.1**	**18.2**
Tobacco	649.4	760.6	17.1
Mineral Exports	**4,140.70**	**4,172.50**	**0.8**
Gold	1,349.10	1,574.10	16.7
PGMs	1,223.60	1,121.70	-8.3
Diamonds	203.4	162.1	-20.3
Coke	134.7	130.9	-2.8
Lithium	463.4	436.2	-5.9
Manufactured Exports	**314.2**	**315.6**	**0.4**
Refined Sugar	12.4	9.5	-23.4
Jewellery	0.4	0.4	-7.5
Cigarettes	76.4	71.1	-6.8
Wood and Timber	6.4	8.9	39
Metal Products	12.9	11.9	-7.7
Total Exports	**5,206.50**	**5,376.30**	**3.3**

Source: RBZ, MoFED& IP & ZIMSTAT

58. Mineral exports, which account for the largest share of merchandise exports, grew by 0.8%, from US$4.1 billion in the first nine months of 2023, to US$4.2 billion in 2024. The subdued growth is attributable to depressed prices of PGMs and lithium. On the other hand, gold exports experienced a notable increase of 16.7%, rising to US$1.5 billion, on account of higher production, coupled with higher global gold prices which are being sustained by safe-haven demand, amidst the prevailing global economic uncertainties.

59. To year end, merchandise exports are projected to increase by 2.8% from US$7.2 billion in 2023, to US$7.4 billion in 2024, driven by surging gold and tobacco exports.

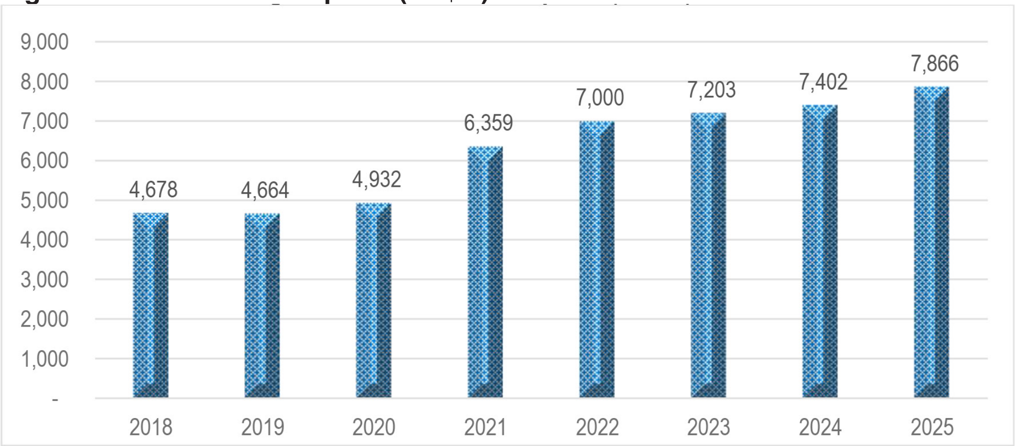
Table 10: Merchandise Exports (US$M)

	2023 (Jan-Sept)	2024 (Jan-Sept)	Change (%)	2023	2024 Proj	YoY (%)
Agric Exports	**751.6**	**888.1**	***18.2***	**1,338.0**	**1,400.3**	***4.7***
Tobacco	649.4	760.6	17.1	1,191.00	1,232.50	3.5
Mineral Exports	**4,140.70**	**4,172.50**	***0.8***	**5,438.5**	**5,570.2**	***2.4***
Gold	1,349.1	1,574.1	16.7	1,805.5	2,174.1	20.4
PGMs	1,223.6	1,121.7	-8.3	1,543.5	1,471.4	-4.7
Diamonds	203.4	162.1	-20.3	230.1	209.5	-9.0
Coke	134.7	130.9	-2.8	154	153.8	-0.1
Lithium	463.4	436.2	-5.9	674	571	-15.3
Manufactured Exports	**314.2**	**315.6**	***0.4***	**427**	**431.4**	***1.0***
Refined Sugar	12.4	9.5	*-23.4*	24.6	21.7	*-11.8*
Jewellery	0.4	0.4	*-7.5*	1.0	1.0	*-1.5*
Cigarettes	76.4	71.1	*-6.8*	105.9	101.5	*-4.1*
Wood and Timber	6.4	8.9	*39.0*	10.5	13.2	*24.9*
Metal Products	12.9	11.9	*-7.7*	16.5	15.7	*-5.3*
Total Exports	**5,206.5**	**5,376.3**	**3.3**	**7,203.5**	**7,402**	**2.8**

Source: RBZ, MoFED&IP & ZIMSTAT

60. In 2025, merchandise exports are expected to increase by 6.3%, to US$7.9 billion underpinned by growth in PGMs, lithium, and agriculture exports, notwithstanding the depressed mineral commodity prices.

Figure 9: Merchandise Exports (US$M)



Source: RBZ, MoFED&IP and ZIMSTAT

Merchandise Imports

61. Merchandise imports registered a 4.4% growth to US$6.5 billion in the first nine months of 2024, from US$6.3 billion recorded during the same period in 2023, mainly driven by fuel, food and electricity imports.

Table 11: Merchandise Imports (US$M)

	Jan-Sept 2023	Jan-Sept 2024	Change (%)
Food	**436.3**	**708.3**	**62.3**
Maize	61.2	413.8	576.3
Wheat	98.3	118.8	20.9
Rice	116.4	131.9	13.3
Non-Food	**5,825.00**	**5,825.70**	**0**
Fuel	1,143.30	1,196.50	4.7
Diesel	686.2	701.9	2.3
Petrol	326.6	347	6.3
Manufactured Goods	**439.8**	**375.5**	**-14.6**
Machinery	1,466.10	1,259.00	-14.1
Vehicles	514.4	527.3	2.5
Oils and Fats	203.7	196.8	-3.4
Electricity	145.8	159.3	9.3
Overall Imports	**6,261.30**	**6,534.00**	**4.4**

Source: RBZ, MoFED& IP & ZIMSTAT

62. To year end, merchandise imports are projected at US$9.1 billion, 4.9% up from US$8.7 billion in 2023.

Table 12: Merchandise Imports (US$M)

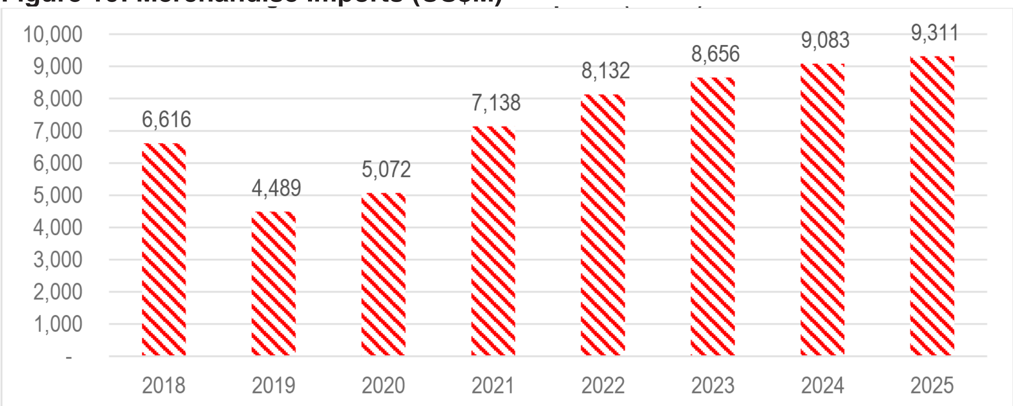
	2023 Jan-Sept	2024 Jan-Sept	Change (%)	2023	2024 Proj	YoY (%)
Food	**436.3**	**708.3**	**62.3**	**628.9**	**1,036.1**	**64.7**
Maize	61.2	413.8	576.3	149.5	584.6	291.0
Wheat	98.3	118.8	20.9	124.5	163.8	31.6
Rice	116.4	131.9	13.3	173.1	322.7	86.4
Non-Food	**5,825.0**	**5,825.7**	**0.0**	**8,027.5**	**8,046.5**	**0.2**
Fuel	1,143.3	1,196.5	4.7	1,580.2	1,620.9	2.6
Diesel	686.2	701.9	2.3	951.1	947.5	-0.4
Petrol	326.6	347.0	6.3	448.9	472.9	5.3
Manufactured Goods	**439.8**	**375.5**	**-14.6**	**629.0**	**550.8**	**-12.4**
Machinery	1,466.1	1,259.0	-14.1	1,865.7	1,705.4	-8.6
Vehicles	514.4	527.3	2.5	850.1	739.9	-13.0

Oils and Fats	203.7	196.8	-3.4	276.3	271.6	-1.7
Electricity	145.8	159.3	9.3	180.1	219.3	21.8
Overall Imports	**6,261.3**	**6,534.0**	**4.4**	**8,656.4**	**9,082.6**	**4.9**

Source: RBZ, MoFED& IP& ZIMSTAT

63. In 2025, imports are projected to increase by 2.5% to US$9.3 billion, on account of higher imports of energy, raw materials and machinery.

Figure 10: Merchandise Imports (US$M)

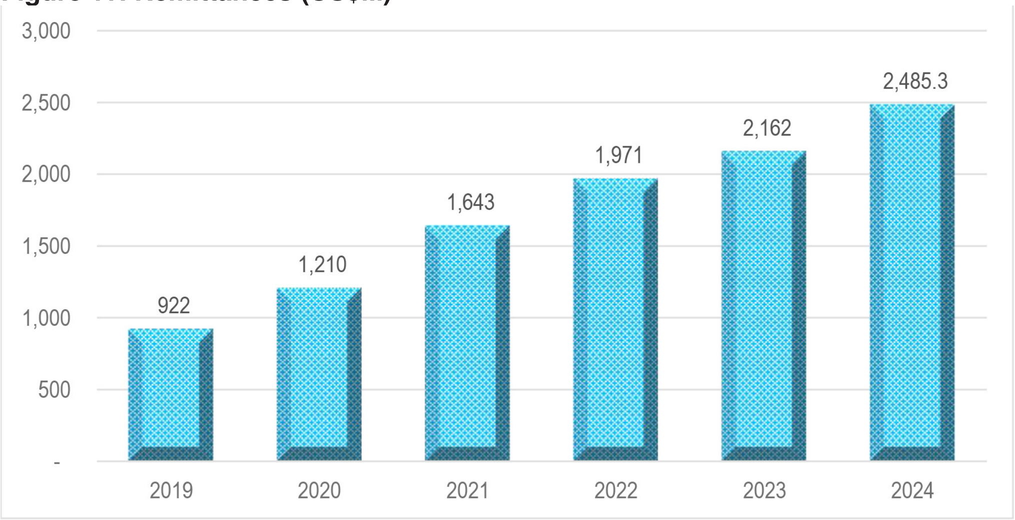


Source: RBZ, MoFED& IP & ZIMSTAT

Remittances

64. Diaspora remittances grew by 16.5%, from US$1.6 billion recorded in the first nine months of 2023 to US$1.9 billion in the corresponding period in 2024. Remittances will continue to drive the current account surplus and are projected to close 2024 at US$2.49 billion, and improving to US$2.51 billion in 2025.

Figure 11: Remittances (US$M)



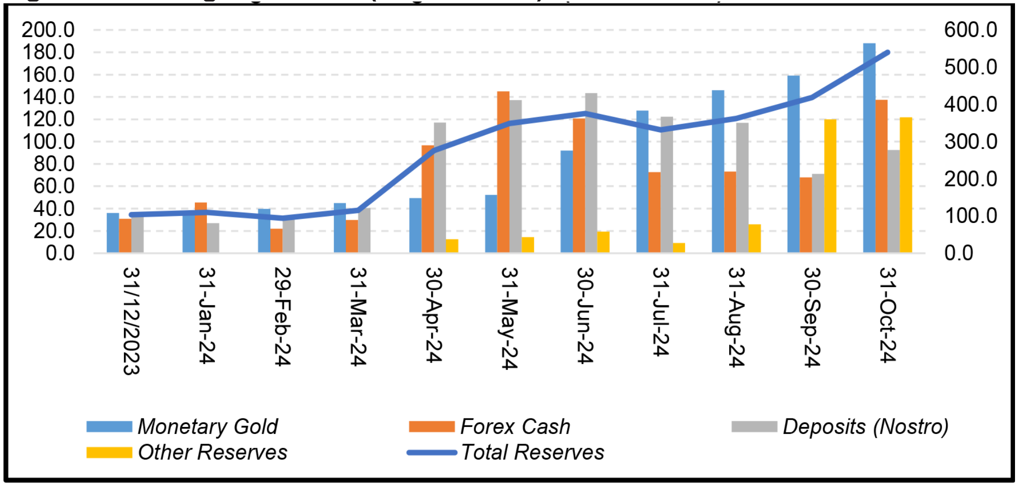
Source: RBZ

International Reserves

65. The country's international reserve position at the Reserve Bank increased significantly from US$285 million on 5 April 2024 (ZiG launch), to about US$540 million as of 31 October 2024.

66. This improvement is primarily attributed to deliberate reserve accumulation strategy, which has enhanced both foreign currency cash and gold holdings in nostro balances, providing adequate coverage for ZiG reserve money.

Figure 12: Foreign Reserves (US$ millions)



Other includes SDR holdings and Reserve Tranche

67. Going forward, the Reserve Bank will continue to build international reserves to provide a buffer for ZiG stability and sufficient import cover.

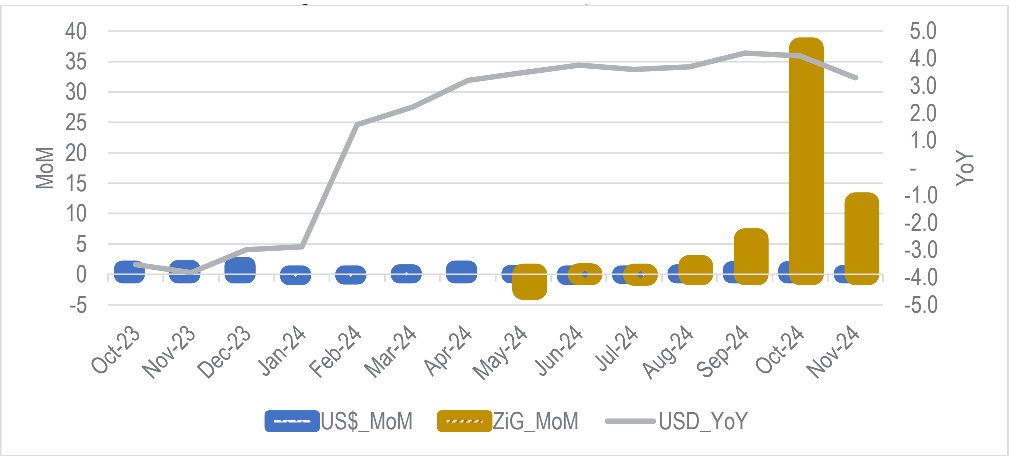
Inflation Developments

68. Prices for goods and services have relatively been stable following the introduction of Zimbabwe Gold (ZiG) in April 2024. Month-on-month ZiG inflation declined by -2.4% in May 2024, and averaged 0.0% in the second quarter of the year.

69. However, inflation pressures emerged in August to October 2024, attributable to a surge in parallel market foreign exchange activities, which worsened adverse inflation expectations.

70. Consequently, the MPC implemented stabilisation measures that included increasing the bank policy rate and standardising statutory reserve requirements for deposits. The MPC also allowed greater exchange rate flexibility and reduced the limit on foreign exchange individuals can take out of the country. The local currency depreciated to US$1: ZiG25, while the amount that can be taken out of the country was reduced from US$10 000 to US$2 000.

Figure 13: Inflation Developments



Source: ZIMSTAT

71. The monetary policy measures have begun to have a positive impact, as both the official and parallel exchange rates have stabilised.

72. On the other hand, US dollar year-on-year inflation reached 3.3% in November 2024, up from -2.9% in January 2024.

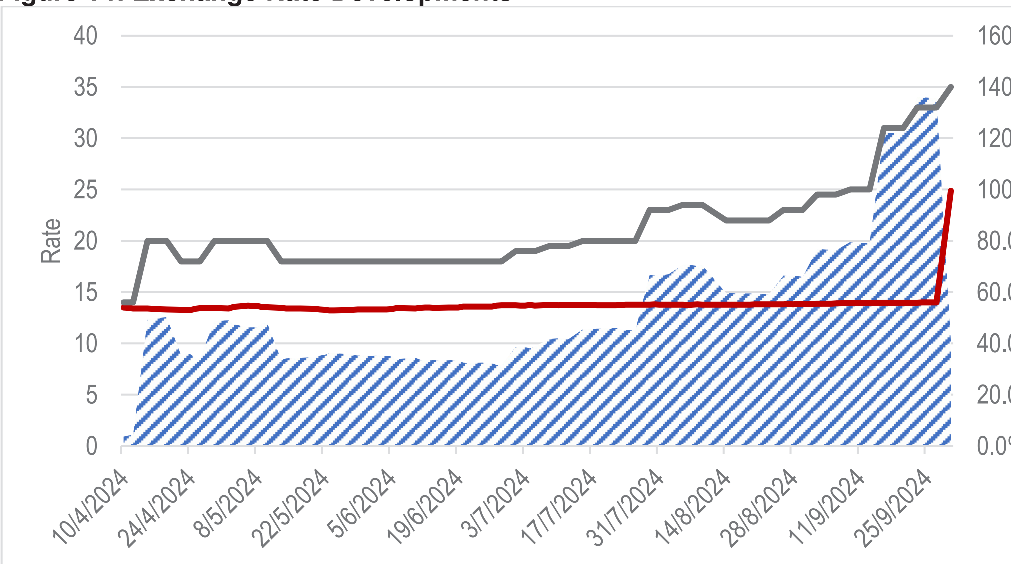
73. In 2025, ZiG inflation is expected to remain stable, with an average month-on-month inflation of below 3%, on the back of tight fiscal and monetary policies.

Exchange Rate Developments

74. Since the introduction of the new currency, the ZiG, in April 2024, the official exchange rate was stable at between US$1: ZiG13.5 and US$1: ZiG14 from April to September. This stability led to subdued inflationary pressures, as inflation expectations firmly anchored.

75. However, following the monetary policy changes announced on 27 September 2024, the official exchange rate depreciated significantly to US$1: ZiG24.88. Similarly, the black-market exchange rate also registered a depreciation to a high of US$1: ZiG40 during the same period, before declining to around US$1: ZiG35 as at 4 October 2024.

Figure 14: Exchange Rate Developments



Source: RBZ & MoFEDIP

76. In the outlook period, the exchange rate is expected to remain stable following the Monetary Policy Committee policy pronouncements of 27 September 2024, which have already addressed most of the emerging exchange rate pressures.

77. In the short to medium term, Government and the Reserve Bank will continue to respond to emerging pressures, in order to entrench macro-economic stability.

78. To consolidate exchange rate stability, the monetary authorities will entrench efficiency of the willing buyer willing seller foreign exchange rate system, to enhance price discovery and use its monetary tools to anchor price stability.

Financial Sector Developments

79. The financial sector, inclusive of the banking, capital markets and pensions and insurance industry, is generally safe and sound, capable of withstanding shocks that may arise. Going forward into 2025, the Reserve Bank will continue to use moral suasion for the financial sector to reduce the bank charges and interest rates, as macroeconomic stability is entrenched.

Banking Sector

80. The banking sector remains safe, sound and continues to show resilience as reflected by adequate capital levels, satisfactory asset quality metrics, and sustained profitability. However, the emergence of new risks, including cyber security and climate related financial risks has resulted in the growing need for more agile, efficient, and scalable banking solutions.

81. The banking sector is, however, adapting to transforming banking operations, through innovative, cost-effective and customer centric banking services and products, whilst leveraging on available opportunities to offer affordable *housing* finance products.

82. As at 30 September 2024, the banking sector comprised of 14 commercial banks, 4 (four) building societies and 1 (one) savings

bank. In addition, there were 259 credit-only microfinance institutions, eight (8) deposit-taking microfinance institutions (DTMFI) and four (4) development financial institutions.

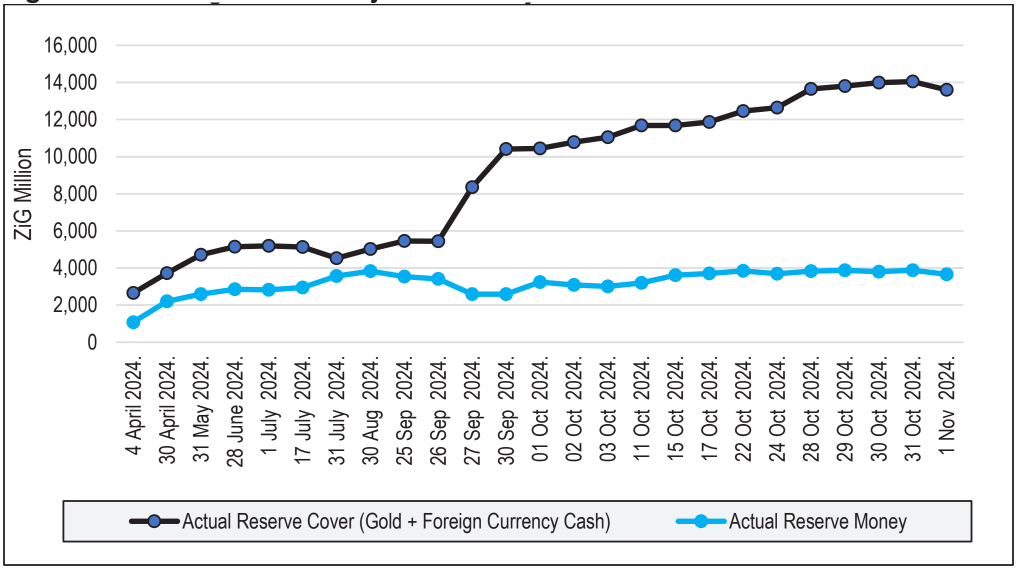
83. In terms of capitalisation, all banking institutions were adequately capitalised with reported capital ratios which were in compliance with the prescribed minimum capital adequacy ratio of 12% and tier 1 ratio of 8% as at 30 June 2024. The banking sector's average capital adequacy ratio and tier 1 ratios were 46.15% and 40.13%, respectively.

Reserve Money Developments

84. As at 8 November 2024, the ZiG reserve money amounted to ZiG3.4 billion, comprising of statutory reserves (ZiG2.8 billion), excess reserves (ZiG308 million), Non-Negotiable Certificate of Deposits (NNCDs) (ZiG123 million) and currency in circulation (ZiG158 million).

85. The current ZiG reserve money stock is covered more than three times (about US$540 million) by the available foreign reserves in the form of gold, nostro balances and foreign currency cash.

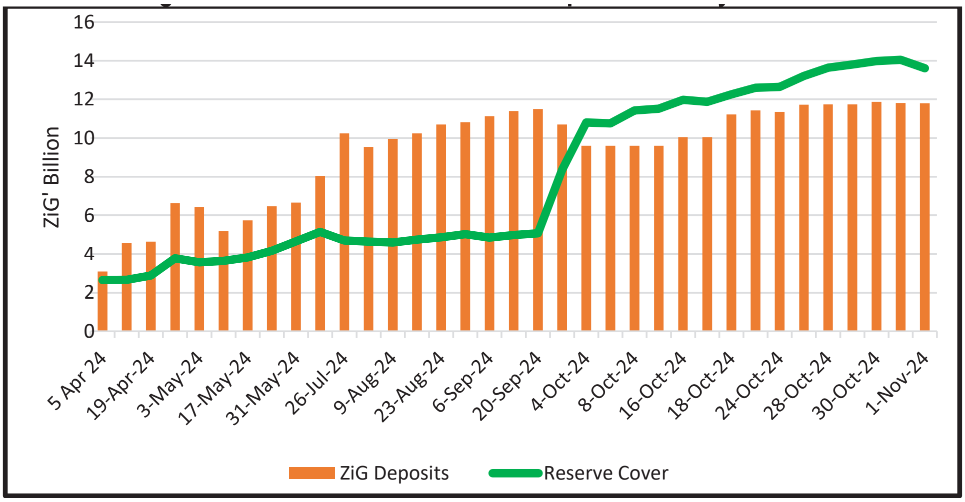
Figure 15: ZiG Reserve Money and Reserve Cover



Source: Reserve Bank of Zimbabwe

86. Similarly, the entire local currency ZiG deposits are also fully covered by the reserves at the current exchange rate.

Figure 16: Reserve Cover and ZiG deposits held by Banks

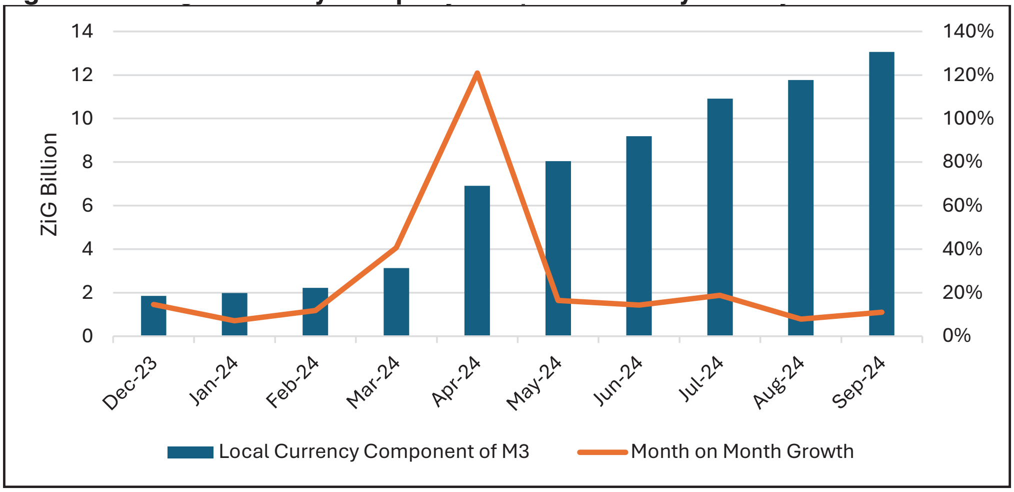


Source: Reserve Bank of Zimbabwe

Broad Money Developments

87. The growth of the month-on-month local currency component of broad money has averaged 14% from May, to September 2024. The growth is envisaged to further decline, reflecting the impact of both tight fiscal and monetary policies.

Figure 17: Local Currency Component of Broad Money



Source: Reserve Bank of Zimbabwe

Financial Inclusion

88. Financial inclusion continues to be a priority agenda for the country through implementation of the National Financial Inclusion Strategy II (2022-2026). It facilitates inclusive transformation and shared prosperity by empowering the marginalised communities such as women, youths and persons with disabilities in line with the country's Vision of transforming Zimbabwe into *"An Empowered Upper Middle-Income Society by 2030"*.

89. In this regard, Government continues to support the capitalisation of financial institutions whose main mandate is to promote financial inclusion of the marginalised and underserved segments, including the Zimbabwe Women's Microfinance Bank (ZWMB); Empower Bank for the Youth, Small and Medium Enterprise Development Corporation (SMEDCO) for MSMEs; Women Development Fund, Community Development Fund, and the AFC Land and Development Bank for rural smallholder farmers.

90. During the course of the year 2024, financial literacy programmes were rolled out to a number of provinces. However, there is still much work to be done to ensure that these previously marginalised groups have equal opportunities to access and usage of quality financial products and be included in the financial ecosystem.

91. Government is making progress on financial inclusion which has provided opportunities for the marginalised youths, women and SMEs to access financial services.

- Average loans to MSMEs as a percentage of total bank increased from 3.87% in September 2023 to 7.55% in September 2024;

- Average loans to women as a percentage of total bank loans increased from 4.48% in September 2023 to 9.86% in September 2024; and

- Average loans to youths as a percentage of total bank loans increased from 3.29% in September 2023 to 6.75% in September 2024.

Table 13: SMEs, Women, Youths and Financial Inclusion

Indicator	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Number of Loans to MSMEs	9,307	9,467	8,307	8,237	8,660	7,861
Average loans to MSMEs (% of total bank loans)	4.58	3.87	4.96	3.73	5.25	7.55
Number of Loans to Women	206,886	200,894	185,326	190,501	189,763	204,560
Average loans to women (% of total loans)	3.64	4.48	7.76	6.62	8.05	9.86
Number of Loans to Youth	54,309	65,587	57,216	58,636	52,392	61,968
Average loans to the youth (% of total loans)	2.72	3.29	3.15	3.08	4.03	6.75
Total number of Active Bank Accounts (Mil)	7.33	8.02	7.69	7.02	6.62	7.29
Number of Low-Cost Bank Accounts (Mil)	2.35	3.5	3.75	3.63	3.82	3.38

Source: Reserve Bank of Zimbabwe

92. Government will continue to engage the banking and non-banking sectors to facilitate development of tailor-made products and services to promote uptake and usage of financial services and products.

Capital Market Developments

93. Capital markets play a pivotal role in advancing the country's economic development goals, through offering long-term

capital, mobilising savings and enabling the public to access diversified and secure investment opportunities.

Zimbabwe Stock Exchange

94. As at 30 September, 2024, the Zimbabwe Stock Exchange recorded fifty-three listings, comprising five Exchange-Traded Funds, two Real Estate Investment Trusts, and forty-six equities, of which forty are active, whilst six were suspended.

95. The Zimbabwe Stock Exchange (ZSE) indices were rebased on 8 April 2024, following the recalibration of the domestic currency, the Zimbabwe Gold (ZiG).

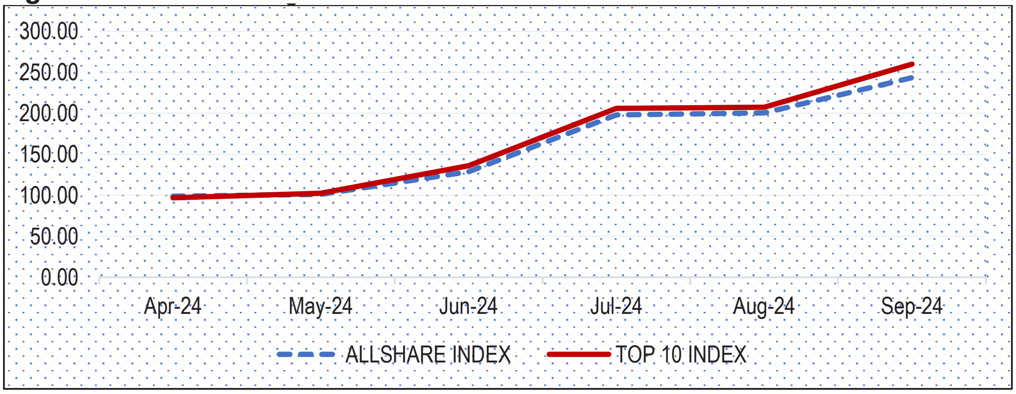
96. The All-Share Index of the local bourse gained by 143.41% during the period 8 April 2024 to 30 September 2024, closing at 243.41 points. Similarly, the Top 10 Index gained 159.95%, over the same period, to close at 259.95 points.

Table 14: ZSE Indices

Index	30-Sept-24	08-April-24	Change
All Share	243.41	100.00	143.41%
Top 10	259.95	100.00	159.95%

Source: ZSE

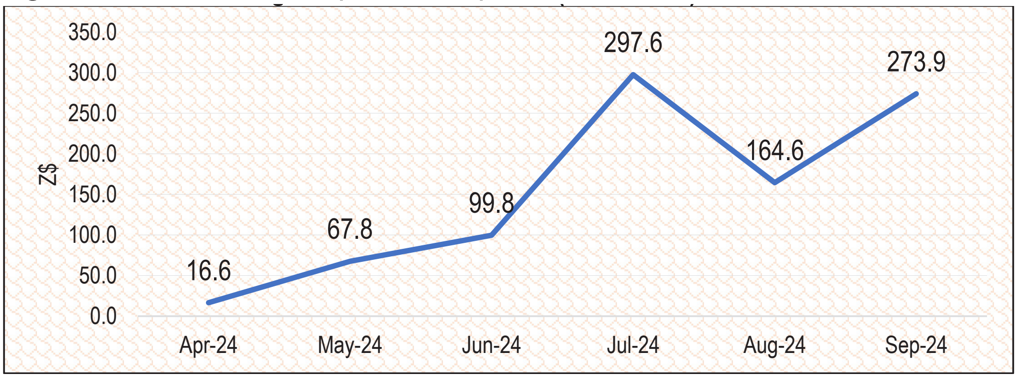
Figure 18: ZSE Performance Indices



Source: ZSE

97. Total turnover at the ZSE for the month of September, stood at ZiG273.9 million, growing 15.47 times from ZiG16.6 million as at 30 April 2024.

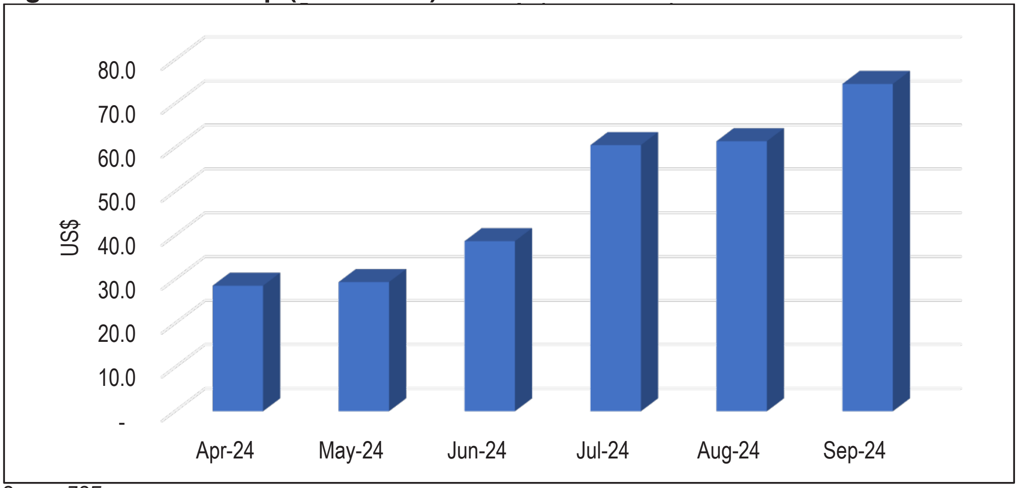
Figure 19: Turnover Value (ZiG Million)



Source: ZSE

98. The ZSE market capitalisation stood at ZiG74.48 billion, as at 30 September 2024. The graph below, shows the market capitalisation movement over the period from April 2024 to September 2024.

Figure 20: Market Cap (ZiG Billion)



Source: ZSE

Victoria Falls Stock Exchange (VFEX)

99. As at 30 September 2024, the number of listed companies on the VFEX stood at 16, comprising 12 equity listings, 3 depository receipts and 1 fixed income security, of which 14 counters were active. There were no de-listings during the period under review.

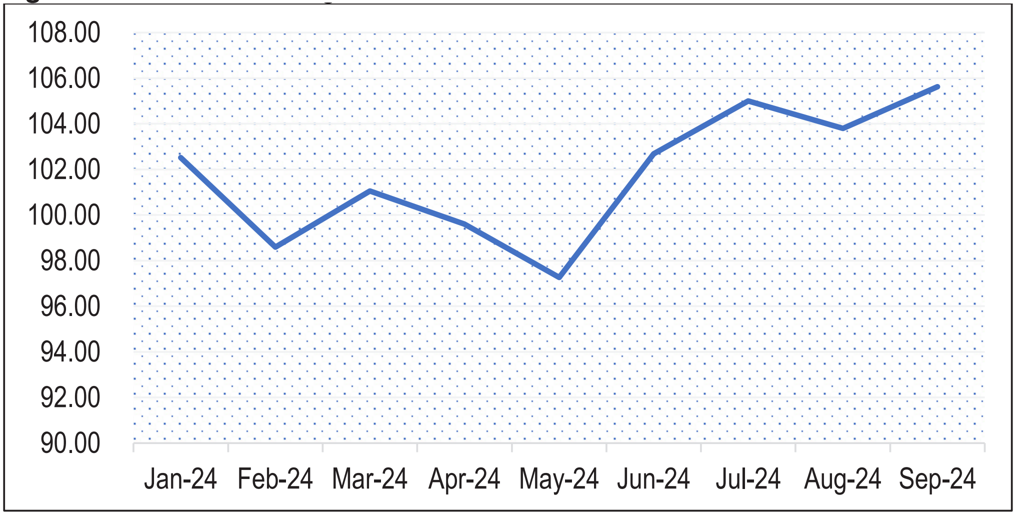
100. The VFEX All Share index was rebased to 100 basis points effective 1 January 2024. As of 30 September 2024, the bourse closed at 105.63 points, a 5.63% year-to-date gain.

Table 15: VFEX-All Share

	01-Jan-2024	30-Sept-24	Change
VFEX-ALL SHARE	100.00	105.63	5.63%

Source: ZSE

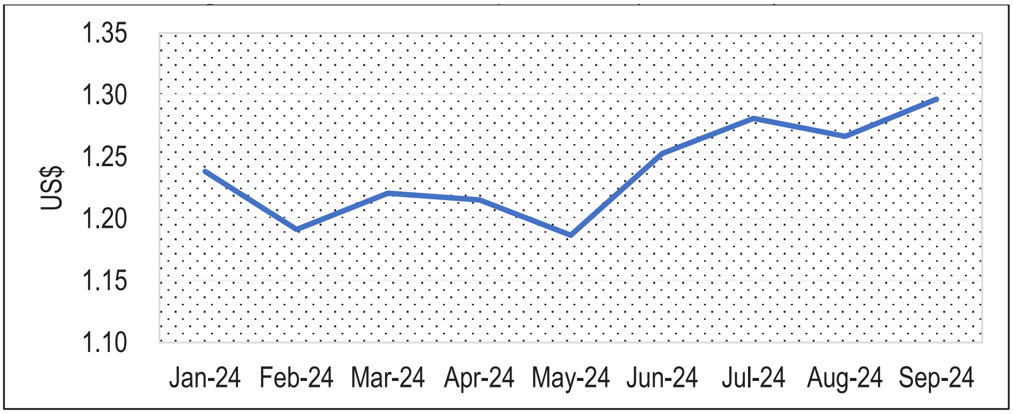
Figure 21: VFEX All Share Index



Source: VFEX

101. The overall market capitalisation of the Victoria Falls Stock Exchange (VFEX) reached US$1.29 billion at the end of September 2024, reflecting a 4.72% increase in year-to-date performance. This growth can be primarily attributed to the recent listings of Edgars Stores Limited and Invictus Energy ZDR, which became publicly traded on the VFEX on 10 May 2024 and 2 August 2024, respectively.

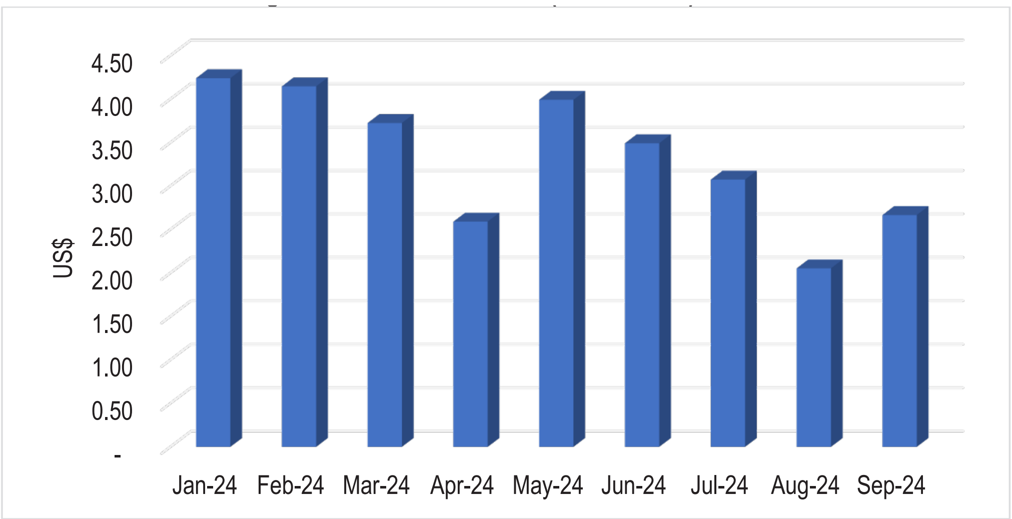
Figure 22: VFEX Market Capitalisation (US$ Billion)



Source: ZSE

102. The average monthly turnover for VFEX in 2024 was US$3.33 million, reflecting a 50% rise in average monthly turnover relative to the corresponding period in the previous year.

Figure 23: VFEX Turnover (US$ Million)



Source: VFEX

Establishment of the International Financial Services Centre

103. Government, through the Finance Act No. 7 of 2021 and Statutory Instrument No. 4 of 2022, designated the Victoria

Falls Special Economic Zone as an International Financial Services Centre (IFSC).

104. It is envisaged that the Centre will create a conducive environment for the flow of capital in and out of the country, provide an investment platform for potential investments within and outside Zimbabwe, as well as provide financial services to non-residents in a more efficient, profitable and transparent environment.

105. The processes for the establishment of the IFSC are currently in progress, with a Board having been appointed and is actively engaged in refining the legal and regulatory framework, while staff recruitment is underway.

Anti-Money Laundering, Counter Financing of Terrorism and Proliferation Financing (AML/CFT/ PF)

106. Since the country's removal from the Financial Action Task Force (FATF) "grey list" of non-compliant countries in 2022, Zimbabwe has continued to implement measures to strengthen its anti-money laundering regime, closing outstanding legal gaps and strengthening the effectiveness on combating financial crime.

107. Implementation of Anti Money Laundering measures should always be underpinned by a comprehensive assessment of

the money laundering risk landscape. Zimbabwe, under the coordination of the FIU and policy oversight of the Treasury, commenced the country's 3rd Money Laundering National Risk Assessment (NRA) in October 2023 and the risk assessment report will be launched before the end of 2024.

108. One of the important issues that the National Risk Assessment is focused on, is the regulation of Virtual Assets (also known as crypto-assets) and Virtual Asset Service Providers (VASPs).

109. The NRA included a comprehensive study, using the World Bank Risk Assessment Tool, to assess the money laundering and related risks posed by VAs and VASPs, in the context of Zimbabwe. The NRA report will, therefore be critical to inform government policy on virtual assets. Furthermore, the NRA report will inform crafting of the country's next 5-year AML Strategy for 2025-2029.

Market Discipline and Compliance

110. Government will continue to carry out surveillance work to monitor and enforce the compliance of businesses with the provisions of the Bank Use Promotion Act [*Chapter 24:24*] and the Exchange Control Act [*Chapter 22:05*], in support of Government's economic stabilisation measures. Compliance levels have remained high among formal businesses.

111. The FIU, which has largely focused its enforcement activities in the retail sector, is now expanding enforcement activities targeting non-compliant manufacturers and suppliers. The FIU will soon establish offices in other areas outside Harare and continue to identify and take action against businesses that either refuse to accept ZiG, or accept ZiG using parallel market rates.

Insurance and Pensions Industry

112. The insurance and pension industry had 93 players as at 30 September 2024 as indicated in the table below.

Table 16: Pension Industry

Class of Business	As at 30 September 2023	As at 30 September 2024
Short-term Insurers	20	20
Life Insurers	12	12
Reinsurers	10	10
Microinsurers	11	16
Insurance Brokers	27	27
Reinsurance Brokers	8	8

Source: IPEC

113. The asset base for the insurance industry was ZiG20.5 billion as at 30 September 2024 as shown in the table below.

Table 17: Insurance Industry Assets as at 30 September 2024 (ZiGM)

Class of Business	Amount
Non-Life Insurers	4,771
Life Insurers	11,245
Non-Life Reinsurers	4,219
Life Reinsurers	263.86
Total	20,498.86

Source: IPEC

114. Insurance revenue stood at ZiG4.69 billion as at 30 September 2024, of which US$270.70 million was in foreign currency.

115. In terms of minimum capital requirements compliance, short-term reinsurers had the highest compliance level whilst three life assurance companies and two reinsurers did not comply.

Table 18: Minimum Capital Requirements Compliance as at 30-September-24

Class	MCR (UD$ million)	Entities	% Compliance
Short-term Insurers (20)	750,000	17	94%
Life Insurers (12)	2,000,000	9	75%
Reinsurers (10)	2,000,000	8	80%
Micro-insurers (5)	100,000	2	40%
Insurance Brokers (27)	100,000	19	70%
Reinsurance Brokers (8)	100,000	3	38%

Source: IPEC

116. The Government is encouraging entities to regularly assess their compliance levels and ensure that they meet the approved MCR.

Agriculture Index Insurance

117. In response to the climate change related risk to agriculture production and food security, Zimbabwe piloted a hybrid agricultural index-based insurance product, the Farmers' Basket, through participation in the third Inclusive Insurance Innovation Lab spearheaded by the Access to Insurance Initiative. The insurance product was specifically designed for smallholder farmers against loss of yield.

118. The Farmers' Basket was developed, with technical assistance from the International Finance Corporation (IFC) and Access to Insurance Initiative, to provide germination cover, area yield index insurance, and other services such as agriculture extension services.

119. A total of 4 014 smallholder farmers mostly women from 21 wards in Goromonzi district participated in the pilot project during the 2023/24 agriculture season paying premiums of US$15 per policy.

120. The policies triggered a combined pay-out to the tune of US$232,997, translating to US$65 per policyholder following the El-Nino induced drought that significantly reduced the yields.

121. Pursuant to the success of the programme, Government has introduced the agriculture index insurance policy to promote the judicial provisions of the agriculture index insurance. The regulations are being finalised to safeguard market stability and consumer protection as well as provide guidance to the insurance industry, and all other stakeholders in the agriculture value chain.

Domestication of Marine Insurance Business

122. Zimbabwe participates in the export and import of commodities, which involves marine insurance to the conveyance of cargo

over land, water and air. Marine insurance helps to cover loss of or damage to ships, cargo, terminals, pipelines, ports, oil rigs and platforms and similar property.

123. Currently, there is no law that mandates local importers and exporters to make use of local insurance for all marine insurance and the dominance by foreign insurers deprives the growth of the domestic insurance sector and leads to the externalization of premiums, consequently depleting Zimbabwe's foreign exchange reserves.

124. In this regard, Government is proposing adoption of legislation to domesticate marine insurance, in order to enhance growth of the local insurance industry, and the retention of premiums to develop the local economy.

Pension Industry

125. The pensions industry had 967 registered occupational pension funds as at 30 September 2024, compared to 969 funds in September 2023. The decrease was mainly a result of six (6) dissolutions and one (1) merger during the period under review. However, four (4) new funds, were registered.

126. Of the 966 registered funds, 483 were active, constituting 50% of the industry's funds while the other half is inactive. A total of 372 funds out of the 483 (77%) inactive had been earmarked for dissolution.

127. In terms of Section 26 of the Insurance Act [Chapter 24:07], and Section 34 of the Pension and Provident Funds Act [Chapter 24:32], insurance companies and pension funds are required to hold a certain portion of their assets in prescribed assets, as stipulated in insurance and pensions regulations.

128. During the nine months to 30 September 2024, a total of 21 applications were conferred prescribed asset status for the various purposes of investment in projects including infrastructure development, agriculture, solar energy, hydro power generations and RIETs, among others.

129. The industry compliance levels with prescribed asset status improved significantly during the period under review as compared to the same period last year as indicated in the table below.

Table 19: Industry Compliance as at 30 September 2024

Class of Business	Requirement	Amount Invested	Compliance Sept 23	Compliance Sept 24
Short-Term Insurers	10%	317.83 M	7.52%	10.71%
Life Insurance	15%	663.25 M	9.33%	10.23%
Short-Term Reinsurers	10%	394.45 M	10.30:	13.02%
Life Reinsurers	15%	19.73 M	3.25%	15.74%
Pensions	20%	12.58 B	7.65%	12.58%

Source: IPEC

130. The pensions industry's investment in Government Stocks accorded prescribed asset status stood at ZiG434.9 million as at 30 September 2024.

131. In order to enhance compliance with prescribed asset status requirement, Government reviewed the criteria for conferment of prescribed asset status as pronounced through the 2024 National Budget. The Reviewed Procedure and Process Manual is envisioned to guide the assessment of the suitability of a financial instrument to be granted a prescribed asset status and ensure that the primary objective of mobilising long-term savings towards national development is met.

132. Further, the industry is urged to scout for government projects conferred prescribed asset status (to be published) to enhance compliance with the minimum prescribed threshold.

133. In addition, industry players are also encouraged to come up with their own bankable projects that can be considered for prescribed asset status by Government.

Pre- 2009 Compensation

134. Government is committed to compensating pensioners whose contributions lost value due to the 2009 currency reforms as prescribed by the Justice Smith Commission of Inquiry.

135. In this regard, the 2024 National Budget allocated US$30 million for compensation of pensioners. Of the US$30 million,

US$25 million was disbursed towards the compensation of government pensioners, whilst US$5 million has been set aside to augment compensation of private pensioners.

136. In respect of private pensioners compensation, the following schemes submissions were received and assessed by IPEC:

Table 20: Status of Compensation Schemes

Type of Fund	Expected	Actual	Assessed
Life Companies insured schemes	1,247	1,247	1,247
Standalone funds	15	10	10
Self-administered funds	134	105	58

Source: IPEC

137. Of the assessed Funds, two self-administered funds namely Mimosa Mining Pension Fund and AMZIM Pension Fund were approved whilst the rest are yet to comply with the requirements of the compensation regulations.

138. Government will continue to impose regulatory sanctions on all entities that continue to delay submission of their compensation schemes.

Pension Industry Reforms

139. Government will, in 2025, implement a holistic approach to pension reforms aimed at both public and private occupational

pension funds in a bid to address challenges of low coverage, inadequate benefits and asset security issues by pension industry.

140. The holistic national pension reforms require commitment of all stakeholders, including business, labour, Government, financial sector regulators, private players, research institutions, academia and civil society. This is meant to revitalise, strengthen and unleash the potential of the pensions industry in mitigating old age poverty and long-term savings mobilisation for national development.

African Risk Capacity (ARC) Drought Insurance Policy

141. The country subscribed for the 2023/24 African Risk Capacity sovereign drought insurance policy worth US$3 million and subsequently received a payout of US$16.8 million after the materialisation of the insured drought risk. Effectively the country received a payout of more than US$31 million, with the remainder being paid to Replica partners, World Food Programme (WFP) and Start Network.

142. In view of persistent prospects of poor agriculture season on account of climate change, Government is now finalising the ratification of the ARC Treaty, to proactively plan, prepare and respond to natural disasters through sovereign risk insurance.

143. For the forth coming 2024/25 agricultural season, Government has already subscribed to the ARC drought insurance policy worth $3 million, with the support of Swiss Development Corporation (SDC), KFW Development Bank, and the African Development Bank (AfDB).

144. The three Replica partners, namely World Food Program, Start Network and the United Nations High Commission for Refugees (UNHCR) have also subscribed to the ARC replica drought insurance policy for the 2024/2025 agriculture season.

Public Finance Developments and Outlook: 2024

145. The 2024 National Budget was premised on a total revenue collection of Z$53.9 trillion, (18.3% of GDP), expenditures of Z$58.2 trillion and a targeted budget deficit of Z$4.3 trillion (1.5% of GDP).

146. In April 2024, however, Government undertook currency reforms which culminated in the introduction of a new currency, the ZiG. This necessitated the recalibration of the approved macro fiscal framework from ZWL$ to ZiG through back casting and restatement. This process resulted in the revised fiscal framework in the new currency, with revenues of ZiG93.2 billion and expenditures of ZiG98.8 billion, and the resultant deficit of ZiG$5.5 billion (1.3% of GDP).

147. In terms of performance during the first nine months of the year, total revenue collections amounted to ZiG62.4 billion, against expenditures amounting to ZiG66.5 billion. Consequently, a budget deficit of ZiG4.1 billion was recorded.

Table 21: Public Finance Performance: Jan - Sept 2024 (ZiG Billions)

	ZiG
Total Revenues	62.40
Tax Revenues	58.40
Non-Tax Revenues	4.00
Total Expenditures and Net Lending	66.54
Compensation of Employees	28.88
Use of Goods and Services	18.88
Social Benefits	2.51
Subsidies	0.41
Interest	0.92
Transfers to Provincial Councils and Local Authorities	0.30
Net Acquisition of Financial and Non- Financial Assets	14.63
Deficit	4.14

Source: MoFED&IP (2024)

148. The revenue collections for the period January to September 2024 of ZiG62.40 billion, comprised of tax revenue of ZiG58.40 billion (93.6% of total revenue), and non-tax revenue of ZiG4 billion (6.4% of total revenue).

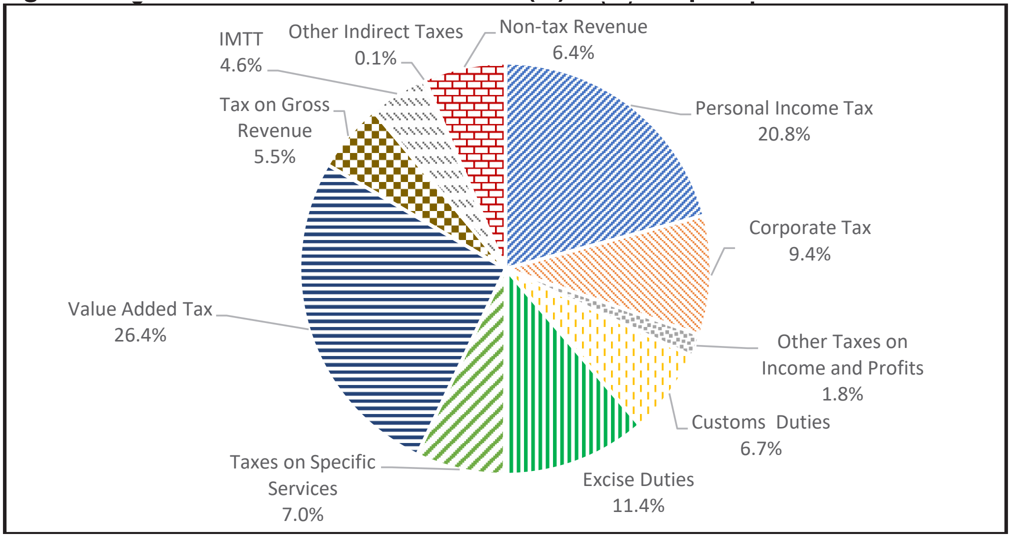
Table 22: Revenue Collections: Jan to Sept 2024

Revenue Head	Actual	Target
Total Revenue	62.40	63.32
Tax Revenue	58.40	61.64
Non-tax	4.00	1.68
Sale of goods and services	3.46	1.61
Property Income	0.38	0.03
Fines, penalties and forfeits	0.16	0.03

ZSource: MoFED&IP (2024)

149. The composition of revenue collected was as follows: Value Added Tax (VAT) (26.4%), Personal Income Tax (PIT) (20.8%), Excise Duty (11.4%), Corporate Income Tax (CIT) (9.4%), Customs Duty (6.7%), and Non-tax revenue (6.4%).

Figure 24: Contributions to Total Revenue (%): Jan – Sept 2024



Source: MoFED&IP (2024)

150. Cumulative expenditures for the period January to September 2024, amounted to ZiG66.54 billion, comprising of recurrent expenditures of ZiG49.58 billion and capital expenditure of ZiG16.96 billion.

Table 23: Expenditure Outturn: Jan - Sept 2024 (ZiG Billion)

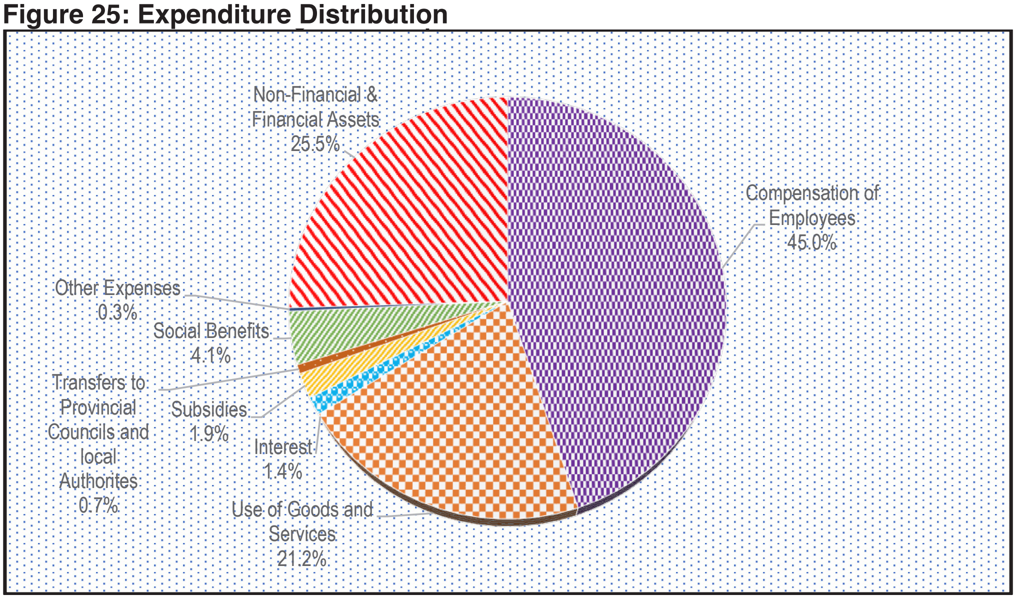
	2024 Actual	2024 Target
Total Expenditures and Net Lending	66.54	65.64
Recurrent Expenditure	49.58	53.89
Compensation of Employees	29.91	31.65
Use of Goods and Services	14.11	16.22

	2024 Actual	2024 Target
Social Benefits	2.71	1.27
Subsidies	1.28	0.55
Interest	0.92	0.66
Other expenses	0.18	0.08
Transfers to Provincial Councils and Local Authorities	0.46	3.45
Capital Expenditure	16.96	11.76

Source: MoFED&IP (2024)

151. Of the total recurrent expenditures, ZiG29.91 billion was expended on compensation of employees (45% of total expenditures or 48% of revenue), while ZiG14.11 billion was spent on operations (21.2% of total expenditures).

Figure 25: Expenditure Distribution



Source: MoFED&IP (2024)

152. Interest on debt amounted to ZiG919.9 million, of which ZiG522.2 million went towards external debt, while ZiG397.7 million was channelled towards domestic debt.

153. Cumulative expenditure on social protection programmes for the period January to September 2024 amounted to ZiG2.7 billion, targeting the Presidential Input Support Scheme, Basic Education Assistance Module (BEAM), Food Deficit Mitigation and Harmonised Cash Transfer, among other interventions.

154. Capital expenditure during the period January to September 2024 amounted to ZiG16.96 billion, whilst transfers to Provincial Councils and Local Authorities amounted to ZiG458 million.

155. Overall budget utilisation by MDAs stood at 76% as at 30 September 2024 as shown in the table below.

Table 24: Outturn as at 30 September 2024 (ZiGM)

Vote Appropriations	Allocation	Cum Expenditure	Utilisation (%)
Office of the President and Cabinet	5,736.21	6,617.14	115.4
Parliament of Zimbabwe	1,206.55	451.26	37.4
Public Service, Labour and Social Welfare	3,577.91	640.94	17.9
Defence and Security	6,296.58	6,189.56	98.3
Finance Economic Development and Investment Promotion	3,998.92	3,487.10	87.2
Audit Office	191.59	33.56	17.5
Industry and Commerce	204.43	65.68	32.1
Lands, Agriculture, Fisheries, Water and Rural Development	7,535.47	9,333.69	123.9
Mines and Mining Development	207.59	92.36	44.5
Environment, Climate and Wildlife	249.67	129.32	51.8
Transport and Infrastructural Development	4,029.65	3,940.56	97.8
Foreign Affairs and International Trade	1,472.79	747.51	50.8

Vote Appropriations	Allocation	Cum Expenditure	Utilisation (%)
Local Government, Public Works	2,125.87	1,731.56	81.5
Health and Child Care	9,306.57	4,892.64	52.6
Primary and Secondary Education	11,919.53	8,157.62	68.4
Higher and Tertiary Education, Innovation, Science and Technology Development	3,497.32	1,859.50	53.2
Women Affairs, Community, Small and Medium Enterprises Development	314.08	461.82	147
Home Affairs and Cultural Heritage	4,814.42	5,292.98	109.9
Justice, Legal and Parliamentary Affairs	1,788.96	1,667.61	93.2
Information, Publicity and Broadcasting Services	204.90	114.17	55.7
Youth Empowerment, Development and Vocational Training	399.50	222.98	55.8
Energy and Power Development	189.17	513.79	271.6
Information Communication Technology, Postal and Courier Services	319.38	134.06	42
National Housing and Social Amenities	588.47	813.63	138.3
Veterans of the Liberation Struggle Affairs	334.68	185.58	55.5
Tourism and Hospitality Industry	122.34	64.54	52.8
Sports Recreation arts and Culture	205.58	111.13	54.1
Skills Audit and Development	64.96	16.19	24.9
Judicial Services Commission	500.42	335.42	67
Public Service Commission	2 336.37	2 358.41	100.9
Council of Chiefs	103.82	59.02	56.9
Zimbabwe Human Rights Commission	63.56	30.08	47.3
National Peace and Reconciliation Commission	84.52	16.20	19.2
National Prosecuting Authority	161.76	113.98	70.5
Zimbabwe Anti-Corruption Commission	92.23	63.29	68.6
Zimbabwe Electoral Commission	191.21	223.93	117.1
Zimbabwe Gender Commission	90.28	48.19	53.4
Zimbabwe Land Commission	79.88	35.20	44.1
Zimbabwe Media Commission	52.71	24.57	46.6
TOTAL	74 659.83	61 276.77	82.1
Constitutional and Statutory	13 198.54	5 260.3	39.9
Total Expenditure and Net Lending	87 858.37	66 537.07	75.7

Source: MoFED&IP (2024)

156. Support to MDAs for projects and programmes during 2024 was affected by the constrained fiscal space and unavoidable

additional demands related to the high debt servicing costs, drought mitigation and the 44th SADC Summit preparations, among others. This obviously affected delivery of public services, particularly support towards the social sectors and the needs of vulnerable members of society.

157. The fiscal deficit as at September 2024 stood at ZiG4.1 billion and was financed through issuance of securities amounting to ZiG2.3 billion and drawdown of bank balance carried forward from the previous financial year.

Table 25: 2024 Annual Borrowing Plan (ZIG M)

	Actuals		Projections	
	Jan-Sept	Oct	Nov-Dec	Total
90-days	1,852.73	184.00	928.06	**2,964.78**
180-days	389.10	294.40	607.91	**1,291.40**
270-days	21.00	110.40	505.11	636.51
365-days	-	73.60	790.37	**863.97**
Total Government Securities	2,262.82	662.40	2,831.43	5,756.65
Domestic loan		920.00		920.00
Existing loans disbursements	41.62			41.62
Total Loans	42	920	-	961.62
Grand Total	2,304.44	1,582.40	2,831.43	6,718.27

Source: MoFED&IP (2024)

Fiscal Outlook to Year End

158. Taking into account recent developments in the foreign exchange market and civil service salary reviews, total revenue collections to year end are projected at ZiG110.7 billion (17% of GDP), while expenditures are expected at ZiG119.97 billion

(18.4% of GDP), resulting in a projected deficit of ZiG9.3 billion (-1.4% of GDP).

Table 26: The Revised 2024 Budget Framework

	2024
Government Accounts	
Revenues (Million ZiG)	110,722.3
% of GDP	17.0
Expenditures and Net Lending (Million ZiG)	119,972.3
% of GDP	18.4
Expenses	100,940.9
% of GDP	15.5
Use of goods and services (Million ZiG)	18,339.0
% of GDP	2.8
% Total Expenditure	15.3
% of Revenue	16.6
Compensation of Employees (Million ZiG)	66,793.4
% of GDP	10.3
% Total Expenditure	55.7
% of Revenue	60.3
Interest Payments (Million ZiG)	3,059.0
% of GDP	0.5
% of Revenue	2.8
Capital Expenditure (Million ZiG)	19,031.4
% of GDP	2.9
Overall Balance (Million ZiG)	-9,250.0
% of GDP	- 1.4

Source: MoFED&IP (2024)

159. During the last quarter of the year, priority will be given to support social protection programmes, which are still lagging behind in terms of their budget utilisation. However, this will be done in such a manner that does not destabilise the economy. In addition, Treasury will carefully manage payments during the months of November and December 2024 to avoid huge liquidity injections in the market.

PUBLIC DEBT

160. The nominal stock of total Public and Publicly Guaranteed (PPG) debt as at end September 2024, amounted to ZiG524 billion, broken down as follows:

- External debt ZiG307 billion; and
- Domestic debt of ZiG$218 billion.

Table 27: Total Public and Publicly Guaranteed Debt Stock - end Sept 2024 (ZiGM)

	DOD	PRA	INA	Penalties	Arrears + Penalties	Total
Total Public Debt (A+B)	264,643	152,879	44,507	62,233	259,619	524,262
A. External Debt (1+2+3)	49,667	79,184	44,507	62,233	185,924	306,683
1. Bilateral Creditors	37,447	46,854	15,408	56,058	118,320	155,767
Paris Club	1,154	34,946	12,088	53,220	100,254	101,408
Non-Paris Club	36,293	11,908	3,321	2,838	18,066	54,360
2. Multilateral Creditors	12,220	32,331	29,099	6,175	67,604	79,824
World Bank	2,300	19,562	18,086	-	37,648	39,947
African Development Bank	604	7,083	9,607	-	16,690	17,294
European Investment Bank	204	3,789	640	6,175	10,604	10,808
Afreximbank	7,880	998	613	-	1,611	9,490
Others	1,233	899	153	-	1,052	2,284
3. RBZ Liabilities Assumed by Treasury -2015, 2021, 2023	-	71,091	-	-	71,091	71,091
Of which *Afreximbank*		24,634				24,634
B. Domestic Debt	214,976	2,604	-	-	2,604	217,580
Government Securities	127,885	-	-	-	-	127,885
Treasury Bills	6,495	-	-	-	-	6,495
Treasury Bonds	121,390	-	-	-	-	121,390
Of which Mutapa Investment Fund	47,804		-	-	-	47,804
Domestic Arrears (to Service Providers)	-	2,604	-	-	2,604	2,604

	DOD	PRA	INA	Penalties	Arrears + Penalties	Total
Compensation of Former Farm Owners	87,091	-	-	-	-	87,091

Source: Zimbabwe Public Debt Management Office and the Reserve Bank of Zimbabwe
DOD: Disbursed Outstanding Debt
PRA: Principal Arrears
IRA: Interest Arrears
Nominal GDP at market prices 2024(millions): ZiG650,497.9
Exchange rate - 30 September 2024: US$1: ZiG24.8831

161. In US$ terms, public debt stood at US$21.1 billion, as at end September 2024, of which external debt amounted to US$12.3 billion and domestic debt at US$8.7 billion.

Table 28: Total Public and Publicly Guaranteed Debt Stock - end Sept 2024 (US$M)

	DOD	PRA	INA	Penalties	Arrears + Penalties	Total
Total Public Debt (A+B)	10,635	6,144	1,789	2,501	10,434	21,069
A. External Debt (1+2+3)	1,996	3,182	1,789	2,501	7,472	12,325
1. Bilateral Creditors	1,505	1,883	619	2,253	4,755	6,260
Paris Club	46	1,404	486	2,139	4,029	4,075
Non-Paris Club	1,459	479	133	114	726	2,185
2.Multilateral Creditors	491	1,299	1,169	248	2,717	3,208
World Bank	92	786	727	-	1,513	1,605
African Development Bank	24	285	386	-	671	695
European Investment Bank	8	152	26	248	426	434
Afreximbank	317	40	25	-	65	381
Others	50	36	6	-	42	92
3. RBZ Liabilities Assumed by Treasury -2015, 2021, 2023	-	2,857	-	-	2,857	2,857
Of which Afreximbank	-	990	-	-	990	990
B. Domestic Debt	8,639	105	-	-	105	8,744
Government Securities	5,139	-	-	-	-	5,139
Treasury Bills	261	-	-	-	-	261
Treasury Bonds	4,878	-	-	-	-	4,878
Of which Mutapa Investment Fund	1,921	-	-	-	-	1,921

	DOD	PRA	INA	Penalties	Arrears + Penalties	Total
Domestic Arrears (to Service Providers)	-	105	-	-	105	105
Compensation of Former Farm Owners	3,500	-	-	-	-	3,500

Source: Zimbabwe Public Debt Management Office and the Reserve Bank of Zimbabwe

DOD: Disbursed Outstanding Debt

PRA: Principal Arrears

IRA: Interest Arrears

Nominal GDP at market prices 2024(millions): US$ 35,276.46

162. The external debt stock is comprised of multilateral debt of ZiG79.8 billion (26%), bilateral debt of ZiG155.8 billion (50.1%) and the assumed RBZ liabilities amounting to ZiG71.1 billion (23.2%).

Table 29: External Debt Stock as at end September 2024 (ZiGM)

	DOD	PRA	INA	Penalties	Arrears + Penalties	Total
A. External Debt (1+2+3)	**49 667**	**150 275**	**44,507**	**62,233**	**185,924**	**306,683**
1. Bilateral Creditors	37,447	46,854	15,408	56,058	118,320	155,767
Paris Club	1,154	34,946	12,088	53,220	100,254	101,408
Non-Paris Club	36,293	11,908	3,321	2,838	18,066	54,360
2.Multilateral Creditors	12,220	32,331	29,099	6,175	67,604	79,824
World Bank	2,300	19,562	18,086	-	37,648	39,947
African Development Bank	604	7,083	9,607	-	16,690	17,294
European Investment Bank	204	3,789	640	6,175	10,604	10,808
Afreximbank	7,880	998	613	-	1,611	9,490
Others	1,233	899	153	-	1,052	2,284
3. RBZ Liabilities Assumed by Treasury -2015, 2021, 2023		71,091	-	-	-	71,091

Source: MoFED&IP (2024)

163. The stock of total domestic debt, as at end September 2024 amounted to ZiG217.6 billion, comprising Government securities of ZiG127.9 billion, domestic arears to service

providers of ZiG2.6 billion and compensation of Former Farm Owners of ZiG87.1 billion.

Table 30: Domestic Debt Stock as at end September 2024 (ZiGM)

	Total
Domestic Debt	**217,580**
Government Securities	127,885
Treasury Bills	6,495
Treasury Bonds	121,390
Domestic Arrears (to Service Providers)	2,604
Compensation of Former Farm Owners	87,091

Source: MoFED&IP (2024)

Development Partner Support

164. The country received development assistance amounting to US$530 million during the period January - September 2024, of which US$417 million was from bilateral and US$113 million from multilateral partners. The resources were channelled towards development programmes and projects in various sectors of the economy, complementing Government efforts to achieve National Development Strategy 1 objectives. To year end, disbursements are projected to reach US$862 million.

165. The Table below shows the sectoral distribution of the disbursements from bilateral and multilateral partners.

Table 31: Development Partners Support 2024-2025 (US$M)

Sector	Disbursements Jan – Sept 2024	2025 Projections
Agriculture	14.09	77.91
Education	18.53	22.84
Emergence Response	80.31	109.90
Energy	3.46	12.45
Forestry	0.23	8.26
Governance	42.49	47.17
Health	353.77	461.31
Manufacturing and Value Addition	4.16	1.11
Mineral Resources and Mining	0.18	-
Other Social Infrastructure and Services	1.67	22.08
Trade Policies and Regulations	0.56	0.92
Transport and Storage	-	2.66
Water and Sanitation	-	12.86
Information and communications	0.02	0.01
Banking and Financial Services	0.74	-
Environment Protection	8.49	4.97
Business and other services	1.17	15.29
Total	**529.86**	**799.76**

Source: MoFED&IP (2024)

166. In 2025, development partner assistance is projected at US$800 million.

THE 2025 MACROECONOMIC FISCAL FRAMEWORK

167. In line with the projected GDP growth of 6%, during 2025, revenue collections are estimated at ZiG270.3 billion (19.6% of GDP), comprising of ZiG218.2 billion tax revenues and ZiG52.1 billion non-tax revenues. This takes into account the existing tax policy regime, supported by enhanced revenue administration measures to reduce leakages, as well as additional measures aimed at widening the tax base.

168. The 2025 fiscal framework, therefore, provides for overall expenditures of ZiG276.4 billion or 20.1% of GDP, with recurrent expenditures of ZiG235.8 billion or 17.1% of GDP and acquisition of financial and non-financial assets (capital expenditure) set at ZiG40.6 billion or 3% of GDP.

Table 32: Fiscal Framework 2023 - 27 (ZiG M)

	2023	2024	2025	2026	2027
National Accounts					
Real GDP market prices (Million ZiG)	94.9	96.9	102.7	107.8	113.2
Nominal GDP at market prices (Million ZiG)	53,508.7	650,497.9	1,375,936.3	1,626,162.2	1,905,630.6
Real GDP Growth (%)	5.3	2.0	6.0	5.0	5.0
Government Accounts					
Revenues	7,838.3	110,722.3	270,300.0	321,116.4	378,018.2
% of GDP	14.6	17.0	19.6	19.7	19.8
Expenditures and Net Lending (Million ZiG)	11,260.6	119,972.3	276,370.9	338,040.8	388,859.8
% of GDP	21.0	18.4	20.1	20.8	20.4
Expenses	6,477.2	100,940.9	235,767.2	286,280.6	325,100.2
% of GDP	12.1	15.5	17.1	17.6	17.1
Use of goods and services	1,751.8	18,339.0	42,776.7	55,301.2	62,873.3
% of GDP	3.3	2.8	3.1	3.4	3.3
% Total Expenditure	15.6	15.3	15.5	16.4	16.2
% of Revenue	22.3	16.6	15.8	17.2	16.6
Compensation of Employees	3,679.0	66,793.4	152,576.8	179,926.4	203,770.5
% of GDP	6.9	10.3	11.1	11.1	10.7
% Total Expenditure	32.7	55.7	55.2	53.2	52.4
% of Revenue	46.9	60.3	56.4	56.0	53.9
Interest Payments	33.0	3,059.0	5,614.3	7,092.3	8,120.8
% of GDP	0.1	0.5	0.4	0.4	0.4
% of Revenue	0.4	2.8	2.1	2.2	2.1
Capital Expenditure	4,783.3	19,031.4	40,603.7	51,760.1	63,759.6
% of GDP	8.9	2.9	3.0	3.2	3.3
Overall Balance	-3,422.3	-9,250.0	-6,070.9	-16,924.4	-10,841.6
% of GDP	-6.40	-1.4	-0.4	-1.0	-0.6

Source: MoFED&IP (2024)

169. In US dollar terms, the Fiscal Framework translates to a GDP of approximately US$38.2 billion, revenues of US$7.5 billion and expenditures of US$7.7 billion.

Table 33: Fiscal Framework 2025 (USDM)

	2025
Nominal GDP at market prices (Million USD)	38,178.0
Real GDP Growth (%)	6.0
Revenues	7,500.0
% of GDP	19.6
Expenditures and Net Lending (Million ZiG)	7,668.4
% of GDP	20.1
Expenses	6,541.8
% of GDP	17.1
Use of goods and services	1,186.9
% of GDP	3.1
% Total Expenditure	15.5
% of Revenue	15.8
Compensation of Employees	4,233.5
% of GDP	11.1
% Total Expenditure	55.2
% of Revenue	56.4
Interest Payments	155.8
% of GDP	0.4
% of Revenue	2.1
Capital Expenditure	1,126.6
% of GDP	3.0
Overall, Balance	-168.4
% of GDP	-0.4

Source: MoFED&IP (2024)

170. Following the conclusion of the assumption of the RBZ liabilities, Government is working to improve and tighten financial management across Government, enforcing spending restraint across all programmes and projects by MDAs, as well as ensuring adherence to approved budget allocations.

Recurrent Expenditure

171. A significant portion of the recurrent expenditure budget, amounting to ZiG236.8 billion (85.7% of total expenditures) will be expended on public service compensation, which is 55.2% of total expenditure, comprising basic salaries, medical insurance, pension and benefits in kind.

172. Non-wage expenditures, comprising use of goods and services, social benefits, interest on debt and subsidies will account for the residual ZiG49.4 billion or 17.9% of total expenditures.

Public Service Wages

173. The current remuneration framework agreed with Government workers, provides for a self-adjusting mechanism of the US$ pegged local currency component of the salary, that takes into account movements in the exchange rate. In this regard, outlays on employment costs since April 2024 have cushioned civil servants from movements in the exchange rate.

174. Government recently awarded a US$40 increase to the civil service, payable in local currency at the prevailing exchange rate, effective from 1 September 2024.

175. The 2025 allocation for employment costs of ZiG152.6 billion or 56.4% of revenue, is based on this principle and hence already factors in the exchange rate self-adjustment in workers’

salaries. Invariably, this allocation is now above the fiscal rule threshold of containing employment costs at maximum of 50% of revenue.

176. To address this unsustainable position, revenue enhancement measures will be implemented, whilst also limiting the recruitment of additional personnel only to critical sectors such as health and education. The rationalisation exercise will also benefit from the recent Job Evaluation Exercise, which was undertaken by the Public Service Commission, with the aim to have a fit for purpose and professional civil service, with the capacity to deliver quality public services.

177. The exercise identified several issues, including functional duplications and role overlaps within Ministries, Departments and Agencies (MDAs), the existence of more managerial jobs, than non-managerial jobs and the prevalence of dead-end jobs for specialists.

178. Going forward, Government will implement the recommendations of the Job Evaluation Report, by reviewing the manning levels in the public service, up skill and re-skill members where feasible, as well as adopt a new compensation framework which conforms with the principles of equal pay for equal work.

179. In the interim, an immediate moratorium on implementation of some of the already approved structures will be necessary, pending finalisation of this exercise. Furthermore, a tripartite dialogue exercise on the structure and reporting framework for devolved units across all MDAs is also essential, to curtail the unsustainable growth in wage related costs.

Public Sector Medical Insurance

180. Government expenditure outlays to the public sector medical insurance scheme managed by the Premier Service Medical Aid Society was constrained by governance deficiencies observed at the institution. Underlying Government deficiencies have since been addressed, paving the way for Government to resume employer contributions under the scheme.

181. Accordingly, a provision has been made under the 2025 Budget to cater for the contributions for new members and existing commitments.

Non-Wage Recurrent Expenditure

182. The 2025 Budget allocation for operational support to MDAs reflects the constrained fiscal space and will not be able to match the Budget bids as presented by the various MDAs. Nevertheless, the allocation for 2025 should facilitate the

implementation of priority high impact programmes and projects, that stimulate economic development and reduce outlays on consumptive expenditure.

183. During budget Implementation, and as part of Government's fiscal consolidation measures, it will be necessary that monthly expenditure programmes of MDAs remain aligned to disbursements, in order to manage overall demands on the fiscus as well as contain the risk of accumulation of arrears to suppliers of goods and services.

184. Treasury commits to ringfence revenue inflows targeted at providing a minimum level of support to the social sectors and other critical Government programmes and projects, which will be communicated to respective MDAs. In the event of improved revenue performance during 2025, this support will be scaled up and broadened to cover other approved budgetary interventions, based on the preparedness and capacity of the beneficiaries to utilise the funds in an efficient, effective and transparent manner.

Capital Expenditure

185. The overall capital budget, covering infrastructure development, vehicle procurement, capitalisation of public entities, furniture and equipment, among others, amounts to ZiG40.6 billion

(3% of GDP). A large share of the capital budget has been allocated to infrastructure development, given its role in promoting economic growth and facilitating investment of the private sector.

186. The resources earmarked for the development budget are less than ideal to address the huge infrastructure backlog, required to unlock the productive capacity of the economy, hence the need to leverage private sector financing, especially for commercially viable projects which generate cashflows. Also critical is the need to improve on infrastructure governance, in order to increase the effectiveness in outlays and reduce the accumulation of arrears to contractors.

Vote Allocations

187. During the 2025 National Budget formulation stage, MDAs submitted total bids of over ZiG$700 billion, against the available budget envelope of ZiG276.4 billion. This is more than double the ceiling of revenue collection capacity of 19.6% of GDP. The available resource envelope was allocated to MDAs as follows.

Table 34: Vote Allocation by Administrative Classification

Vote Appropriations	ZiG M	Approx Equiv US$ M
Office of the President and Cabinet	10 567.6	293.2
Parliament of Zimbabwe	1 753.4	48.7
Public Service, Labour and Social Welfare	10 710.5	297.2

Vote Appropriations	ZiG M	Approx Equiv US$ M
Defence	18 051.6	500.9
Finance, Economic Development and Investment Promotion	9 182.7	254.8
Audit Office	589.2	16.3
Industry and Commerce	550.9	15.3
Lands, Agriculture, Fisheries, Water, and Rural Development	22 935.0	636.4
Mines and Mining Development	664.8	18.4
Environment, Climate and Wildlife	516.8	14.3
Transport and Infrastructural Development	5443.6	151.0
Foreign Affairs and International Trade	3 989.8	110.7
Local Government and Public Works	4 907.8	136.2
Health and Child Care	28 323.6	785.9
Primary and Secondary Education	46 638.0	1 294.1
Higher and Tertiary Education, Innovation, Science and Technology Development	10 323.8	286.5
Women Affairs, Community, Small and Medium Enterprises Development	1 016.7	28.2
Home Affairs and Cultural Heritage	16 183.4	449.0
Justice, Legal and Parliamentary Affairs	5 644.9	156.6
Information, Publicity and Broadcasting Services	433.1	12.0
Youth Empowerment, Development and Vocational Training	1 018.4	28.3
Energy and Power Development	259.8	7.2
Information Communication Technology, Postal and Courier Services	641.4	17.8
National Housing and Social Amenities	696.2	19.3
Veterans of the Liberations Struggle Affairs	807.3	22.4
Tourism and Hospitality Industry	294.6	8.2
Sport, Arts and Recreation	888.4	24.7
Skills Audit and Development	153.2	4.3
Judicial Services Commission	1 284.6	35.6
Public Service Commission	10 724.0	297.6
Council of Chiefs	196.4	5.4
Human Rights Commission	176.3	4.9
National Prosecuting Authority	460.5	12.8
Zimbabwe Anti-Corruption Commission	236.2	6.6
Zimbabwe Electoral Commission	467.4	13.0
Zimbabwe Gender Commission	177.3	4.9
Zimbabwe Land Commission	194.2	5.4
Zimbabwe Media Commission	144.2	4.0
Health Service Commission	164.8	4.6
Attorney General	218.7	6.1
TOTAL	**217 630.9**	**6 038.6**

Vote Appropriations	ZiG M	Approx Equiv US$ M
Constitutional and Statutory	64 988.7	1 803.2
Total Expenditure and Net Lending	**282 619.7**	**7 841.8**
Loan Repayments	40.17	1 110.3
Grant Total	**322 636.4**	**8 952.1**

Source: MoFED&IP (2024)

188. In terms of classification by functions of Government (COFOG), the resources are distributed as follows:

Table 35: Classification by Functions of Government

Function	2023	2024		2025		INDICATIVE ESTIMATES	
	Unaudited Outturn	Revised Estimate	Unaudited Outturn to September	Proposed Allocation	Statutory And Other Resources	2026	2027
General public services	16,671.8	23,971.3	14,952.6	103,976.8	2,884.4	130,734.0	152,134.0
Defense	8,157.8	5,895.6	6,120.4	17,300.1	-	18,867.5	21,129.9
Public order and safety	9,968.6	10,412.1	8,772.7	27,890.2	223.4	30,389.9	34,176.8
Economic affairs	36,147.5	20,176.7	17,401.6	52,691.2	32,135.9	68,488.7	78,825.6
Environmental protection	335.8	249.7	129.3	516.8	1,191.8	587.8	670.0
Housing and community amenities	4,984.5	3,890.6	4,206.8	8,630.3	120.0	10,178.8	11,732.2
Health	5,819.9	9,524.7	5,112.5	28,488.4	682.4	30,726.9	34,678.2
Recreation, culture,and religion	1,405.3	1,284.4	712.6	4,014.9	28.1	4,569.1	5,188.4
Education	11,141.2	15,810.7	12,846.5	57,748.2	1,142.1	58,324.9	65,354.9
Social protection	5,393.1	5,661.5	3,011.8	21,379.5	-	29,191.0	32,952.1
Grand Total	**100,025.5**	**96,877.3**	**73,266.9**	**322,636.4**	**38,408.1**	**382,058.7**	**436,842.0**

Source: MoFED&IP (2024)

189. In terms of NDS1 clusters, the 2025 National Budget is being distributed as follows:

Table 36: Allocations by NDS1 Clusters

	2023	2024		2025		INDICATIVE ESTIMATES	
	Unaudited Outturn	Revised Estimate	Unaudited Outturn to September	Proposed Allocation	Statutory And Other Resources	2026	2027
Devolution	977	4,255	364	14,256	-	16,061	21,539
Digital Economy	539	319	134	641	2,023	756	871
Economic Growth and Stability	6,385	13,670	8,664	78,973	513	107,919	122,362
Environmental Protection, Climate Resilience and Natural Resource Management	413	300	145	712	1,192	801	911
Food and Nutrition Security	10,276	6,939	9,265	21,854	1,400	28,525	32,483
Governance	31,234	30,978	25,350	80,754	3,108	89,087	101,989
Health and wellbeing	5,820	9,525	5,113	28,488	682	30,727	34,678
Housing Delivery	3,451	2,479	2,465	4,768	120	5,320	6,032
Human Capital Development and Innovation	11,053	15,785	12,922	57,419	1,142	57,858	64,821
Image building, International Engagement and Re-engagement	1,785	1,730	886	4,567	3	5,057	5,709
Infrastructure and Utilities	22,129	4,219	4,454	5,703	27,659	7,115	8,323
Moving the economy up the value chain and structural transformation	234	412	158	1,216	540	1,409	1,613
Social Protection	5,393	5,661	3,012	21,380	-	29,191	32,952
Youth, Sport and Culture	337	605	334	1,907	25	2,233	2,558
Grand Total	**100,026**	**96,877**	**73,267**	**322,636**	**38,408**	**382,059**	**436,842**

Source: MoFED&IP (2024)

Budget Financing

190. The budget deficit of ZiG6.1 billion or 0.4% of GDP for 2025, reflects the need to consolidate reforms and fiscal discipline against a background of high debt servicing obligations

amounting to ZiG19.2 billion, which now accounts for 7% of overall Government expenditure outlays.

191. The 2025 gross budget financing is projected at ZiG25.2 billion, inclusive of budget deficit of ZiG$6.1 billion. This will be financed through ZiG11.5 billion, (45.6%) from the domestic markets, with the balance of ZiG13.7 billion (54.4%) being sourced externally.

192. Domestic financing consists of Treasury bills with maturities of 90-180 days and 270-365 days, at projected average interest rates of 9% and 10%, respectively. External financing is projected at US$30.4 million from existing loans under BADEA, IFAD, OFID, and KUWAIT; and new external loans amounting to US$350 million.

193. The 2025 Annual Borrowing Plan will therefore, be as reflected in table below.

Table 37: 2025 Annual Borrowing Plan (ZIG millions)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
180-days	278.00	695.00	834.00	973.00	2,780.00
270-days	334.00	835.00	1,002.00	1,169.00	3,340.00
365-days	334.00	718.05	1,002.00	1,175.55	3,229.60
Total ZiG Treasury bills	**946.00**	**2,248.05**	**2,838.00**	**3,317.55**	**9,349.60**
US$ Treasury bills		**1,081.20**		**1,081.20**	**2,162.40**
Total Government Securities	**946.00**	**3,329.25**	**2,838.00**	**4,398.75**	**11,512.00**

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
Existing external loan disbursement	273.90	273.90	273.90	273.90	1,095.62
New external loan disbursements			6,307.00	6,307.00	12,614.00
Grand Total	**1,219.90**	**3,603.15**	**9,418.90**	**10,979.65**	**25,221.62**

Source: MoFED&IP (2024)

2025 Annual Borrowing Limits

194. The annual borrowing limits for the public sector in 2025 is set at 5.8% of GDP, distributed as, Central Government at 3%, guarantees to State-Owned Enterprises, including on-lending from Central Government at 2% and Borrowing Power Authorities to Local Authorities at 0.25% and guarantees to the private sector at 0.5%.

Table 38: 2025 Borrowing Limits (% of GDP)

Category	Limit
Central Government borrowing for budget financing and amortisation of loans and securities	3
State-Owned Enterprises guarantees, including on-lending from Central Government - (*0.5 per cent for guarantees, 1 per cent for on-lending and 0.5 per cent borrowing power authorities*)	2
Local Authorities (*0.125 per cent guarantees, 0.125 per cent borrowing power authorities*). The borrowing is limited to 10 per cent of their respective previous year's revenues	0.25
Private Sector Guarantees	0.5
Overall borrowing limit	**5.75**

Source: MOFED&IP

Gender Responsiveness of the Budget

195. An integral part of the Budget is the need to improve equity across gender, rural and urban areas, as well as within socio-economic groups, in order to promote gender equality,

inclusive and sustainable development. Government recorded gender sensitive expenditures amounting to ZiG20.1 billion for the period January to September 2024.

196. The resources were mainly utilised for mainstreaming gender specific expenditures that largely benefited women and girls, as well as people living with disabilities. The areas supported included among others, employment opportunities in the public sector, social protection, health, education services and economic empowerment programmes. Gender wellness and inclusive structures within the Public Service to spearhead the gender equality promotion agenda, were also supported.

197. The 2025 National Budget allocated resources amounting to ZiG196.9 billion to support gender sensitive programmes and gender specific expenditures.

198. To address the capacity constraints in gender budgeting, Government in partnership with Development Partners will develop frameworks to strengthen gender budgeting capacity within MDAs, to enable the collection of sex disaggregated data of beneficiaries, in order to facilitate identification of gender gaps.

Fiscal Risks to the Budget

199. The Macro-Fiscal Framework guiding the Budget faces risks, which if not mitigated, can put pressure on public finances, with

implications on overall macroeconomic stability. Public Debt and debt servicing obligations have increased sharply, following the assumption of RBZ liabilities by Central Government, including blocked funds. The increased Government financial needs have led to painful trade-offs as some fiscal outlays for developmental and social expenditures, have been crowded out to accommodate the additional expenditures on debt servicing and unbudgeted expenditures.

200. Similarly, macroeconomic shocks, natural disasters, contingent liabilities, global developments and expenditure outlays outside the approved budgetary provisions, ultimately put pressure on public finances, as well as posing a significant threat to the framework's stability and credibility. The materialisation of such risks, will result in different outcomes, especially if the mitigatory measures fail to fully address the risks.

Macroeconomic Risk

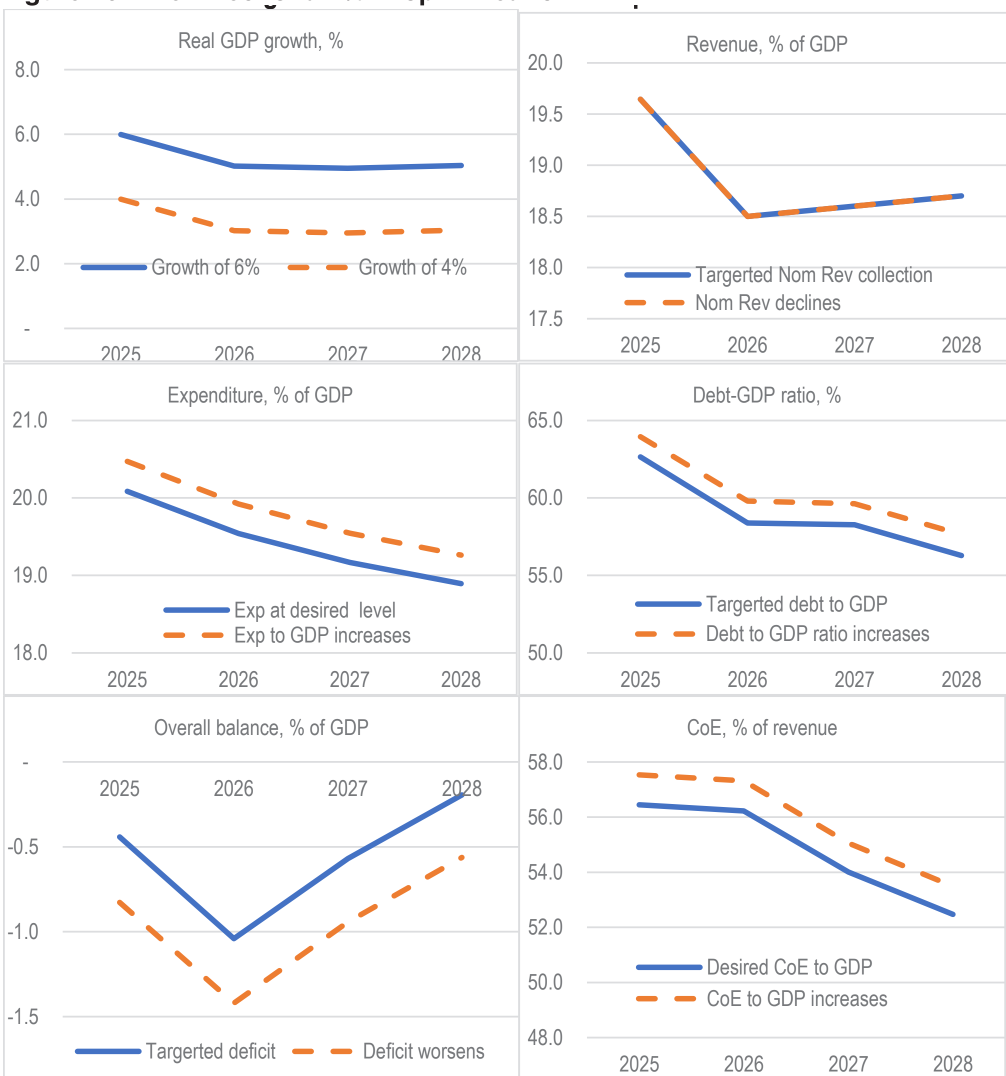
201. The projected real GDP growth of 6% in 2025, is based on recovery of the agriculture sector, improvements in electricity generation and expected stability in commodity prices in the mining sector.

202. Changes to assumptions in the baseline can have significant effects on macroeconomic variables such as GDP growth, revenue targets, inflation and the exchange rate. Two alternative

scenarios have been modelled to illustrate this, namely a fall in GDP by 2% and 1 percentage point drop in revenue.

203. A 2-percentage point fall from the 2025 projected growth of 6% to 4%, will impact on government tax revenues, worsen both primary and overall deficits and raise the debt-to-GDP ratio, as shown in the following simulations.

Figure 26: The Effect of a 2% Drop in Real GDP



Source: MOFED&IP

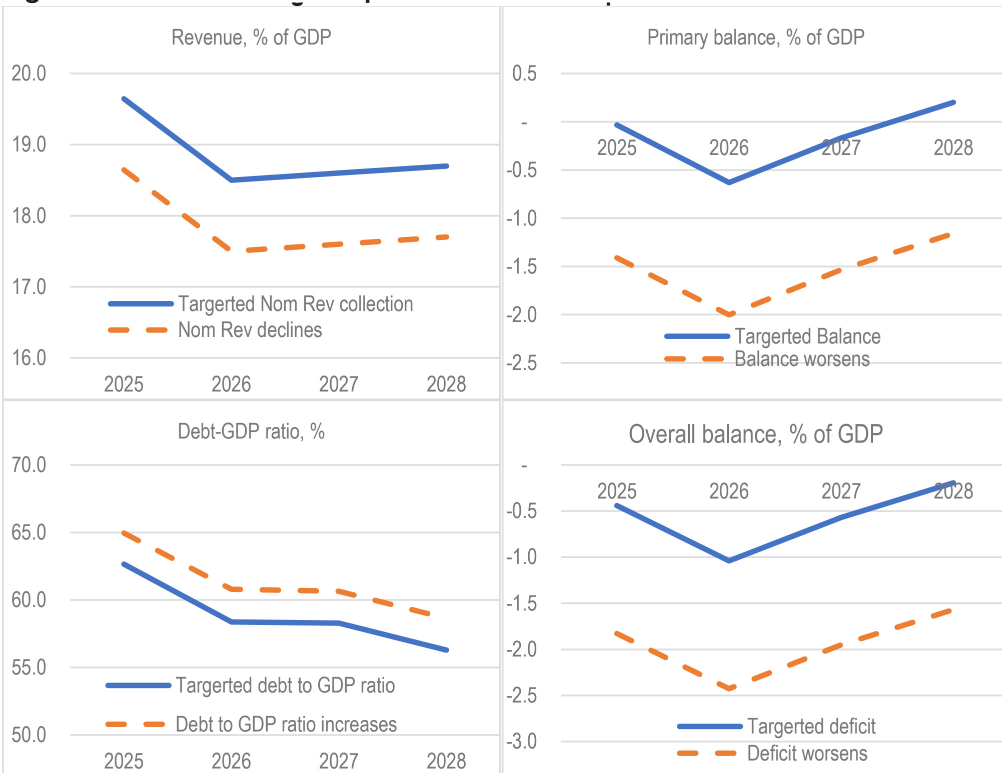
204. Slower economic growth, leads to lower income levels and business profits, less consumer spending, which impacts on government tax revenues and worsens both the primary and overall budget deficit. The drop in GDP and revenue, will also impact on Compensation of Employees to revenue ratio, a key fiscal rule of Government's commitment to fiscal sustainability.

205. To mitigate against the potential decline in GDP, Government is enhancing agricultural resilience through crop diversification, targeted irrigation investments, and access to climate-resilient inputs. Furthermore, measures to diversify the consolidated economy from reliance on agriculture and mining to manufacturing and high value-added products will build resilience from external shocks.

206. Ensuring increased domestic electricity production through renewable energy Independent Power Producers and upgrading of existing power generation infrastructure will ensure the reliability of energy supply to the productive sectors of the economy.

207. The second scenario is a 1 percentage point drop in revenue to GDP in 2025. This will affect the primary balance and overall fiscal balance, whilst adding pressure to public debt servicing levels, potentially undermining fiscal stability as indicated in Figure 27.

Figure 27: Effect of a 1% Drop in Revenue



Source: MOFED&IP

208. Government will continue to improve on tax administration systems to ensure high levels of compliance, while reducing tax collection costs. This approach not only boosts revenue collection, but also reduces fiscal risks by creating more stable and predictable revenue streams for government.

Inflation and Exchange Rate Risks

209. The 2025 National Budget is built on the foundation of single digit inflation and a stable exchange rate, creating a favourable business environment. Any deviation from these assumptions including the widening of the premium between the official and

parallel market rates, will severely impact on macroeconomic stability.

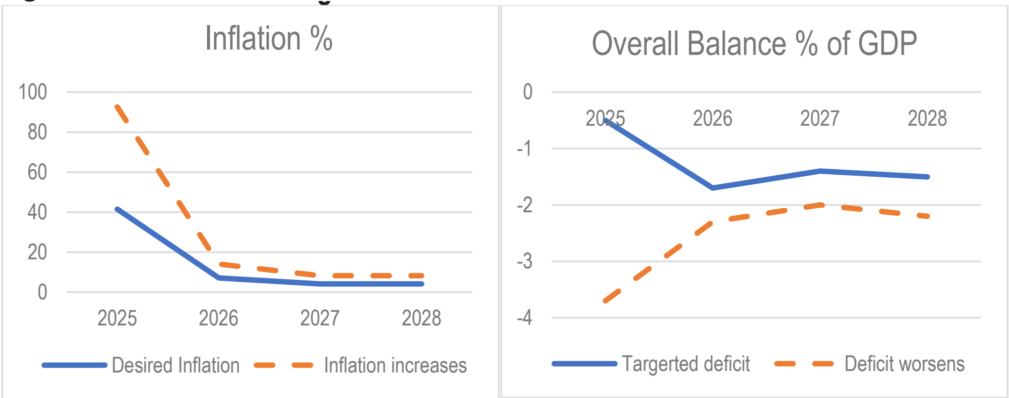
210. Inflation that is more than double the projected level, will lead to increased expenditure pressures without a corresponding rise in revenue, putting further strain on public finances. Such volatility will drive interest rates higher, escalating borrowing costs and worsening fiscal deficits, as illustrated in Table 39.

Table 39: Effects of Inflation Increase

	Baseline	Shock Scenario
Real GDP Growth (%)	6.0	3.2
ZIG Inflation (Annual Average) %	41.5	92.6
Revenue % of GDP	18.5	16.0
Expenditure % of GDP	19.0	19.7
Overall balance % of GDP	-0.5	-3.7

211. This increase in inflation from the target level will ultimately undermine fiscal sustainability by driving up government spending and eroding real revenues, leading to a worsening overall fiscal balance as shown in Figure 28.

Figure 28: Effect of Inflation Increase



Source: MoFED&IP

212. To mitigate against these risks, Government will continue to ensure that both fiscal and monetary policies are tight enough through adjusting the policy rate, reserve requirements, and savings and time deposit interest rates, in line with market conditions.

213. Furthermore, the Liquidity Management Committee, in collaboration with the Cash Management Committee will continue to effectively manage liquidity injections in the economy, in response to changing market conditions.

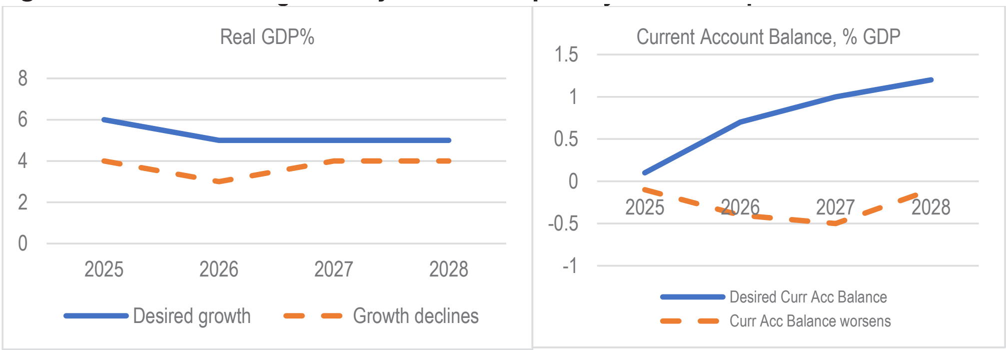
Commodity Prices Risk

214. Commodity prices are anticipated to experience a slight decrease in 2025, attributed to escalating geopolitical tensions and trade disputes which may affect global demand for commodities. This situation could have adverse effects on the projected current account position, fiscal revenues and the budget deficit.

215. A one percent decrease in the prices of gold, platinum, diamonds and agricultural products like tobacco, would lead to a disproportionate decline in export earnings. This is because the relationship between commodity prices and export earnings is often non-linear; with a small price drop causing a significant reduction in earnings. As a result, the decrease in

export revenue, would lead to a reduction in foreign currency earnings, which, in turn, will cause depreciation of the local currency.

Figure 29: Effect of Commodity Prices Drop



Source: MoFED&IP

216. The currency depreciation would increase inflationary pressures, as the cost of importing essential goods such as fuel, machinery, and medicine would rise, reducing the purchasing power of economic agents. The decline in foreign earnings would also exacerbate the current account balance, worsening Zimbabwe's trade deficit and putting further strain on macroeconomic stability.

217. To mitigate these risks, Government will continue to promote the diversification of the economy into sectors such as technology, manufacturing, and services, thereby reducing the dependency on commodity exports and enhancing overall economic resilience.

Contingent Liabilities

218. Contingent liabilities represent financial commitments, mostly to state owned enterprises, that Government will have to meet in the future, if the guaranteed institution defaults.

219. Of the total US$12.3 billion public and publicly guaranteed external debt, called up guaranteed debt accounts for US$1.5 billion (11.9% of the total). As at 30 September, 2024, Government holds active guaranteed liabilities amounting to US$147.3 million, issued to various productive sectors of the economy as follows: agriculture (43.2%), Transport (42.4%) Manufacturing (9.1%), Mining (4.1%) and Tourism (1.2%).

220. To mitigate against defaults, Government has been prioritizing issuing guarantees to creditworthy entities and commercially viable projects, in accordance with the Framework for Evaluating, Monitoring, and Managing Guarantees and On-Lent Loans. As a result, the risk of default by the beneficiaries of these guarantees remains manageable on account of the following mitigatory policy measures implemented by Treasury:

- Comprehensive credit assessment of the beneficiaries prior to issuance of the guarantees;
- Prioritising issuance of guarantees to farmers who are under irrigation, given the risk of recurring droughts;

- Issuance of partial guarantees under a risk-sharing framework;
- Creation of dedicated sinking funds by the beneficiaries, to ringfence resources towards servicing of their obligations; and
- Consistent monitoring and reporting on the performance of the guarantees.

221. Treasury will continue monitoring the performance of these guarantees to ensure that payment obligations are timely met and also to provide policy guidance on emerging risks before materialisation of called up guarantees. Furthermore, Government will continue to prioritise issuance of partial guarantees to economic sectors and beneficiaries who have repayment capacity, to limit recourse on the fiscus.

Natural Disasters

222. Extreme weather events, exacerbated by climate change, pose a significant risk to the national budget. In 2025, the forecasted La Nina weather phenomenon, characterised by normal to above-normal rains, may in the worst-case scenario, result in waterlogging causing a high risk of crop failure, especially in low-lying areas.

223. Such a situation, also has a bearing on the lives and livelihoods of the affected areas. To mitigate this risk, the Civil Protection Department will be capacitated to enable it to develop early warning systems, education plans, application of the latest technology for flood prediction, use of mobile apps for flood alerts and emergency responses. In addition, the Meteorological Department is expected to monitor and communicate weather forecasts to timely guide farmers and the general public.

Public Debt Risk

224. The growth in the size of the national public debt, over the past few years has led to high debt servicing costs, which have created an unsustainable fiscal position. This undermines investments in critical social sectors of health, education and social protection, among others.

225. The immediate priority is to stabilise debt service payments at sustainable levels, by renegotiating comprehensive debt restructuring with the creditors and bond holders. Failure to restructure the debt will lead to significant economic risks in 2025 and beyond, including defaulting, reduced investor confidence, liquidity crisis and debt spiral.

THE 2025 STRATEGIC PRIORITY AREAS

226. The National Budget thrust during 2025 is to consolidate economic transformation and enhance the country's resilience to shocks. The Budget seeks to address persistent macroeconomic vulnerabilities, as well as meet the developmental needs of citizens in a constrained fiscal environment.

227. The 2025 National Budget will, therefore, focus on enhancing the macroeconomic and doing business environment, as well as delivery of social services to enhance the human capital base of the country. Specifically, the priority areas of the 2025 National Budget are classified along the following pillars derived from the NDS1:

- Establishment of a durable and stable macro-economic environment, underpinned by confidence, acceptance and use of the domestic currency;
- Supporting productive value chains and diversifying the local product range to sectors such as manufacturing in order to increase participation in regional and global markets;
- Upscaling delivery of sustainable infrastructure projects and public services;

- Improve the uptake of ICTs and other emerging technologies, as an enabler to a digital economy;
- Upscaling youth empowerment activities for socio-economic development, as well as instil discipline, responsibility and hard work in the youths;
- Accelerate gender equality and empowerment of women and girls in order to enhance their productive capacities;
- Fast tracking the devolution and decentralisation agenda, so as to ensure inclusive and sustainable growth is achieved at lower levels of Government;
- Creating effective public institutions and governance systems that promote public trust, social stability and peace;
- Accelerate Arrears Clearance and Debt Resolution Process;
- Rebuilding trust and fostering cooperation with the international community through image building, engagement and re-engagement thrust; and
- Improving the quality of life and the country's skills by increasing access to social services such as health, education and social protection.

Economic Growth and Macroeconomic Stability

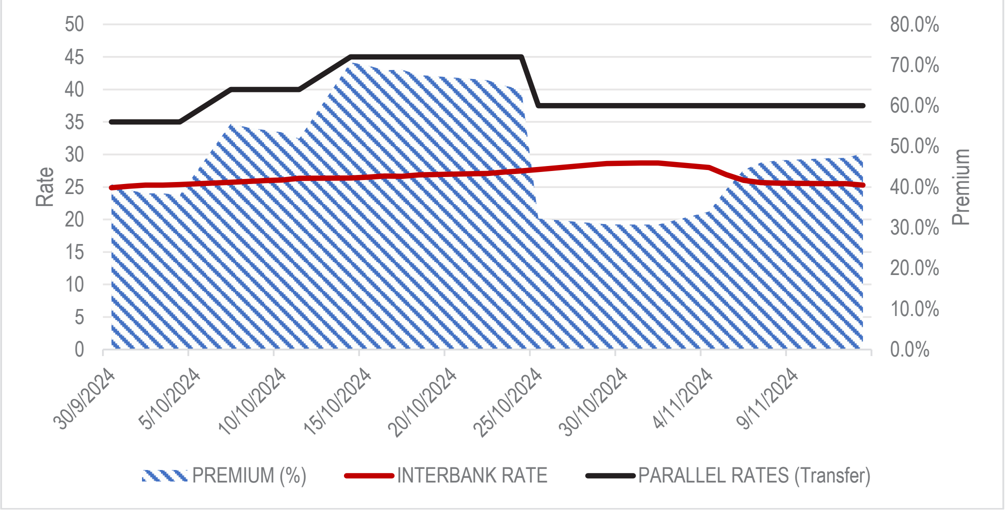
228. The currency reforms which culminated in the introduction of the ZiG in April 2024, have brought a semblance of price and exchange rate stability. Following a resurgence in exchange

rate volatility and inflationary pressures during the second half of August 2024, the Monetary Policy Committee (MPC) tightened the monetary policy stance, by raising the Bank Policy Rate and increasing statutory reserve requirements for banks to tighten liquidity conditions in the money market.

229. The MPC also allowed for greater flexibility of the exchange rate under the willing-buyer willing-seller foreign exchange market. Statutory reserves for both local and foreign currency were increased to 30% and the Bank Policy Rate was increased from 20% to 35% to curtail demand for foreign currency.

230. Since the implementation of these measures, the premium on parallel exchange rate market declined substantially, while the official exchange rate has been stabilised.

Figure 30: Exchange Rate and Parallel Market Premiums



Source: MoFED&IP (2024)

231. Going forward, Government will deploy complementary fiscal and monetary policy tools to ensure the stability and acceptance of ZiG in the economy.

232. On the fiscal front, Government will ensure the alignment of expenditure outlays to available resources, while prioritising development and social expenditures. To this end, a comprehensive debt restructuring plan is being renegotiated with creditors. This will be complemented by additional domestic resource mobilisation initiatives, including sale of assets in order to reestablish fiscal sustainability.

233. Debt restructuring will enable servicing of active debt obligations at sustainable levels as they fall due without injecting excess liquidity in the economy.

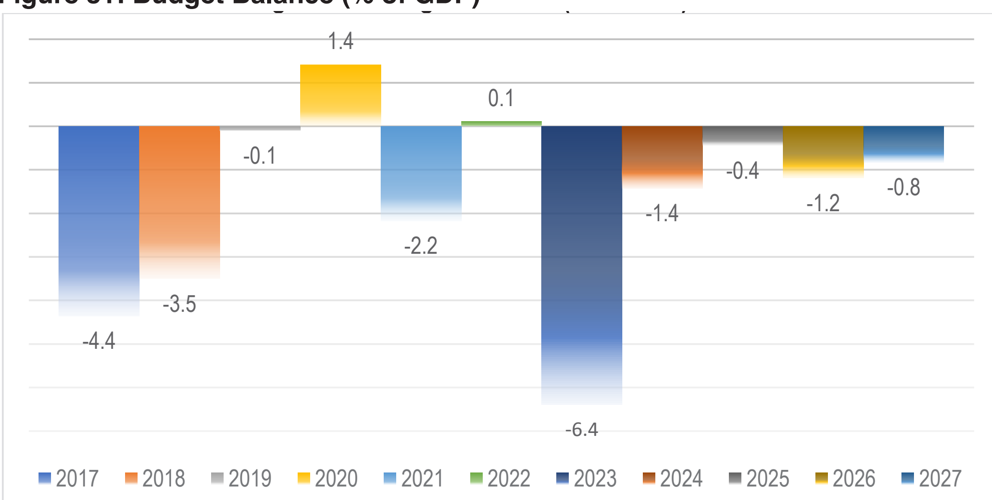
234. To complement these fiscal efforts and to consolidate exchange rate stability, the monetary authorities will entrench the efficiency of the willing-buyer-willing-seller foreign exchange market system to enhance price discovery, including the use of its monetary policy tools to anchor price stability. Both fiscal and monetary authorities will continue to monitor market liquidity conditions through the Liquidity Management Committee.

235. Noting the limited use of the domestic currency, combined with the demands for the US dollar for imports, domestic transactions, store of value and speculative purposes, Government will continue to increase the scope and usage of the ZiG by widening taxes payable and expenditure payments in local currency. This requires all players including workers, businesses, vendors, transport operators, service stations to embrace the ZiG for local transactions.

2025 Fiscal Policy Thrust

236. The fiscal policy thrust of the 2025 National Budget is informed by the overall policy objective of restoring macroeconomic stability, critical for economic development and the achievement of Vision 2030 and the SDGs. Consequently, the Macro-fiscal Framework guiding the 2025 National Budget confines expenditures to available resources.

Figure 31: Budget Balance (% of GDP)



Source: MoFED&IP (2024)

237. As a result, budget deficits in the medium term will be contained at less than 1.5%, while efforts are underway to resolve the debt overhang. This fiscal rule, will be maintained, to ensure a sustainable fiscal position.

238. Meanwhile, Government will continue to explore sustainable ways of raising additional revenues, including reviewing the current tax structure and regime, broadening the tax base and improving the efficiency of the tax system. In addition, the efforts of streamlining the tax incentive schemes and tax expenditures will be sustained.

239. To enhance the efficiency in public spending, Government will continue to enforce the implementation of value for money strategies, including entrenching the e-procurement system to all MDAs, and establishment of a unified e-Government services.

Value for Money and Public Procurement

240. Government successfully launched the Electronic Government Procurement (e-GP) System in October 2023, as part of measures to ensure efficient utilisation of public resources, enhancing transparency and curbing corruption. This ensures there is value for money in Government procurement.

241. Since its inception, a significant number of MDAs have not fully embraced the new system, hence all MDAs will be compelled to undertake all the procurement processes using the e-GP system. To support full usage of the system, Treasury will among other measures link system usage to the release of budget support. Meanwhile, Government will continue to review and upgrade the system to make it user friendly and fit for purpose.

242. Concerns have been raised about the limitations and constraints of the current public procurement laws and regulations, therefore, a review process will be carried out to streamline and amend the rules and regulations where necessary to enhance the public procurement processes.

243. To complement the e-GP system, Government is in the final phase of developing a National Standardised Price List of all goods and services, including motor vehicles, construction materials, Information Communication Technology gadgets and accessories, among others, procured by MDAs, setting the maximum price payable on goods and services. The National Standardised Price List schedule is expected to be ready for use during the first quarter of 2025, entrenching the Value for Money Initiative.

Supporting Productive Value Chains

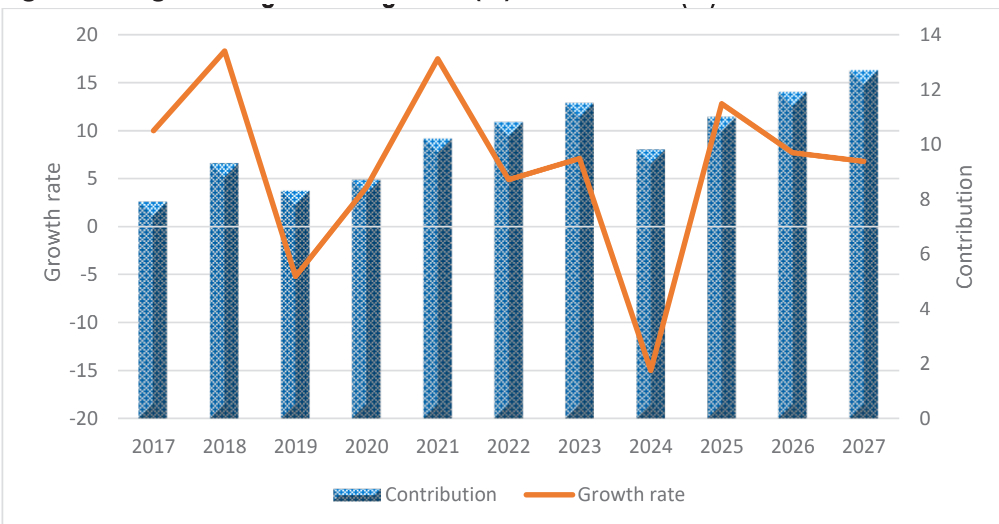
244. In line with the budget theme "*Building Resilience for Sustained Economic Transformation*", interventions during 2025 seek to consolidate gains achieved so far, particularly in mining and agriculture. In addition, the Budget seeks to increase domestic value addition and beneficiation.

Agriculture

245. The agriculture sector is projected to recover from a 15% contraction in 2024, to grow by 12.8% in 2025. However, the contraction of the sector is likely to be lower in 2024, taking into account expected higher winter wheat harvest than initially projected.

246. The rebound of the sector in 2025 is largely attributed to the anticipated *La Niña* weather phenomenon, which typically brings normal to above-normal rainfall. The following figure reflects the growth forecasts for the agriculture sector for the years 2025, 2026, and 2027.

Figure 32: Agriculture Sector Growth (%)



Source: MoFEDIP, RBZ& ZIMSTAT

247. In support of the expected rebound in agricultural output, interventions in the sector will be guided by the Agriculture Food Systems and Rural Transformation Strategy and Agriculture Recovery Plan.

248. To support these interventions, ZiG22.9 billion has been set aside for the Ministry of Lands, Agriculture, Fisheries, Water and Rural Development during 2025 to cover the following:

- Dam construction;
- Irrigation development;
- Rural Development 8.0;
- Contracting and procurement of grain for the Strategic Grain Reserve;

- National Enhanced Agriculture Productivity Scheme; and
- Agriculture Productive Social Protection Scheme.

249. Development Partners are expected to complement Government's support, by availing US$77.9 million in 2025. This will go towards drought mitigation and building resilience against climate change shocks, as well as, increased food production.

The 2024/25 Agriculture Season

250. Government is financing the 2024/25 agriculture season through five schemes, namely, Government, NEAPS, ARDA, private sector and self-financing. The *Pfumvudza/Intwasa* program is targeting 1.1 million hectares for the production of cereals, cotton, oilseeds and pulses during the 2024/25 agriculture season. So far, Government has distributed inputs worth ZiG3 billion distributed as follows:

- Maize seed ZiG532.2 million;
- Sorghum seed ZiG57.2 million;
- Basal Fertilizer ZiG1.7 billion; and
- Top Dressing ZiG687.6 million.

251. ARDA, which is contracting and providing technical support to farmers at various communal irrigation schemes, in support of national food security, will be capacitated to meet Government's target of 500 000 metric tonnes of summer cereals from 100,000 hectares.

252. NEAPS will mainly be financed through local financial institutions, while Government will extend partial guarantees to AFC to finance commercial farming activities.

Irrigation Development

253. As part of measures to mitigate increased incidence of climate shocks and to ensure food security at household and national level, Government is implementing the National Accelerated Irrigation Rehabilitation Programme, which seeks to develop, rehabilitate and maintain communal irrigation schemes and on all major dams, as well as capacitating A2 farmers.

254. The aim is to ensure that the country's irrigation potential is fully exploited, in order to meet the national target of increasing functional irrigable land to 496 000 ha by 2025.

255. In this regard, ZiG400.6 million will be availed for irrigation rehabilitation and development with a target to increase functional irrigation from the current 217 000ha, to 350 000 ha by exploiting the potential of existing dams.

256. Government will also promote Public Private Partnerships under the auspices of the irrigation development alliance. In this regard, Government will organise an Irrigation Conference in 2025, to encourage the private sector to participate in the rehabilitation and development of irrigation systems through PPPs arrangements, targeting the development of 60 000 ha irrigable land and raising US$416 million for this purpose.

Agricultural Marketing

257. Government will continue to 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, allowing the GMB to focus on its core mandate of procuring grain for the strategic grain reserve.

258. The 2025 National Budget will, therefore, target procurement of strategic grain reserve of about 500 000 MT, enough to provide cover for one year, with a target to increase the SGR replenishment to about 1.5 million MT by 2028.

259. In addition, the Agriculture Marketing Authority (AMA) will be strengthened to ensure that it effectively assist small scale farmers to access markets.

Rural Development 8.0

260. Government is setting aside ZiG670 million to support Rural Development 8.0 interventions anchored on value-adding and beneficiating agricultural produce, raise incomes for communities and ensure national food security at household level.

261. The objective is to establish 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 livelihood by 2028. During 2025, the target is the establishment of 10 000 business units.

262. Rural Development 8.0 interventions will create the much-needed rural industrialisation and spur economic development, uplifting the livelihoods of the rural population and reduce rural-to-urban migration through economic empowerment.

Agricultural Engineering, Mechanisation and Farm Infrastructure Development

263. Mechanisation is critical in the modernisation of agriculture at every level from communal to large scale farming by increasing production, productivity, profitability and the viability of farming.

Therefore, Government will continue to strengthen partnerships with the private sector under the Mechanisation Development Alliance to capacitate domestic service providers to locally assemble, manufacture and import farming machinery and implements such as tractors, planters, irrigation equipment, combine harvesters and other implements.

264. Consistent with the above overriding thrust, the 2025 budget has set aside ZiG420.7 million in support of Agricultural Engineering, Mechanisation and Farm Infrastructure development.

265. In addition, Government will promote local development and adoption of SMART technologies and agricultural practices, leveraging on research efforts from local institutions.

Land Tenure

266. Government is making progress in transforming the 99-year lease agreement into a bankable, registrable, transferable and volarisable land tenure document which is expected to unlock the value of the land, enhancing access to credit (collateral security) and increase production.

267. This is expected to contribute significantly to agricultural output and overall GDP growth, whilst also improving food security and nutrition in the country.

Livestock

268. Government remains committed to revitalise the livestock sector as outlined by the Livestock Recovery and Growth Plan. This entails expanding vaccination coverage and strengthening monitoring systems, which will help reduce disease outbreaks and improve herd health.

269. These efforts align with the broader goal of fostering sustainable livestock sector growth, promoting economic diversification and enhancing resilience in rural communities, through climate proofing and insurance of agriculture crops and livestock. In this regard, ZiG742.4 million has been set aside to support the following programmes in 2025:

- Presidential Blitz Tick-Grease scheme;
- Construction and rehabilitation of dip tanks;
- Laboratory diagnostic for animal disease screening and confirmation;
- Local production of animal vaccines;
- Cattle Genetics Improvement; and
- Artificial insemination.

Productivity and Livelihood Improvement

270. Extension services are critical to transform the agriculture sector into viable business operations. In this regard, Government will continue to capacitate the provision of extension services with modern farming technics and the necessary tools of trade (vehicles and laptops, among others) to empower farmers with advanced farming methods, emerging technologies and good agronomic practices.

271. In addition, extension services through Vision 2030 Agriculture and Livelihoods Tracker (VALT) will assist in shifting from subsistence farming, to a business-oriented model. This initiative will provide targeted advisory services, promote modern farming techniques and support value addition to drive productivity and sustainable growth. This will result in improved food security, increasing farmer incomes and foster rural development.

272. In 2025, an amount of ZiG3.6 billion has been set aside for training and capacitation of extension and business advisory services to advance agriculture development programmes.

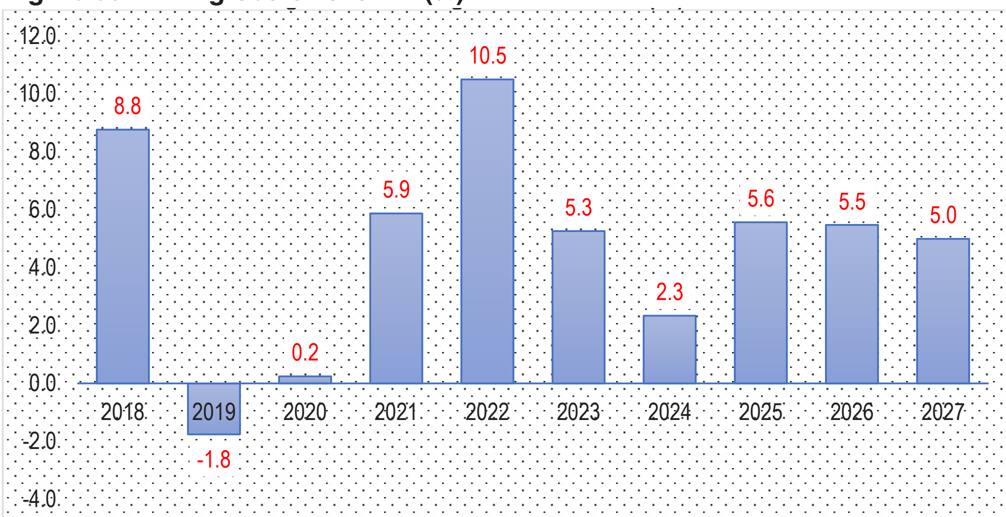
Mining

273. The mining sector is projected to grow by 2.3% in 2024, lower than the initial projection on account of subdued performance

in PGMs attributable to low commodity prices. Notwithstanding the low mineral commodity prices, the country has not yet witnessed significant disruption in mining activities, including mining house closures.

274. In 2025, the sector is projected to grow by 5.6%, primarily driven by the anticipated output growth in PGMs, gold, chrome and diamond.

Figure 33: Mining Sector Growth (%)

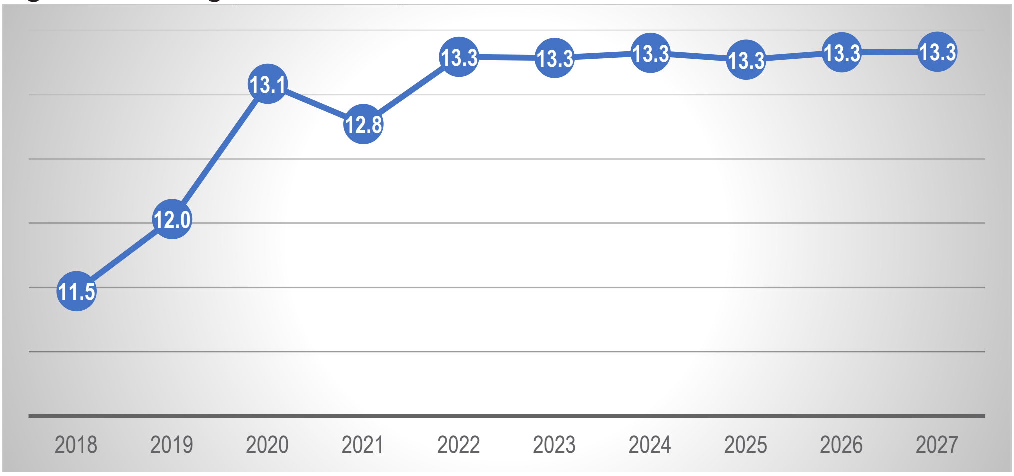


Source: MoFEDIP

275. In the outlook, the sector is expected to maintain the growth momentum, with 2026 and 2027 expected to register 5.5% and 5% growth, respectively. This growth is mainly due to favourable international mineral prices, especially for gold, and improved power supply situation.

276. The sector is expected to steadily contribute 13.3% to GDP from 2024 through to 2027 as indicated below.

Figure 34: Mining Sector Contribution to GDP



Source: MoFEDIP

277. To facilitate mining activities, ZiG664.8 million has been allocated to the Ministry of Mines and Mining Development to implement mining legislative and administration reforms, that provides an environment conducive to exploration, mineral exploitation and mineral beneficiation. This also includes resources meant to capacitate the Ministry's audit personnel at provincial and district level with mobility and other necessary tools of trade.

Mineral Beneficiation

278. Government's medium to long term thrust has been to reduce the export of raw minerals, which are vulnerable to price

volatility and that have a lower economic multiplier, crucial for shared and inclusive economic growth.

279. In this regard, Government will be implementing the following mineral beneficiation and local value addition initiatives:

- The establishment of the Mines to Energy Park, located in Mapinga, Mashonaland West Province, focusing on processing lithium into lithium hydroxide and lithium carbonate, as well as producing graphite anodes. Two 375MW power plants to support these operations will be established;
- Call for platinum group metals (PGMs) producers to expedite the establishment of a Base Metal Refinery (BMR), which will facilitate base metal toll refining among platinum producers; and
- Set up additional gold centres across provinces to boost gold deliveries to Fidelity Gold Refinery financed through collaboration between Government and the private sector.

Responsible Mining Initiative

280. Government is concerned with the flagrant violation of the mining and environmental laws, resulting in unethical mining practises which are causing financial loss and environmental degradation. In this regard, Government will intensify awareness and the enforcement of the responsible mining

initiative to ensure compliance with the country's laws and curbing illegal mining.

281. As part of the implementation of this initiative, Government will also establish audit teams, comprising various Ministries, Agents and Departments (MDAs), including Mines and Mining Development, Environment, Climate and Wildlife, as well as Local Government and Public Works, to conduct thorough investigations into mining operations, to assess the activities of mining companies and identify any non-compliant mining activities.

Gold Mobilisation

282. In an effort to curb gold leakages and enhance gold mobilisation, in 2023, Government initiated a process of establishing gold service centres in strategic areas to enhance gold mobilisation and accountability. The facilities are meant to provide small-scale miners with access to modern processing equipment and technical services, thereby increasing gold production and ensuring secure and transparent gold sales.

283. To date, Government through the Zimbabwe Mining Development Corporation (ZMDC), has successfully established a gold service centre in Matabeleland North, the

Bubi Milling Centre, while the two, Makaha and Mukaradzi Milling centres in Mutoko and Mt Darwin, respectively, are at an advanced stage and are expected to be completed in 2025.

284. To expedite the construction of the Centres, Government is engaging private sector players to partner with Fidelity Gold Refineries in establishing additional gold centres across the country under a PPP framework in 2025, with a view to reduce the burden on the fiscus.

Manufacturing

285. The manufacturing sector is now projected to grow by 2% in 2024, and is expected to pick up in 2025 and grow by 3.1%. This growth is driven by increased agricultural output, which will stimulate agro-processing industries, particularly in the drinks and beverages subsector.

Table 40: Volume of Manufacturing Index

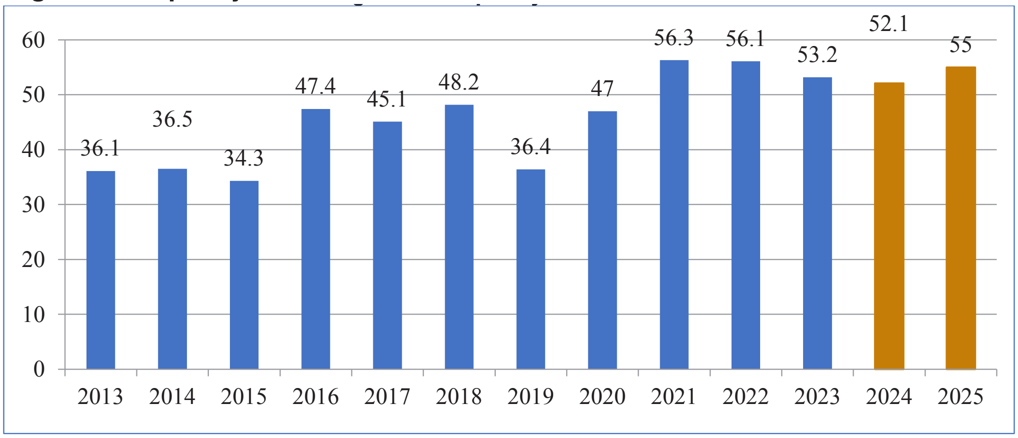
	Weights	2022	2023	2024 Est	2025 Proj
Growth Rate (%)		1.6	2.1	2.0	3.1
Foodstuffs	*379*	395.4	397.0	405.7	411.0
Drinks and Tobacco	*200*	391.7	396.0	407	412.7
Textiles and Ginning	*25*	38.5	39.0	34.0	42.0
Clothing and Footwear	*9*	265.7	260.0	256.0	259.0
Wood and Furniture	*8*	369.8	372.3	374.5	381.0
Paper, printing and Publishing	*40*	569.3	650.0	600.0	601.0
Chemical and Petroleum Products	*116*	80.4	84.0	80.7	83.0
Non-metallic mineral products	*116*	329.7	343.0	342.0	360.0
Metals and Metal products	*72*	338.3	340.0	393.0	460.0
Transport, Equipment	*1*	128.0	128.0	128.0	129.0

	Weights	2022	2023	2024 Est	2025 Proj
Other manufactured goods	*35*	45.8	55.0	55.0	56.0
Manufacturing Index	1000.0	330.8	337.9	344.5	355.3

Source: MoFED & IP

286. Capacity utilisation is projected to recover from 52.1% in 2024, to 55% in 2025 in line with the growth forecast.

Figure 35:Capacity Utilisation



Source: MoFED & IP

287. The foodstuffs, drinks, beverages and tobacco, metals and metal products, and non-metallic mineral products subsectors, are projected to contribute significantly to growth in the manufacturing sector in 2025, underpinned by a stable macro-economic environment, improved performance of the foreign currency exchange market and improved power supply.

288. The sector is also expected to benefit from the Zimbabwe Industrial Reconstruction and Growth Plan (ZIRGP) 2024-2025, which seeks to address some of the immediate challenges constraining industrial performance.

289. In view of the sector's inability to access affordable long-term funding, Government has set aside ZiG100 million as industrial development finance under the Ministry of Industry and Commerce to support the tooling and working capital requirements for greenfield projects.

290. In addition, Government will capacitate the National Venture Capital Company of Zimbabwe (NVCCZ), to the tune of ZiG108 million to support upcoming start-ups and MSMEs in order to promote innovation and generate new employment opportunities.

291. Government will also promote the growth of domestic value chains through prioritising the procurement of domestically produced goods.

292. In total, ZiG550.9 million is being allocated to the Ministry of Industry and Commerce to support the implementation of the Zimbabwe Industrial Reconstruction and Growth Plan.

293. Furthermore, the manufacturing sector is expected to benefit from support from the African Development Bank, targeted at the following projects:

- Sustainable Enterprises Development for Women and Youth, as well as Skills for Youth and Women Employability and Productivity Projects towards completion of the Hauna banana processing plant;

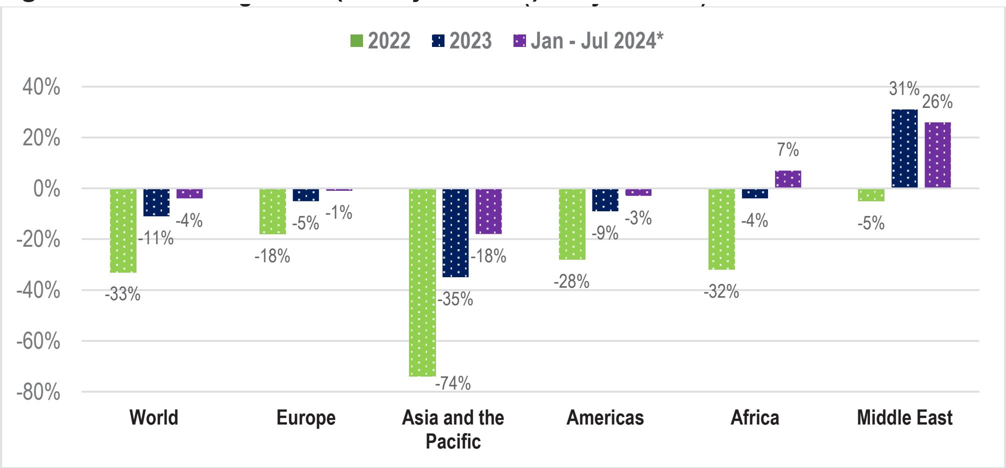
- Capacity building for youth and women in fruit and vegetables value chain and curricula review workshops;
- Upgrading/setting up physical infrastructure for the aquaculture production units at Kukwanisa and Binga Vocational Training Centres and Training Centre for Rural Women; and
- Setting up green houses for the Horticulture production units at Chaminuka and Kaguvi Vocational Training Centres.

Tourism

294. International tourism, has reached 96% of its pre-pandemic levels in the first seven months of 2024, according to the United Nations World Tourism Organisation (UNWTO). This is driven mainly by strong demand in most regions and the re-opening of Asia Pacific markets. An estimated 790 million international tourist arrivals (overnight visitors) were recorded, albeit 4% less than in 2019.

295. From January to July 2024, arrivals from the Middle East climbed to 26%, above the 2019 levels. Africa also exceeded pre-pandemic levels during this period by 7%. Europe and the Americas recovered 99% and 97% of their pre-pandemic arrivals, respectively, during the seven months of 2024.

Figure 36: Tourist Arrivals (base year 2019)



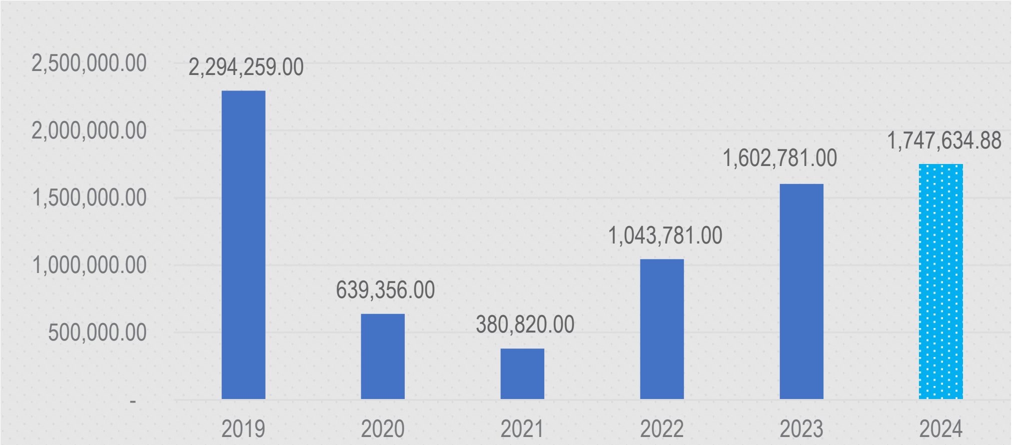
Source: UN Tourism/ World Tourism Organisation (2024)

296. The domestic accommodation and food services sector is expected to grow by 12% in 2024, mainly due to strong domestic and global demand. Enhanced air connectivity and the continued recovery of major tourism source markets and the successful implementation of strategic initiatives, such as Domestic Tourism Campaigns (DTC), as well as the deployment of Tourism Attaches in key source markets will sustain this strong performance.

297. Zimbabwe's tourism sector has recovered post COVID-19, to an estimated 1.7 million tourists arrivals in 2024. Tourism receipts grew by 24% from January to September 2024, mainly driven by increased international arrivals, domestic spending, and enhanced marketing efforts. Government policies such as suspension of duty on approved tourism equipment for

refurbishment and suspension of duty on vehicles for tour and safari operators have aided growth of the industry.

Figure 37: International Tourist Arrivals



Source: Zimbabwe Tourism Authority

298. In the outlook, the industry is projected to grow by 4.3% in 2025, benefiting from enhanced visa facilitation, investments in tourism infrastructure, the hosting of both domestic and international events, as well as tourism product diversification.

299. To support the operations of the Ministry of Tourism and Hospitality Industry, an amount of ZiG294.6 million has been set aside to enable them to advance the growth of the sector, as well as establish the country as a tourist destination of choice.

Market Diversification and Promotion

300. In 2025, Government will upscale the country's destination competitiveness through the deployment of Tourism Attaches in source markets, namely Russia, Brazil, Canada, Nigeria, Turkey and Australia to market the country as a tourism destination.

301. Government will also continue to bid for international conferences, under the National Convention Bureau, as well as participate in flagship international tourism meetings, conferences, and exhibits (MICE tourism), marketing, and globally promoting Zimbabwe's tourism.

Tourism Investment Promotion

302. The "*Open Skies Policy*" has led to an increase in the number of airlines operating into the country, growing from 3 in 2020, to the current 21. The period from January to September 2024, witnessed the registration of two (2) additional flights namely; Fly Namibia and Uganda Airlines.

303. Going forward, Government will seek to strengthen the implementation of the Open Skies Agreement, to maximize the benefits of this policy, in ensuring that it contributes to lower fares and increased passenger traffic to the country.

304. To further enhance investments, Government is pursuing innovative projects through a Tourism Cluster approach, with the construction of a cricket stadium in Victoria Falls. The construction of the 10,000-seater Victoria Falls cricket stadium is expected to be completed by August 2025, and this multi-sport facility is anticipated to boost sports tourism.

305. In addition, Government signed a Memorandum of Understanding with UN Tourism to establish the Africa International Tourism Academy for Culinary Arts, offering world-class culinary education and training, blending traditional African cookery techniques and knowledge systems, with contemporary international best practices. This will promote Zimbabwe's diverse culinary heritage and increase global awareness of local cuisines.

306. The Tourism Act provides for the establishment of the Zimbabwe Tourism Fund, as a separate entity responsible for the administration of the Tourism levy. In order to pool financial resources for tourism development, Government will operationalise the Zimbabwe Tourism Fund, through the development of a Zimbabwe Tourism Fund Automated System as part of its efforts to strengthen revenue collection from tourism.

307. The 2025 Budget will support the Ministry of Tourism and Hospitality to undertake programmes that advance the growth of the tourism sector, and establish the country as a prime tourist destination by adhering to international best practices.

Climate

308. The Zimbabwe's National Climate Change Adaptation Plan (NAP), 2024-2030 paves way for implementation of suitable adaptation measures to reduce the country's vulnerability to climate change, in line with the nation's Nationally Determined Contributions (NDCs).

309. This Plan will support sector-specific adaptation strategies, improve disaster preparedness and promote the adoption of climate-smart practices in agriculture, water management and infrastructure development, among many other sectors. The rollout implementation plan will include capacity-building programs, public awareness campaigns to reduce the vulnerabilities of communities and key economic sectors to climate-related risks and shocks.

310. In this regard, the 2025 National Budget has set aside ZiG516.8 million to the Ministry of Environment, Climate and Wildlife to implement the above-mentioned programmes and projects. The support will also finance the following:

- Hosting COP15 of the Ramsar Convention and SADC Trans-Frontier Conservation Summit;
- The Presidential Legacy Forests Project;
- Restoration of wetlands;
- Facilitate rehabilitation of degraded land in mining areas; and
- Upgrading of Zimparks infrastructure.

311. To address pollution and environmental degradation, Government will continue to support the Environmental Management Authority (EMA) programs, including strengthening its capacity to safeguard the environment through the provision of essential equipment and necessary infrastructure.

Infrastructure, ICTs and the Digital Economy

312. During 2024, spending on infrastructure has largely followed a targeted approach, with support focused on high impact projects, that are nearing completion or at an advanced stage of completion.

313. Support was also channelled towards projects that facilitated the hosting of the 44th Ordinary SADC Summit of Head of State and Government which was held in August 2024.

314. As a result, a number of projects were completed and commissioned during the course of the year, including the following, among others:

- Greater Harare Road Development Projects, including construction of Boulevard Road in Mt Hampden;
- Upgrading of the VVIP Pavilion at the R.G. Mugabe International Airport, including access roads;
- Upgrading of hotels and conference facilities;
- Upgrading of ICT services especially at the Mt Hampden New City;
- Dedicated power line to the New Parliament Building; and
- Rehabilitation of street lights on various roads in Harare.

315. Other higher impact projects supported during 2024, include the construction of Villas and Conference Centre, Presidential Borehole Drilling Programme, Manyame Referral Hospital in Harare, other road development projects and dam construction.

316. During 2025, outlays under the Public Sector Infrastructure Investment Programme seeks to address infrastructure gaps in support of sustainable economic growth, without putting pressure on stability of the domestic currency. The targeted projects will maximise synergies between sectors, positively impact on productivity, build resilience and allow the country

to be able to seize opportunities and innovate in a rapidly evolving global landscape.

317. Interventions towards disaster prevention and mitigation to withstand climate change shocks, will be upscaled through maintenance, rehabilitation and upgrading of public infrastructure.

318. Given the current pressing national infrastructure needs, and increased funding requirements to close the infrastructure gap, all available funding instruments and models will be explored. These include PPPs, bond markets, bank loans, equity and guarantees.

319. Consistent with the above thrust and in the context of mobilising additional resources, for infrastructure development, Government will review and realign infrastructure user charges and other related service fees to build capacity for additional reinvestments in new infrastructure and maintenance of existing stock of assets.

320. Therefore, resources amounting to ZiG58.6 billion will be availed towards infrastructure investment, inclusive of Intergovernmental Fiscal Transfers broken-down as follows: -

- Budget revenues of ZiG28.4 billion;

- Development Partner Support of US$31.9 million (approximately ZiG1.2 billion);
- Loan funding of ZiG1.8 billion; and
- Statutory and Other funding of ZiG27.2 billion.

321. Table 41 below provides the sectorial distribution of the overall funding mix.

Table 41: Infrastructure Funding Mix (ZiG M)

Sector	Fiscal	Statutory	Development Partners	Loan	Total Resources
Energy	50.0	2,561,534,000-	391.4	-	3003.0
Transport	4033.3	23976.7	-	-	28010.1
Water and Sanitation	2423.0	-	-	-	2423.0
ICT	416.2	593.8	0.0	769.6	1779.6
Health	3403.0	-	90.0	-	3493.0
Education	1014.2	-	252.3	-	1266.4
Agriculture	587.1	-	344.7	1044.4	1976.2
Housing	2833.5	111.5	-	-	2945.1
Other	13654.0	-	75.5	-	13729.5
Total	**28414.4**	**27243.6**	**1153.9**	**1814.0**	**58 625.9**

Source: MOFED&IP

Transport

322. Logistical services, including a modern railway system are critical in enhancing domestic, regional and international trade. This enables the participation by local firms in both domestic and international value chains, as well as determine the country’s competitiveness, economic growth and its

capacity to generate sustainable jobs. With efficient logistical systems, local companies can rapidly penetrate new markets and capitalise on emerging global and regional opportunities, especially from the AfCFTA.

323. The drive to revitalise, upgrade and develop new transport infrastructure with limited public resources, has crowded out the funding for social sectors. In this regard, Government is inviting the private sector players to participate in all transport sub-sectors, particularly roads and ports of entry, leveraging on the *user pay principle*.

324. Already, the private sector and local contractors have demonstrated capacity to deliver world class infrastructure, with the completion of the Beitbridge Border Post Upgrading Project and the execution of the Mbudzi Interchange Construction, among other projects.

325. In this regard, ZiG5.4 billion has been allocated to the Ministry Transport and Infrastructural Development to support the targeted projects.

Roads

326. This year, remarkable progress has been registered across the country in the rehabilitation and construction of road

infrastructure, which has resulted in improvements in connectivity and improved traffic flows, notwithstanding the limited fiscal space on the Budget. Some of the achievements realised during the year as indicated in the Table 42.

Table 42: Completed Infrastructure Projects

Project	Location	Achievements
New Parliament Boulevard Road	Harare	6.5 km completed and opened to traffic
New Parliament Access Road	Harare	23 km completed and opened to traffic
Hwedza -Mushandirapam-we	Mashonaland East	15 km completed and opened to traffic
Harare-Kanyemba	Mashonaland Central	11 km dualised, cumulative total of 25 km opened to traffic.
Along Harare-Chirundu	Harare	1.6 km completed
Shurugwi-Mhandamabwe	Midlands	30 km completed

Source: MoFED&IP


Mbudzi interchange

327. Progress was also realised through the implementation of the Emergency Roads Rehabilitation Programme 11 as indicated in Table 43.

Table 43: Infrastructure Projects in Progress

Nature of Works	Planned	Physical Progress
Construction, Reconstruction and Rehabilitation (km)	340.78	112.7
Reseal and Overlay (km)	44.1	22.8
Gravelling and Regravelling (km)	383.6	380.2
Grading and Spot-gravelling/Spot-dumping (km)	1 721.7	2 138.8
Drainage Structure Construction and Maintenance (No.)	381.5	48
Pothole Patching (km)	3 827.2	10 072.38
Bush and Verge Clearing (km)	5 109.78	6 804.72
Drain Construction/Lining and Drain Clearing (km)	2 764.5	1 623.47

Source: MoFED&IP

328. Through the 2025 National Budget and in support of our roads upgrading and rehabilitation programme, a total of ZiG27.5 billion will be availed towards the planned ongoing road projects, as shown in the Table 44.

Table 44: Funding Sources for Roads Projects in 2025 (ZiG M)

Funding Mix	Amount
Fiscus	
Department of Roads	3,283.18
RIDA	234.55
Road Fund	22,992.20
Other - RIDA	984.55
Total	27,494.48

Source: MoFED&IP

329. Key among the priority interventions will be the completion of the remaining 88km on Harare-Masvingo-Beitbridge Road Project and Skyline bridge with a total of ZiG305.6 million allocated for this purpose from fiscal revenues.

Sections of Harare-Masvingo-Beitbridge Road Rehabilitation

330. Works on Harare-Chirundu Road are expected to begin in earnest, given that contractors have now been fully mobilised on site. The target is to complete 88km by end of 2025 and an amount of ZiG400 million has been allocated in support of the targeted works. In addition, the widening and construction of the climbing lane on a 7.8 kilometre section between Makuti and Hell's Gate area, is expected to commence in 2025. The project is being financed through a grant from Japan amounting to Yen 2.4 billion (approximately US$15.4 million).

331. Following the Cabinet's approval of the PPPs for the implementation of the Beitbridge-Bulawayo-Victoria Falls and the Harare-Nyamapanda, focus during 2025 will be on reaching financial closure for the two projects to enable the commencement of works.

332. Under the Emergence Road Rehabilitation Programme, priority will be on implementation of the following priority road projects: -

Table 45: 2025 Priority Road Projects

PROJECT NAME	PROVINCE	DISTRICT	PROJECT SCOPE
Murambinda Birchnough Road	Manicaland	Birchenough	Road upgrade to surfacing 50km
Chipinge-Mt. Selinda Road	Manicaland	Chipinge	Road upgrade to surfacing 35km
Ruya-Mukumbura (Ndoda Hondo) Road	Mashonaland Central	Mukumbura	Upgrading from gravel to surfaced 25 km
Nhekairo-Chigondo Road	Mashonaland East	Nhekairo	Construction of 12km
Murehwa-Madacheche Road	Mashonaland East	Murewa	Road Up-grading 30 km
Wedza-Sadza Road	Mashonaland East	Wedza	Road upgrading, construction of subgrade, hydraulic structures, one base layer pavement, 30mm Asphalt Concrete and wearing course 6km
Golden Valley-Sanyati Road	Mashonaland West	Sanyati	Construction of 47km of road mat standard and upgrading of all culverts
Alaska Copper Queen Road	Mashonaland West	Alaska	Construction of 56 km of road mat standard and upgrading of all culverts
Bulawayo-Nkayi Road	Matabeleland North	Various	50km road construction
Maphisa-Gwanda Road	Matabeleland South	Various	Construction of 55km of road
Gweru-lower Gweru Road	Midlands	Gweru	Construction and widening of 16 km
Bulawayo- Tsholotsho Road	Matabeleland North	Various	Construction of 40km(40km 2bases, base 1 stabilised 2% and subgrade reclaimed.)
Cecil Avenue Road	Bulawayo	Bulawayo	Rehabilitation of 6.2km
Jakaranda Road	Bulawayo	Bulawayo	Rehabilitation of 6km
Mushandirapamwe-Wedza Road	Mashonaland East	Wedza	Rehabilitation of 14.6km
Chegutu-Mubaira-Skyline Road	Mashonaland West	Chegutu	Rehabilitation of 104km of narrow mat to wide mat standard and upgrading of low-level crossings and culverts
Harare-Bindura Road	Mashonaland Central	Mazowe	Rehabilitation of 40km
Chivhu-Nyazura Road	Manicaland	Buhera	Rehabilitation of 40km
Gweru-Zvishavane (Boterekwa Section)	Midlands	Zvishavane	Rehabilitation of 7km
Guyu-Manama Road	Matabeleland South	Gwanda	Rehabilitation of 40km
Seke Road	Harare	Harare	Rehabilitation of 16km
Cecil Avenue Road	Harare	Harare	Rehabilitation of 10km
Chivhu-Gutu Road	Masvingo	Gutu	Rehabilitation of 30km
Mutare-Masvingo Road	Masvingo	Various	Resealing of 100km
Nyanga -Ruangwe Road	Manicaland	Nyanga	Regravelling of 40 km
Chiriga-Chikore Road	Manicaland	Chipinge	Regravelling of 40 km
Mutoko-Rwenya Road	Mashonaland East	Mudzi	Regravelling of 40 km
Karoi-Binga	Mashonaland West	Hurungwe	Regravelling of 40 km
Plumtree-Mphoengs Road	Matabeleland South	Plumtree	Regravelling of 40 km
Katatrira-Mahuwe	Mashonaland Central	Pfura	Regravelling of 40 km
Gokwe-Tshoda	Midlands	Gokwe	Regravelling of 40 km
Binga-Siyabuwa	Matabeleland North	Binga	Regravelling of 40 km
Rutenga-Zvishavane	Masvingo	Rutenga	Regravelling of 40 km

Source: MoFED&IP

Feeder Roads

333. Feeder roads are a critical component of Government's rural industrialisation and development. In this regard, the capacitation of RIDA through a US$75 million loan facility will enable the aggressive rehabilitation and upgrading of the rural road infrastructure, including opening up of new arteries in the underserviced areas and other centres of economic activity. The equipment financed through the facility is being delivered.

334. This is expected to significantly reduce project completion turnaround times, as well as resulting in cost savings to the fiscus. In addition, RIDA is expected to leverage on this equipment for revenue generation, through hiring to the private sector with the resources being ringfenced into a sinking fund for debt servicing.

335. The 2025 National Budget, will therefore, provide resources amounting to ZiG234.6 million as operational support to RIDA.

Airports

336. Commendable progress has been registered at the R.G. Mugabe International Airport, with the international terminal building now at 91% completion, while the domestic terminal is now at 75% completion. The contractor is now working on the

building interior and completing works on the waterproofing of the roof.


VVIP Pavilion at the R.G. Mugabe International Airport

337. Going forward, focus will be on further modernisation of the airport through the installation of a 5 megawatt solar plant, air traffic communication systems, upgrading the car parks with arrangements for effective access tolling, procurement of firefighting equipment and kitchen uplift facilities.

338. Given the increased demand for air travel, particularly at J. M. Nkomo International Airport and Buffalo Range Airport, focus during 2025 will be on undertaking the preparatory work for the upgrading of these airports to handle wide bodied and larger aircraft, as well as construction of the control tower. These works will also include Kariba and Hwange airports.

339. The 2025 National Budget has therefore, provided ZiG172 million which will be supplemented by additional resources from the Airports Company of Zimbabwe and asset recycling, among others.

Rail

340. The significant decline in railway capacity and the deterioration of railway transport services continue to negate and result in the modal shift to road transportation, which increases freight costs for industry and damages roads.

341. Given the capital-intensive nature of rail infrastructure, Government continues to pursue strategic partnerships and funding options for the NRZ recapitalisation programme, targeting rehabilitation and upgrading of rail infrastructure, signalling system, procurement of equipment and replacement of rolling stock.

342. Such initiatives include, long term facilities with development banks, Public-Private Partnerships (PPPs) arrangements with local industry players and joint resourcing with railway administrations from neighbouring countries. Already, arrangements are in place for locomotives to run through Machipanda to Mutare and Francis Town to Bulawayo.

343. Meanwhile, NRZ is working on a maintenance programme of the national railway infrastructure and reduction of theft of railway assets. So far, the NRZ has procured drone technology, installed CCTV at strategic sites and invested in access control.

344. In support of NRZ operations, a Budget provision of ZiG180 million has been made which will be complemented by other resources mobilised through NRZ's own resources.

Water and Sanitation

345. Investments in water, sanitation and hygiene programmes for every citizen, creates a strong foundation for a healthy and productive population. Regarding water provision, interventions are guided by the Integrated Approach to Water Development and the 6.0 Infrastructure Development Model, which seeks to upscale water harvesting programmes and ensure that citizens derive immediate benefits through the productive use of such investments.

346. During the year, focus was on sustaining the ongoing works for dam projects and water supply schemes, including interventions under the Presidential borehole drilling programme.

347. With regards to dams, support was mainly channelled towards implementation of Gwayi Shangani and Kunzvi dams. Progress

on Kunzvi and Gwayi Shangani dams is now at 50% and 72% completion, respectively. Under the Presidential Rural Development Programme, a total of 3 371 boreholes were drilled, whilst 435 business units were established across the country.

348. Under this sector, the People's Republic of China is currently drilling 300 boreholes in the districts that were affected by Cyclone Idai. Targeted provinces are Manicaland 100, Masvingo 68, Mashonaland East 66 and Midlands 66. All 66 boreholes in Mashonaland East have been completed.

349. In line with the Public Sector Investment Plan, the 2025 National Budget will prioritise dams nearing completion, such as Gwayi Shangani and Kunzvi Dams and will encompass conveyancing infrastructure development to the respective cities of Bulawayo and Harare which continue to face water supply challenges. Preparatory works for phase 2 of Kunzvi dam encompassing the construction of Musami dam will also commence.

350. Resources will also be deployed to sustain critical works on other ongoing dam construction projects such as Ziminya, Semwa, Vungu, Mbada, Tuli Manyange, Dande, Bindura, Muswere and Defe.

351. Overall support towards dam construction projects amounts to ZiG2 billion broken down as indicated in Table 46.

Table 46: Support Towards Dam Construction Projects (ZiG M)

Project	Province	District	2025 Allocation
Gwayi-Shangani Dam	Matabeleland North	Hwange	700
Gwayi-Tshangani Pipeline	Matabeleland North	Hwange	282
Kunzvi Musami	Mashonaland East	Murehwa	500
Defe Dam	Midlands	Gokwe	18
Kunzvi Water Treatment	Mashonaland East	Harare	72
Kunzvi to Harare Pipeline	Mashonaland East	Harare	72
Water Use Master Plans	Nationwide	Nationwide	18
Ziminya Dam	Matabeleland North	Nkayi	72
Vhungu Dam	Matabeleland North	Hwange	72
Tuli-Manyange Dam	Matabeleland South	Gwanda	36
Semwa Dam	Mashonaland Central	Rushinga	36
Bindura Dam	Mashonaland Central	Bindura	36
Dande Dam	Mashonaland Central	Guruve	36
Mbada (Silverstroom) Dam	Mashonaland Central	Centenary	36
Muswere Dam	Mashonaland East	Hwedza	18
Total			**2 004**

Source: MoFED&IP

352. The Presidential Rural Drilling Programme, will also be supported to enable drilling of boreholes and establishment of business units, as part of measures to improve the livelihoods and quality of life for rural communities. In this regard, an allocation of ZiG22.7 million is being made under RIDA for the implementation of borehole drilling programme.

353. Furthermore, ZINWA will be capacitated with a provision of ZiG270 million, to procure additional drilling rigs for the execution of the Presidential Rural Development Programme.

Energy

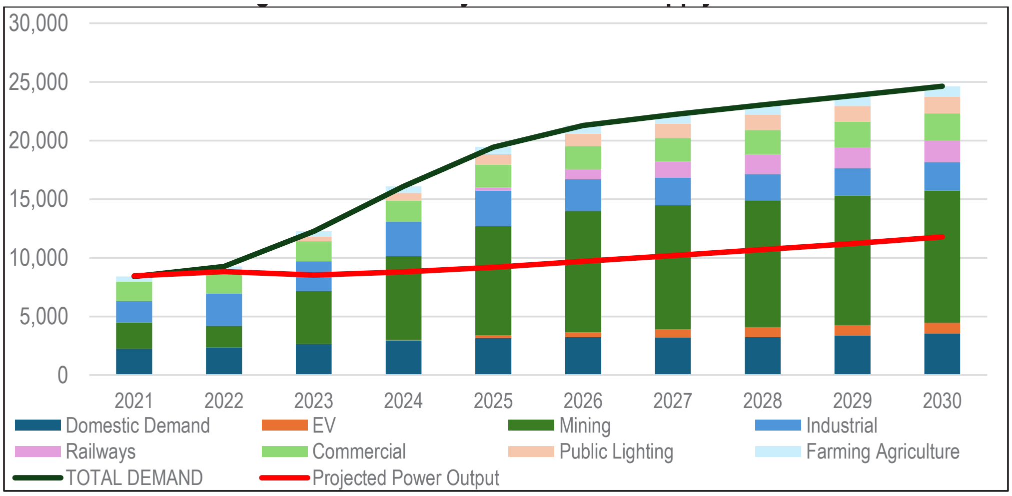
354. Despite the recent achievements in expanding domestic electricity generation, the country's electricity sector still faces power supply deficits, as installed capacity is still insufficient to meet local demand, resulting in significant load shedding. The situation continues to weigh down on production and the competitiveness of the economy.

355. Energy demand from industry and the country's thrust to end energy poverty in all communities is expected to increase electricity demand substantially in the medium term. This requires huge investments in the sector by all the relevant stakeholders.

356. During 2025, power generation is projected to increase by 10.6%, reaching 10 000GW against projected demand of 19 000GW. This power generation growth will be anchored by expected reliable performance of Hwange Units 7 and 8, as well as expected additional output from renewable energy by Independent Power Producers.

357. Despite this substantial growth in electricity generation, a significant power deficit is expected to persist in the medium-term to 2030.

Figure 38: Electricity Demand and Supply



Source: ZETDC

358. Notwithstanding, Government will continue to facilitate access to electricity through cost effective and sustainable rural electrification projects.

359. Under this sector, the Climate Adaptation Water, Energy Programme (CAWEP), supported by UK and UNDP, disbursed resources towards provision of one hundred solar home kits, ninety biogas digesters and thirty solar street lights in Hakwata, Chipinge District.

360. This will be scaled up to other remote communities countrywide and will be embedded in future rural electrification efforts.

361. Through the Rural Electrification Fund and subventions from the fiscus, Government will continue to invest in grid

extensions and install mini grid solar systems for communities not connected to the national grid to improve coverage and access.

362. At the national level, Government will continue to support renewable energy IPPs through Government Implementation Agreements to facilitate financial closure. Government is also encouraging large electricity consumers to invest in the generation of their own energy needs. The two interventions have the potential to add more than 1 500MW to the national grid in the short to medium term.

363. As part of demand management measures, all electricity consumers will be migrated to the prepaid metering system, to allow them greater control and planning of their electricity usage.

364. In addition, Government will continue to review the regulatory framework to attract private investment in the sector, including taping into international climate funds.

365. The 2025 National Budget has allocated ZiG259.8 million to the Ministry of Energy and Power Development to facilitate investment in power generation, transmission and distribution network, as well as rural electrification.

366. During 2024, an amount of US$3.5 million was disbursed by Development Partners towards the energy sector and the support is expected to reach US$12.4 million in 2025 for the rehabilitation and investment in distribution and transmission network, promotion of use of green energy sources, as well as provision of technical assistance for the sustainability of the sector.

367. Of this, US$9.6 million will be disbursed towards the Multinational Kariba Dam Rehabilitation Project financed by the African Development Bank, World Bank, Sweden and European Union for refurbishment of spillway gates at the Kariba Dam Complex.

368. In addition, China is expected to assist with the construction of one hundred (100) rural Community Solar Mini Grids targeting schools, clinics and Government offices in 2025.

Housing Development

369. The Government's thrust on housing under the National Development Strategy 1 is to ensure citizens' access to affordable and quality settlements both in urban and rural areas given that shelter is a basic human right.

370. Collaboration between Government and the private sector, as well as investments by homeowners towards housing delivery

Dzivarasekwa Civil Servants Flat

371. However, the rapid urbanization calls for Government and other players in the housing sector to carefully evaluate the impact of dysfunctional settlements, spatial planning, densification and adoption of appropriate technologies in the housing sector. Climate change and adaptation should be incorporated during the designing stages.

372. The 2025 National Budget will, therefore, prioritise the rehabilitation and maintenance of existing public facilities, as well as construction of composite buildings and other public offices, in order to provide decent working space for public servants.

373. Ongoing construction works at various institutional buildings for the Security Sector, Embassies and Courts will be prioritised in order to boost morale and improve the quality-of-service delivery.

374. The National Housing Fund and the Housing Guarantee Fund, will be capitalised as provided for in the Housing and Building Act (Chapter 22:07), including updating of the asset register so as to improve rental collections.

375. In addition, efforts will be made to explore innovative financing models and continue private sector partnerships, to facilitate innovation and mobilisation of affordable funding for housing projects.

376. The Public Service Pension Fund will be further capacitated to invest in transformative projects and housing units across the country. At the same time, the housing loan facilities for junior staff and procurement of residential accommodation for Senior Officers will also be prioritised.

377. In this regard, an amount of ZiG696.2 million through the 2025 National Budget has been allocated to the Ministry of National Housing and Social Amenities to facilitate provision of affordable and decent housing.

Development of the New City

378. The year 2024 has seen renewed focus towards developing the New City in Mt Hampden, with investments in excess of US$150 million having been made by Government alone. Some of the critical infrastructure projects implemented so far, included the commencement of construction of Villas and a Conference Centre, Boulevard Road, sewer and water reticulation facilities.

379. To ensure orderly development of the New City, Government is expediting the development of master plans and local plans especially for basic infrastructure facilities such as water and sewer, electricity and roads.

Information Communication and Technology

380. The country has made good progress over the last three years in the deployment of ICT systems, such as the Integrated Electronic Case Management System (IECMS) across several key judicial bodies. This includes, the upgrading of the existing fibre network, the establishment of new base stations and telecommunications services by various service providers.

381. Through strategic collaborations with the private sector, in 2025, Government will support the establishment of a robust

and resilient digital ecosystem, which supports all the key pillars of the economy, promotes innovation and addresses issues of internet intermittency and the limited coverage, digital skills dearth and cybersecurity, among others.

382. Guided by the Smart Zimbabwe 2030 Master Plan, Government will implement measures that will underpin the development of local ICT products, which support the country's Digital Transformation Agenda and rollout of innovation initiatives such as Smart Health, Smart Agriculture, Smart Government, Smart Cities, and Smart Stadiums.

383. The National Data Centre, a secure and centralised facility for Government, is the core component of its private cloud, which will be upgraded to house and manage its digital application and IT infrastructure. The old national systems will be migrated to the National Data Centre to ensure that the Government enterprise modelling is achieved.

384. To reduce the risk of cyberattacks or limit their impact, Government will also prioritise cyber security through the use of appropriate technologies, policies and practises, that should protect devices, networks, software and data from cyber threats.

385. To support these initiatives, Government has set aside ZiG641.4 million for the Ministry of Information, Communication, Technology, Postal and Courier Services.

E-Government Programmes

386. In line with the Whole of Government approach, and the thrust of ensuring a digitally enabled service provision within the public sector, it is imperative that the implementation of the E-Government programme be thoroughly reviewed and reinforced to ensure that the general public derive benefits from these investments.

387. In this regard, the network in the Whole of Government, will be revamped as the basis of the information highway upon which service excellence will be delivered through technology.

388. Accordingly, the 2025 Budget is providing resources amounting to ZiG140 million towards supporting the ongoing E-Government programmes.

ICT Lab per School

389. The adoption of Education 5.0 requires that Government continuously invests in infrastructure and the associated ICT equipment to support the e-learning programme in schools.

390. Focus during 2025 will be towards procuring laptops/desktops, projectors, printers, internet connectivity and e-learning software for schools, leveraging on complementary key projects and programmes such as the rural electrification.

391. In this regard, an amount of ZiG109 million has been set aside in support of the ICT Lap per School Programme.

Universal Services Fund

392. To reduce the disparity in accessing ICT services, the Universal Services Fund will continue to support interventions aimed at deepening and broadening the use of ICT services, mainly in the marginalised areas.

393. During 2025, a total of ZiG594 million will be mobilised through the Universal Services Fund and will be deployed towards the construction of base stations, digital services centres, deployment of tele-medicine at health centres, including training of people with disabilities in provinces on ICT services.

ICT Institutional Framework

394. To standardise and promote inter-agency collaboration, Government will operationalise a consolidated and centralised model for ICT acquisition across Government, whose

framework will be defined by the Tripartite, supported by a technical team comprising of the following institutions:

- E-Government Technology Unit, Office of the President and Cabinet;
- Public Service Commission;
- Ministry of Finance, Economic Development and Investment Promotion;
- Ministry of ICT, Postal and Courier Services;
- Procurement Regulatory Authority of Zimbabwe; and
- Auditor-General's Department.

395. This should ensure effective management of ICT contracts, which is crucial for tracking contract performance, eliminate redundancy or duplication, optimise resources allocation and ensure prudent use of public funds through economies of scale.

396. To enhance efficiency, accountability, effectiveness and professionalism in public finance management within the public sector, Government will prioritise maintenance and upgrade of the Government National Systems and network infrastructure such as PFMS, as well as replacement of obsolete equipment and bandwidth improvements.

Artificial Intelligence

397. The advancements in ICT such as Artificial Intelligence (AI), present an opportunity to create new industries, drive innovation, generate employment opportunities and solve some of the most complex and urgent challenges in healthcare, agriculture, education, finance and public service delivery.

398. Government investments in STEM subjects (digital skill education) at primary and secondary level is fundamental in minimizing the educational gap for AI professions. Already, through the establishment of Innovation Hubs at institutions of higher learning, promotion of research, innovation and development of AI and other emerging technologies is being enhanced.

399. This should be complemented by strong collaboration between the academia, research institutions and industry in driving innovation, prototype new solutions and incubate AI startups.

Devolution and Decentralisation

400. The right of communities to manage their own affairs and to take charge of their own developmental agenda using their local endowments to build strong provincial economies, is the cornerstone of the Devolution and Decentralisation Policy of Government.

401. Sustaining this objective requires supportive laws, strong local institutions that ensure transparency, accountability, efficiency and effectiveness in the management and use of public resources.

402. The Inter-Governmental Fiscal Transfer allocation is a critical component of empowering communities, providing resources to provide basic social services at the local level that create the right environment for productive economic activities.

403. Despite the constrained fiscal space, a number of infrastructure projects have been completed, with some still ongoing, ranging from provision of educational services, health care, water and sanitation, as well as roads and other social amenities.

404. In addition, delivery of firefighting equipment to the municipalities and local authorities has significantly improved efficiency and effectiveness in providing fire-fighting services by the lower tiers of Government.

405. Government is also implementing strategies that bring investment opportunities at the provincial level to potential local and foreign investors, as well as the Zimbabwean diaspora through the development of Provincial Economic Development Plans and Provincial Investment Compendiums that showcases bankable projects in the provinces.

406. To support the effective use of resources, the Zimbabwe Inter-Governmental Fiscal Transfers Systems Administrative Manual was approved and capacity building programme are being cascaded to all stakeholders. This will be complemented by strengthened monitoring and evaluation systems, to ensure that programmes and projects being implemented at the local level adhere to the principles and guidelines espoused in the Manual.

407. Through the 2025 National Budget, resources amounting to ZiG13.6 billion have been set aside in fulfilment of Section 301 (3) of the Constitution, which stipulates that not less than five percent of the national revenues raised in any financial year must be allocated to the Provinces and Local Authorities in a particular financial year, under the IFGT.

408. It is, therefore, important that during project and programme implementation, the benefitting tiers of Government cautiously deploy resources towards interventions which are fully backed by detailed implementation and cashflow plans to assist in resource allocation, disbursement and implementation thereof. This will enhance the effectiveness of the resources for economic growth and transformation in lower tiers of Government.

409. Table 47 provides the 2025 provincial allocations with the detailed breakdown allocations per each local authority also provided under Annexure 1.

Table 47: 2025 Intergovernmental Fiscal Transfers Provincial Allocation (ZiGM)

Entity	2025 Inter-Governmental Fiscal Transfers Allocation			2026 Proj	2027 Proj
	Operational	Capital	Total		
PROVINCIAL COUNCILS					
Bulawayo Metropolitan	21.1	51.8	72.9	83.6	112.9
Manicaland	60.2	147.4	207.6	238.0	321.5
Mashonaland Central	59.6	146.0	205.6	235.7	318.4
Mashonaland East	56.3	137.8	194.1	222.5	300.5
Mashonaland West	57.8	141.6	199.4	228.6	308.8
Matabeleland North	52.6	128.8	181.4	208.0	281.0
Matabeleland South	52.9	129.6	182.5	209.2	282.7
Midlands	55.9	136.9	192.8	221.1	298.6
Masvingo	57.5	140.8	198.3	227.3	307.1
Harare Metropolitan	30.5	74.6	105.1	120.5	162.8
Sub-Total	**504.6**	**1235.3**	**1739.8**	**1994.4**	**2694.3**
LOCAL AUTHORITIES					
Bulawayo Metropolitan Province	9.3	136.3	145.6	163.6	221.0
Manicaland Province	90.5	1329.1	1419.6	1595.7	2155.7
Mashonaland Central Province	87.6	1286.8	1374.4	1544.9	2087.1
Mashonaland East Province	86.1	1265.1	1351.3	1518.9	2051.9
Mashonaland West Province	109.0	1600.6	1709.5	1921.6	2596.0
Matabeleland North Province	75.0	1101.6	1176.6	1322.5	1786.7
Matabeleland South Province	76.7	1126.6	1203.3	1352.6	1827.2
Midlands Province	105.3	1546.2	1651.5	1856.4	2507.8
Masvingo Province	76.9	1130.1	1207.0	1356.8	1832.9
Harare Metropolitan Province	40.5	594.9	635.4	714.2	964.9

Entity	2025 Inter-Governmental Fiscal Transfers Allocation			2026 Proj	2027 Proj
Sub-Total	756.8	11117.3	11874.2	13347.3	18031.1
Total	1 261.4	12 352.6	13 614.0	15 341.7	20 725.4

Source: MoFED&IP

410. Initiatives aimed at leveraging the technical capacities of other arms of Government, are also being pursued to improve project Implementation capabilities. Such initiatives include strategic partnerships with key arms of Government such as the Zimbabwe National Army and Rural Infrastructure Development Agency for buildings construction utilising devolution funds.

Local Governance

411. Under local governance, focus is on building the capacity for Local Authorities to plan and manage development activities, as well as to explore sustainable revenue generation opportunities.

412. Government also seeks to ensure that Intergovernmental Fiscal Transfers (IGFTs) are directed towards supporting the development of all provinces nationwide, with a focus on enhancing quality service delivery.

413. On risk and disaster preparedness, priority will be on establishment of evacuation centres in disaster prone areas

and the completion of recovery houses in Chimanimani, Tsholotsho and Binga.

414. To support the above initiatives, ZiG4.9 billion has been set aside for the Ministry of Local Government and Public Works, inclusive of resources for the refurbishment and construction of government buildings and urban renewal, as well as alignment of local government legislation.

Youth, Sport, Arts and Culture

415. The youths are expected to champion the skills revolution underpinned by science, technology, and innovation. Their creativity and innovation capabilities remain a vital national asset that should be harnessed for the betterment of the country.

416. The 2025 National Budget will, prioritise the development and empowerment of youth programmes through the capitalisation of the following empowerment institutions:

- Youth Empowerment Bank ZiG77.4 million;
- National Venture Capital Company of Zimbabwe ZiG108 million; and
- Small and Medium Enterprise Development Corporation ZiG130 million.

417. In addition, an amount of ZiG113.9 million has been budgeted for refurbishing and equipping of Vocational Training Centres which train and provide hands-on skills to the youths, enabling them to be competitive and veritable entrepreneurs. The 2025 National Budget will also support the National Youth Service Programme with an amount of ZiG72.1 million to nurture the youths into responsible citizens with the values of patriotism and discipline.

418. In total, ZiG1.02 billion has been allocated to the Ministry of Youth Empowerment, Development and Vocational Training to support youth empowerment programmes and projects.

419. Sports, arts and culture sectors contribute significantly to employment creation, as well as help mitigate drug and substance abuse, while also serving as catalysts for economic growth. To support these sectors, ZiG888.4 million has been allocated to the Ministry of Sports, Recreation, Arts and Culture.

420. This allocation is meant to facilitate country-wide identification and development of talent in sport, arts and culture among the youth, as well as the rehabilitation of national sports stadia, multi-purpose sports facilities and other recreation facilities across all provinces. Specifically, ZiG189 million is meant to complete the renovations of the National Sports Stadium to make it usable during the year 2025.

421. Government has also made a provision of US$1 million for the preparations and participation of the Zimbabwe National Football Team (Warriors) for the 2025 African Cup of Nations (AFCON) set for December 2025 in Morocco.

422. Furthermore, the Budget will support the construction of the National Culture Village and Conference Centre, the Kanyemba Arts and Cultural Centre, as well as other community arts and culture spaces, strengthening cultural infrastructure nationwide.

423. Government also recognises the potential of the local film and cultural heritage, hence the need to revitalise the industry to promote tourism and stimulate economic growth, leveraging on the country's rich cultural heritage. The industry has the potential to create jobs and increase foreign investment, attract visitors by highlighting the country's unique cultural and historical assets, as well as the diverse cultural narratives and natural attractions.

424. To support the film and cultural heritage industry, the 2025 National Budget has allocated resources for establishing and equipping of two public film studios in Harare and Bulawayo, in order to identify and nurture talent among the youths.

Government will continue to explore additional support in the form of both tax and non-tax incentives to promote the industry.

425. Through fostering a supportive environment for artistic expression and growth, the aim is to position the country as a key player in the global entertainment industry and ensure a bright future for aspiring filmmakers and artists.

Drug and Substance Abuse

426. Government remains concerned with the menace of drug and substance abuse, among the youths. This is posing a huge threat to public health, security, economic and social stability of the country.

427. The 2025 National Budget will sustain efforts to combat this menace, including conducting awareness campaigns, equipping drug and substance abuse rehabilitation centres, as well as capacitation of the law enforcement agencies to undertake surveillance and policing of drug dealers.

428. Government will also expedite the enactment of the necessary legislation to combat drug and substance abuse, which will be implemented through a Drug and Substance Abuse Agency.

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

429. The thrust of the 2025 National Budget will be to support programmes that ensure the empowerment of women and the marginalised communities, in order to address long-standing inequalities, militating against inclusive development. In addition, the coordination and formulation of gender equality policies and their implementation, will be sustained across all sectors.

430. Furthermore, Government will continue to fulfil its long-standing commitment to support the veterans of the liberation struggle in recognition of their contribution to the hard-won independence of the country, through various social and economic empowerment programmes.

Women and Gender Equity & Small and Medium Enterprises

431. During the period January to September 2024, thirty-three (33) projects were funded through the Women Development Fund, benefiting a total of 261 women and sustaining 450 jobs. In addition, a total of 76,741 women entrepreneurs across all provinces received training in diverse areas, including technical skills, business management, climate change adaptation, health access, and life skills.

432. Furthermore, 5 228 MSMEs were facilitated to participate in local, regional, and international fairs and exhibitions, including events such as the Zimbabwe International Trade Fair (ZITF), provincial and district agricultural shows, as well as regional market fairs in Zambia, Malawi, Botswana, Eswatini, Mozambique, and Tanzania. Through the Start-up Business Advisory Program, 150 MSMEs were formally registered in 2024.

433. Government is also working with the Women Owned Business Trust and UN Women, including PRAZ to promote the participation of women entrepreneurs across various supply chains in supplying goods and services to the public sector.

434. Going forward, Government will continue to expand support towards SMEs initiatives and women empowerment, through capitalisation of the following empowerment institutions:

- Zimbabwe Women Micro Finance Bank ZiG130 million;
- EmpowerBank ZiG77.4 million;
- Small and Medium Enterprises Development Corporation ZiG130 million; and
- National Venture Capital Company of Zimbabwe ZiG108 million.

435. To facilitate the empowerment programmes and projects of the marginalised sections of the community, including women and SME the Budget has made a provision of ZiG1.02 billion for the Ministry of Women Affairs, Community, Small and Medium Enterprises.

Reconstruction of Mbare Musika

436. Following the fire outbreak that completely destroyed Mbare Musika, Government in partnership with the private sector, through a PPP arrangement has started the reconstruction process of a modern market facility, capable of accommodating at least 10 000 SME traders.

437. The reconstruction aims to provide a safer and more organised environment for vendors, while revitalising the area as a thriving commercial hub. Scheduled to begin in November 2024, the reconstruction is expected to take seven months to complete.

438. During the reconstruction phase, Government through the Harare City Council has provided temporary trading space for vendors, which is located at opposite Carter House to enable traders to continue with their trading operations.

439. This reconstruction project is part of the Government's "*Building Back Better*" initiative, that was launched following

the declaration by His Excellency, the President, Dr. E. D Mnangagwa of the fire at Mbare Musika a State of National Disaster.

440. The reconstruction of Mbare Musika is a crucial step in enhancing the resilience and functionality of Zimbabwe's markets, serving as a model for future market development across the country.

Veterans of the Liberation Struggle

441. Improving the livelihoods of the Veterans of the Liberation Struggle and their dependants remains central to addressing the welfare of this key constituency. The 2025 National Budget has, therefore, provided for gratuities, statutory benefits related to medical benefits, funeral grants and educational assistance to veterans of the liberation struggle. The support will also cover the identification, exhumation and reburial of former freedom fighters who died during the liberation struggle.

442. In this regard, ZiG807.3 million has been allocated to the Ministry of Veterans of the Liberation Struggle Affairs to support both monetary and non-monetary initiatives designed to provide for their welfare, promote self-sufficiency and economic independence among the veterans and their families.

443. Government also seeks to gather and preserve the rich and valuable experiences of the veterans who participated in the struggle for independence. This will ensure that the future generations have access to information on this important chapter of the nation's history. This will be achieved through gathering and analysing the historical records and testimonies from the surviving Veterans.

Human Capital Development, Well-Being & Innovation

444. Under this pillar, Government interventions seek to engender a knowledgeable workforce that is able to drive innovation, increase productivity and foster competitiveness of the economy. Crucially, such interventions seek to create a solid foundation for all children to acquire basic skills, ensure those soon to leave school or already in the workforce are equipped with the skills and competencies that capacitate them to engage in productive activities.

445. To achieve these strategic goals, the health and education Ministries must navigate many challenges, including limited fiscal space. There is, therefore, a need to demonstrate their capacity to efficiently and effectively absorb allocated resources, by delivering more goods and services for each dollar spent.

Health

446. Priority under the health sector is centred on universal access to health services through provision of quality health services inclusive of medicines, manpower and a conducive working environment. In this regard, ZiG28.3 billion has been allocated to the Ministry of Health and Child Care during 2025 towards the health sector, targeting the following interventions:

- Operational support towards central, provincial and district hospitals, as well as rural clinics;
- Renovation and construction of medical facilities, targeting areas with limited access, particularly rural areas;
- Procurement of modern equipment;
- Enhanced Assisted Medical Treatment Orders (AMTOs); and
- Procurement of medicines and medical supplies.

447. The allocation constitutes 13% of the Budget, which compares favourably with the Abuja Declaration that obligates signatory countries to allocate at least 15% of their national budgets towards the health sector.

448. With regard to health personnel, Government will continue to monitor the effectiveness of current monetary and non-

monetary schemes in supporting effective and efficient service delivery, as well as retention of health personnel.

449. In terms of public sector investment in the health sector, the thrust is to focus on rehabilitation and upgrading of infrastructure, procurement of essential medical equipment, including ambulances and utility vehicles, as well as complementary facilities that includes incinerators, mortuaries, laundry, kitchen, laboratories, among others. Accordingly, the 2025 National Budget is setting aside resources to cater for the following key interventions:

- Construction and rehabilitation of hospitals, clinics and health centres ZiG3.5 billion;
- Procurement of medical equipment for health facilities ZiG290 million; and
- Procurement of ambulances including utility vehicles ZiG150 million.

450. Complementary resources to support the identified interventions will be mobilised from the ring-fenced special taxes on sugar and airtime projected at ZiG4.1 billion. The taxes have generated substantial resources, that can be leveraged on for improved health service delivery.

451. Furthermore, the health sector will be capacitated to improve skills for effective budget utilisation by eliminating bottlenecks within the system. In this regard, Government will set up an Interministerial Committee, with representation of the private sector, where possible, to assist in the planning, coordination and implementation of projects and programmes in the health sector that will facilitate significant improvements in the service delivery.

452. The sector is also projected to receive support amounting to US$461 million, in the form of development assistance towards HIV/AIDS, malaria & tuberculosis prevention, maternal and child health programmes. In addition, the resources will go towards procurement of hospital equipment, family planning programmes and digitalisation.

Education

453. Improvements in education and skills outcomes will be critical in creating a knowledge society, and an economy driven by innovation, increased productivity, and competitiveness. Albert Einstein, one of humanity's greatest scholars, wisely stated, "The measure of intelligence is the ability to change". This quote underscores the critical need for adaptability within our education system, particularly as we advance with Education 5.0.

454. In this regard, the Budget will support programmes that enhance equity in access across gender, rural and urban areas, making sure women participate in traditionally male dominated STEM fields and that technological competencies by teachers are upscaled, as well as the availability of the right digital ecosystem in schools countrywide.

455. The 2025 National Budget has allocated ZiG46.6 billion and ZiG10.3 billion to the Ministry of Primary and Secondary Education and the Ministry of Higher and Tertiary Education, Science and Technology Development, respectively, covering the following areas:

- Construction, rehabilitation and upgrading of infrastructure ZiG908 million;
- Availing of teaching and learning materials ZiG352.9 million;
- Procurement of equipment and tools of trade ZiG217.5 million;
- Sanitary wear ZiG85 million;
- Capacitation of laboratories ZiG200 million; and
- Provision of supervision and utility vehicles ZiG184.5 million.

456. The allocation constitutes 26.2% of the Budget, therefore, Government is on the right path to achieve the Dakar Declaration for signatory countries to allocate at least 20% of Budget to education.

457. In 2025, the sector is also expected to receive development assistance amounting to US$22.8 million mostly from FCDO and the Global Partnership for Education (GPE) to support the Teacher Effectiveness and Equitable Access for Children (TEACH) Programme in selected poorest rural and satellite Government schools, as well as support on functional policy frameworks, professional development, digital learning, gender equality school resourcing, curriculum and assessment, monitoring and research.

458. With regards to higher and tertiary education, Government has successfully established Innovation Hubs and Industrial Centres at all State Universities, achieving remarkable success in innovation and research.

459. Notable innovations, include the solar-powered irrigation system developed by the Harare Institute of Technology's Innovation Hub, which significantly improves water access for farmers and enhances agricultural productivity in rural areas. The University of Zimbabwe's innovation centre also

launched a mobile health application connecting patients with healthcare providers, improving access to medical services in remote communities. Students from the Chinhoyi University of Technology created the *"ZimCopter"* a drone used for aerial surveying and monitoring of agricultural fields, among other notable innovations.

460. In 2025 and beyond, Government intends to facilitate the commercialisation of these innovations through strengthening collaboration between universities and the private sector. This will involve establishing partnerships, facilitating knowledge and technology transfer from academia to industry, ensuring these ground-breaking innovations are developed and successfully brought to the market.

461. It is critical that such innovations be patented. To support this initiative, Government will further strengthen measures to protect intellectual property rights, enabling inventors and researchers to benefit financially from their work. The Innovation Hub Process Model will be integral to this effort, focusing on developing and commercialising new ideas, particularly in the context of business start-up funding for Technical and Vocational Education and Training (TVET) institutions and students.

MSU Modified Coal Tar Plant

NUST Technovation Centre Block B

462. In line with the national industrialisation agenda, Government also aims to harness the skills of the rural population through the establishment of a Rural Industrialisation Model. This initiative will promote economic diversification by fostering small-scale industries that complement existing agricultural and mining activities. Key initiatives will include the development of traditional grain millers, oil extraction presses, and heritage-based fruit juice industries nationwide.

463. Furthermore, the model will focus on job creation, by establishing local building brigades, led by the Industrial Training and Trade Testing Department (ITTD), while supporting agricultural and mining value chains and expanding the manufacturing and service sectors.

464. Through these strategic initiatives, Government envisions transforming successful innovations into commercially viable products and services, ultimately driving economic growth, creating job opportunities, and improving the living standards for all Zimbabweans.

Innovation, Research and Development

465. Research and Development (R&D), plays a crucial role in the economic transformation of a country through innovation and inventions that enhance production and productivity. R&D leads to the creation of new technologies and processes that can significantly improve efficiency across various sectors of the economy, ultimately contributing to economic growth and job creation.

466. Under the coordination of the Research Council of Zimbabwe (RCZ), Government will continue to support R&D responsible institutions, through both monetary and non-monetary interventions. Emphasis will be on fostering close collaborations among the research institutions, industry and Government to facilitate the identification of gaps, knowledge transfer and the commercialisation of research products.

467. As part of Government efforts to enhance the country's capacity to produce medicines and drugs domestically, support will be extended to develop capabilities in drug testing and biotechnology research, with the ultimate goal of achieving self-sufficiency in medical supplies.

468. Learning from international experiences, focus will also be on capacitating the R&D of the Zimbabwe National Army, where the defence industry plays a crucial role in coming up with new products and innovations for both military and civilian purposes. This is critical for national security and technological advancement.

469. The country has already made inroads in R&D following the successful launch of Zim-Sat 1 and 2 by the ZINGSA, advancing the country's space technological capabilities. In addition, the introduction of the education 5.0, in particular the innovation hubs and incubation centres at all institutions of higher learning, has led to several new inventions and innovation ready to be commercialised.

470. In total, the Budget has an allocation of ZiG423.5 million towards Research and Development to be distributed among research related institutions such as, Scientific and Industrial Research and Development Centre, Research Council of

Zimbabwe, Zimbabwe Defence Industry and Crops and Livestock Research, among others.

Skills Audit and Development

471. Relevant skills are critical for enhancing the country's productivity and socio-economic transformation. Building on the 2018 National Critical Skills Audit Report which highlighted skill deficits in various critical skill clusters, Government undertook consultative workshops and meetings throughout the country to ward level to understand the skills landscape required for the nation and also identifying the basic skills level that can help in the provision of services.

472. Specifically, the following activities were undertaken in a bid to address the skills gaps:

- Sector consultations and skills needs assessment in the economic sectors;
- Skills needs in the mining sector;
- Devolution of activities by mapping provincial skills needs;
- Alignments of scholarships towards critical skills needs; and

- Prioritisation of skills agenda across all the economic sectors;

473. This process will culminate in the updated National Critical Skills Audit Report, which will facilitate the formulation of National Skills Policy and Strategy spelling out policies and programmes that enable the country to adapt to and benefit from the Fourth Industrial Revolution.

474. In this regard, ZiG153.2 million has been allocated to the Ministry of Skills Audit and Development, to support the above-mentioned activities.

Social Protection

475. Government acknowledges Social Protection as a basic human right, and existing social protection programmes need to be scaled up to cushion the most vulnerable groups and households from shocks and the impact of implementation of structural reform.

476. Through the 2025 National Budget, Government will expand, as well as modify existing social assistance programmes, such as the harmonised social cash transfer, the basic education assistance module and health assistance, food deficit mitigation, cash for cereal and the sustainable livelihoods in

rural and urban areas, targeting the poor vulnerable groups. This will ensure access to the relevant social assistance.

477. Government will also strengthen the policy and legislative framework to guide social protection and improve the social payment system, by creating a social registry and active Management Information System.

478. In this regard, a total of ZiG10.7 billion has been set aside for the Ministry of Public Service, Labour and Social Welfare to increase the coverage, harmonise, integrate and strengthen social assistance programmes to protect and cushion the vulnerable groups and households in 2025. Below is a table which show breakdown of some of the social protection programmes to be implemented in 2025.

Table 48: Social Protection Programmes (ZiG M)

Item	Exp: Jan to Sept 2024	2025 Allocation
Presidential Input Support Scheme	1 837.9	10 812.0
BEAM	83.5	4,000.0
Food Deficit Mitigation	288.1	813.0
Harmonised Cash Transfers	18.0	1 041.0
Children in the street fund	2.0	43.0
Children on Difficult Circumstances	7.0	113.0
Health Assistance	13.3	593.0
Support to elderly persons	4.0	85.0
Support to Disabled	14.8	267.0
Pauper Burial	1.4	57.0
Social Protection Management Information System	0.2	-

Item	Exp: Jan to Sept 2024	2025 Allocation
Sustainable Livelihoods	1.6	57.0
Drug and Substance abuse	35.5	865.0
War Veterans Administration	94.6	548.8
Presidential Scholarship	37.2	313.1
Welfare & Benevolent Fund	25.0	5.7
Sanitary Wear	3.5	85.0
School Feeding	0.6	121.1
Total	**2 468.0**	**19 819.7**

Source: MoFED&IP (2024)

Food Mitigation

479. During the period July to October 2024, at least 6.2 million rural citizens were reported food insecure. In response, cereals equivalent to 7.5kg bag per month per individual were distributed to food insecure people including schools under the School Feeding Programme.

480. In addition, at least 1.7 million individuals were registered for the Urban Cash for Cereals Programme, which will provide cash transfers in urban areas, of which approximately 30 000 people have received the cash transfers through One Money. The target is to provide cash transfers at an equivalent of USD$8 per individual per month.

Table 49: Grain Distribution as at 31 Oct 2024

Province	Total Population to benefit	Grain Rqmnt/ 3 months	Cumulative (mt)	Coverage (%)	Balance (mt)	Total Population to benefit	Grain Rqmnt/ 3 months	Cumulative (mt)	Coverage (%)	Balance (mt)
	1st Phase Blitz (May- 30 July 2024)					2nd Phase Blitz (Aug-30 Oct 2024)				
Manicaland	1,087,314	24,465	21,922	89.6	2,542	1,087,314	24,464.57	18,405.40	75.2	6,059.17
Mash Central	626,735	14,102	14,102	100.0	-	698,256	15,710.76	11,043.53	70.3	4,667.23
Mash East	925,210	20,818	14,879	71.5	5,939	925,210	20,817.23	18,195.49	87.4	2,621.74
Mash West	803,370	18,076	16,896	93.5	1,180	803,370	18,075.83	11,802.55	65.3	6,273.27
Masvingo	951,466	21,408	20,824	97.3	584	954,205	21,469.61	14,269.35	66.4	7,200.26
Mat North	520,524	11,712	9,988	85.3	1,724	520,524	11,711.79	9,049.55	77.3	2,662.24
Mat South	322,336	7,252	7,252	100.0	-	322,927	7,265.86	6,901.25	95.0	364.61
Midlands	903,969	20,339	17,431	85.7	2,908	903,969	20,339.30	11,318.38	55.6	9,020.92
Total	6,140,924	138,171	123,293	89.2	14,877	6,215,775	139,854.94	100,985.50	72.2	38,869.44

Source: MoFED&IP (2024)

481. During the period January to October 2024, cumulatively, Government distributed 224 279 mt of grain benefiting 5.5 million food insecure people during the first phase and 4.5 million people in the second phase in response to the El-Nino induced drought.

482. In 2025, ZiG813 million has been set aside to support food insecure households targeting 6.2 million people in rural areas and 1.7 million people in urban areas.

483. This will be complemented by Development Partner assistance amounting to US$110 million in the form of food assistance in the most food insecure districts; distribution of agriculture supplies (seeds) and livestock (goats) to households whose livelihoods have been affected by the drought, as well as construction and rehabilitation of water points.

BEAM

484. Under the Basic Education Assistance Programme, Government is targeting vulnerable children including orphans, child headed households and those living in poverty, in order to reduce dropout rates and improve educational outcomes.

485. During the first 10 months of 2024, Government availed ZiG83.5 million towards children welfare programmes, especially under BEAM, benefiting a total of 1.5 million children. Efforts are under way to clear arrears which have accumulated to US$63 million by 2025.

486. In addition, Government will prioritise the rehabilitation and placement of children removed from the streets, the provision of food and clothing, procurement of uniforms and stationery for children in foster care.

487. In 2025, the Programme targets to provide comprehensive educational support to 1 031 250 learners in primary schools and 468 750 learners in secondary schools, giving a total of 1 500 000 beneficiary learners.

Health Assistance

488. Through the health assistance programme, Government will facilitate the provision of free health care services to the elderly, persons with disabilities and the vulnerable groups.

489. In 2025, the target is 30 000 beneficiaries under the Assisted Medical Treatment Orders. Government will also promote the establishment of mobile health care facilities in areas lacking primary and maternal healthcare services and ensure that medications for chronic illnesses are readily available.

490. In total, ZiG593 million has been set aside to support provision of health care services to the disadvantaged.

People with Disabilities

491. During 2024, Government procured 150 assistive devices for people with disabilities and facilitated medical assistance for officials injured in the line of duty, ensuring the continuation of their duties.

492. The 2025 National Budget has set aside resources for capacity building for persons with disabilities and ensure that they benefit from the reviewed empowerment loan funds and the special grant for groups of persons with disabilities.

Effective Institution Building and Governance

493. Effective institution building and governance are central to the country's efforts to create a conducive business environment, critical for sustainable economic growth and development.

Strong, transparent and accountable institutions are critical for fostering investor confidence, improving public service delivery and ensuring proper allocation and utilisation of resources.

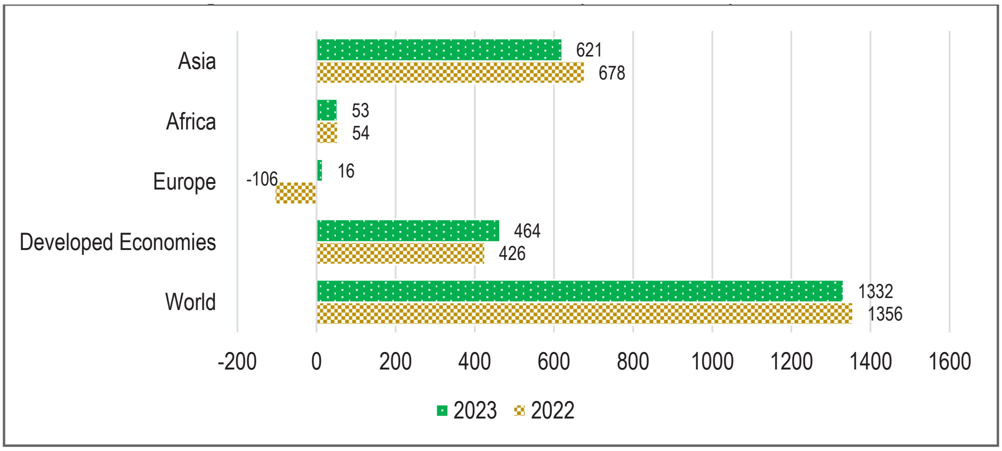
494. To this end, Government has undertaken a series of reforms aimed at strengthening the legal and regulatory frameworks, improving public sector efficiency and combating corruption.

Ease of Doing Business Reforms

495. In recent years, the global investment landscape has been confronted by multifaceted challenges, including the fragmentation of trade networks, as well as disrupted international supply chains, among other issues. These developments have created obstacles particularly for developing countries, as they struggle to participate in global markets.

496. Against this complex backdrop, global foreign direct investment in 2023, decreased by 2% to US$1.3 trillion, according to the UNCTAD World Investment Report (2024).

Figure 39: FDI Inflows: 2022-2023 (US$ Billions)



Source: UNCTAD, FDI/MNE database

497. Similarly, FDI inflows to Africa declined by 2% in 2023, to US$53 billion, from the US$54 billion registered in 2022. The decline in FDI, highlights the importance of digital governance and investment facilitation, as tools to attract and retain high impact investments.

498. On the domestic front, the transformation of the business environment remains critical in attracting the private sector to invest in domestic value chain development, promote innovation and foster economic growth and development. Focus will be on addressing the high and complex regulatory environment with a multiplicity of compliance requirements, infrastructure deficiencies and costly logistics support.

499. During 2024, Government launched a licensing portal (Do-It-Yourself Portal) in September 2024, to enable investors to apply for an Investment Licence online. As a result, the third quarter of 2024 witnessed a 9% increase in the number of licences issued by ZIDA, compared to the second quarter of 2024. Work is also underway to improve investor interactions through digital platforms.

500. The multiplicity of registration processes, fees and charges, as well as the number of Government agencies at the country's border posts are, however, compromising investment facilitation and the investment environment. Going forward, the Office of the President and Cabinet will spearhead the coordination of all relevant MDAs with a view to streamlining processes and duplication.

Justice Delivery

501. Government prioritises improving access to justice for all citizens, ensuring equality before the law and promoting a fair and just society. In this regard, during the year, several courts were established in communities such as Kotwa, Triangle, Beatrice, and Chinamhora, while Mutoko and Kwekwe were designated as regional courts.

502. Additionally, the Magistrates' Court jurisdictions in Harare were restructured into Harare South and Harare North provinces, necessitating ongoing financial support to sustain and enhance operations in these expanded areas.

503. To sustain the momentum, an allocation of ZiG5.6 billion has been set aside for the Ministry of Justice, Legal and Parliamentary Affairs to strengthen the judicial system. Specifically, the resources are meant to support court infrastructure development in Districts, provision of legal aid services for vulnerable groups, modernising judicial processes through digitalisation and enhancing judicial and prosecution capacity.

504. These investments aim to reduce case backlogs, improve trial efficiency and increase public trust in the judicial system, ultimately ensuring justice is accessible, efficient and effective for all citizens.

Peace and Security

505. Peace and security are fundamental prerequisites for economic transformation of any country. It provides a stable environment for economic growth, social progress and human wellbeing.

506. The current peaceful environment reflects the resilience of our security forces in safeguarding the nation's territorial integrity, national interests, as well as sovereignty over land and airspace, against both internal and external aggression.

507. Such an environment needs to be maintained and sustained through the provision of adequate resources, training and the appropriate equipment. This approach is essential for maintaining the competitive advantage in protecting the country's integrity, amid ongoing geopolitical tensions.

508. The prevailing geopolitical tensions and dynamics, necessitate that Government allocate substantial resources to our security service sector to effectively safeguard the nation's territorial integrity, protect national interests, as well as upholding sovereignty. Government will also support the Zimbabwe Defence Industries to enhance its production capacity, as well as sustaining the landmine clearance programme.

509. In this regard, the 2025 National Budget will set aside ZiG38.6 billion to capacitate the institutions of the country's security services sector.

510. Furthermore, acknowledging the diverse expertise present within the security services sector, Government will enhance

the capacity of national security institutions by leveraging these skills to execute Government projects, including road construction, engineering and medical services. This strategic approach is expected to yield significant cost savings for the public sector, thereby creating fiscal space necessary to accommodate essential social expenditures.

Mutapa Investment Fund

511. The Mutapa Investment Fund, as the country's Sovereign Wealth Fund (SWF) is poised to contribute to the country's economic growth and development by leveraging on strategic sector investments to create long-term sustainable value in sectors which include mining, energy and manufacturing.

512. Already, the portfolio clusters under the management of the Fund, have been expanded, bringing the total portfolio clusters under its management to six namely, mineral resources; energy and trading; information communication technology, transport and logistics; agriculture and industries; financial services; as well as real estate.

513. In this regard, the Fund has been actively pursuing a robust pipeline of transactions to enhance the value of companies under the portfolio. To date, the approximate fair gross value

of the Fund's investment portfolio under management as at 31 March 2024 is US$16 billion.

514. One of the major mandates of the Fund is to ensure sound corporate governance, transparency, accountability and ethical business practices across all its portfolio of companies with clear delineation of roles between the Board and management. To this end, the Fund has been able to arrange governance and board inductions for Petrotrade, ZESA and the National Railways of Zimbabwe, among others.

515. The operations of the Mutapa Investment Fund will continue to be guided by all supporting legislation including full adherence to the provisions of the Public Finance Management Act.

Image Building, Engagement and Reengagement.

516. Government is forging ahead with the engagement and re-engagement process, to foster meaningful relationships with the global community for arrears clearance and debt resolution to promote and facilitate trade, foreign direct investments, diaspora remittances and enhance the nation's international image. In addition, Government is strengthening communication and advocacy on the domestic and international front, in an effort to present accurate and timely information on the country.

517. As part of the engagement and re-engagement process, Government will continue to prioritise arrears clearance and debt resolution, critical in unlocking access to affordable long-term concessional financing needed to achieve NDS1 development objectives.

518. This process is being pursued under the comprehensive Arrears Clearance and Debt Resolution process. Technical meetings were held in January, March and October, which took stock of the progress on the implementation of reforms under the three pillars.

519. In this regard, the 2025 National Budget has set aside ZiG4 billion for the Ministry of Foreign Affairs and International Trade to spearhead image building, engagement and re-engagement programme.

520. In addition, ZiG433.1 million is being allocated to the Ministry of Information, Publicity and Broadcasting Services for the dissemination of information locally and globally to uphold and promote the country's founding values, identity and interests worldwide.

Arrears Clearance and Debt Resolution Process

521. This process is being pursued under the comprehensive Arrears Clearance and Debt Resolution Process. Technical meetings

were held in January, March and October, including a High-Level Structured Dialogue Platform Forum held in November 2024, which took stock of the progress on the implementation of reforms under the three Sector Working Groups as follows:

Economic Growth and Stability Sector Working Group

522. The following progress was registered in the implementation of reforms within the Sector Working Group:

- All Reserve Bank of Zimbabwe foreign currency liabilities were transferred to Treasury and these are now being serviced from the National Budget, allowing the Bank to focus on its core mandate of monetary and exchange rate policies;
- The exchange rate is now determined on the interbank market based on the willing buyer willing seller foreign exchange system;
- The Liquidity Management Committee is meeting on a regular basis to manage liquidity injections into the market;
- Introduction of the new structured currency, Zimbabwe Gold (ZiG), backed by gold and foreign currency balances;
- Tight monetary policy – raising the bank policy rate and increasing statutory reserve requirements;
- Fiscal deficit is being maintained at below 1.5% of GDP, by aligning expenditure outlays to available revenue resources;

- No quasi-fiscal operations at the RBZ; and
- Expenditure rationalisation measures – strengthened value for money and the launch of the e-Procurement System to improve the quality of public expenditures.

Governance Reforms Sector Working Group

523. Under this pillar, work is underway to improve on governance with the full implementation of and review of the Integrated Electronic Case Management System by the JSC in progress. Decentralisation of the judicial services is underway through the construction and establishment of specialised courts countrywide and the decentralisation of the High Court (Manicaland, Mashonaland West, Masvingo and Bulawayo). Additional progress under this pillar include:

- The establishment of the Judicial Training Institute for capacitation and training of judicial officers;
- Establishment of specialised courts on anti-corruption, electoral court, labour court, and the commercial court;
- Abolition of the Death Penalty Bill is now going through the Parliamentary processes;
- Decentralisation of the Zimbabwe Human Rights Commission to five provinces (Manicaland, Bulawayo, Masvingo, Mashonaland West and Matabeleland North);

- In order to strengthen the fight against corruption, the following Anti-Corruption bills are going to be passed into law in 2025:
    - Whistleblower Protection Bill;
    - Witness Protection Bill;
    - Anti-Corruption Amendment Bill; and
    - Assets and Conflict of Interest Bill.
- A Technical Round Table Meeting was convened with human rights actors and stakeholders and other partners with participants drawn from the Police, Zimbabwe Human Rights Commission, Media Commission, Ministry of Justice, Legal and Parliamentary Affairs, the Judicial Services Commission and Civil Society Organisations (CSOs);
- In June 2024, Government and CSOs convened a meeting on the Private Voluntary Organisations (PVO) Bill, which was attended by Minister of Justice, Legal and Parliamentary Affairs and other senior Government officials. The CSOs submitted recommendations on the PVO Bill for consideration by Government. The PVO Bill has been passed by the National Assembly and is awaiting Senate approval.

Land Tenure Reforms, Compensation of Former Farm Owners (FFOs) and the Resolution of Bilateral Investment Protection and Promotion Agreements (BIPPAs) Sector Working Group

524. The Compensation Committee in August and September 2024 approved 444 applications for compensation, amounting to US$331.7 million.

525. In line with the revised GCD payment offer, Treasury will make payments amounting to US$3.3 million, representing 1% of capital amount of US$331.7 million, for the compensation of the 444 applications by the FFOs. The balance, after netting off 1% of capital amount (US$3.3 million), and interim relief payments paid to each of the 444 approved applications, will be settled through issuance of US$ denominated Treasury bonds with maturities ranging between 1 and 10 years and coupon of 2%.

526. Compensation payments for the approved applications are expected to commence during the last quarter of 2024. Treasury has allocated US$10 million in the 2025 National Budget for the compensation of FFOs under the GCD.

527. The Compensation Committee in September 2024, approved 94 claims/applications amounting to US$131.3 million from the following BIPPAs that were ratified before the 2000 Land Reform Program.

528. In line with the agreed payment arrangement, with the Sector Working Group, the US$20 million allocated in the 2024 National Budget is going to be shared equally among the 94 ratified BIPPA protected farms approved by the Compensation Committee.

529. Payment of the US$20 million to the 94 approved applications is expected to be made before the end of 2024. The payment of the balance will be through a multi-year plan, where Treasury will allocate resources in each National Budget. In this regard, Treasury has allocated an additional US$20 million in the 2025 National Budget.

Arrears Clearance and Debt Resolution Roadmap

530. Going forward, the Roadmap for the Arrears Clearance and Debt Resolution Process entails the following:

- Signing off of an SMP with the IMF by the first quarter of 2025, anchoring policies to bolster macroeconomic stability for Zimbabwe;
- Continuation with the implementation of reforms under the pillars of the three Sector Working Groups;
- Continuing with Structured Dialogue Platform meetings, both at high and technical level, as a platform for building trust, feedback and reporting of progress on the implementation of the reforms;

- Continuation of quarterly token payments to the IFIs and the 16 Paris Club creditors;
- Payment of compensation for FFOs under the GCD, through 1 percent upfront payment and issuance of US$ Treasury bonds;
- Resolution of BIPPAs through the multi-year payment plan;
- Resource mobilisation for the wet SMP, towards social protection, education, health, agriculture/food security and climate change and pre- arrears clearance funding;
- Lobbying the support of Development Partners for resources to be set aside for a pre-arrears clearance grant under the IDA21 Replenishment;
- Engaging a bilateral creditor champion to assist with the resource mobilisation of bridging finance to clear arrears to the World Bank, AfDB, EIB and others;
- Request for debt relief and restructuring, working together with the Financial and Legal Advisors – options are the G20 Common Framework or similar mechanism;
- Requesting for an IMF Upper Credit Tranche program;
- Engaging the Paris Club and other official bilateral creditors;
- Arrears clearance, debt relief and restructuring from Paris Club creditors, Non-Paris Club creditors, multilateral regional development banks and other creditors.

531. Government will continue working together with the Champion, the High-Level Facilitator, all creditors and stakeholders, including the Financial and Legal Advisors in the implementation of the Roadmap.

SADC Development Agenda

532. The 44th SADC Summit was held under the theme *"Promoting Innovation to Unlock Opportunities for Sustained Economic Growth and Development towards an Industrialised SADC"*, therefore, as the Chair, Government will set aside resources to drive this industrialisation agenda during the course of the Chairmanship. This includes spearheading the process of launching the Regional Development Fund, critical for the development of necessary infrastructure that supports intra-regional trade.

NATIONAL DEVELOPMENT STRATEGY II

533. The National Development Strategy 1 (NDS 1), which spans from 2021 to 2025, is scheduled to come to an end in December 2025. Being the last Budget to implement the National Development Strategy 1 (2021-2025), the 2025 National Budget provides a bridge between NDS 1 and NDS 2 and will support the formulation of the latter, with stakeholders expected to identify priority areas needed to realise the National vision of *An Upper Middle-Income Society by 2030*.

534. Government will undertake a terminal evaluation exercise which will be carried out by independent local consultants during the period between April to June, 2025.

535. Meanwhile, Government through the Office of the President and Cabinet and the Ministry of Finance, Economic Development and Investment Promotion, has commenced the process of formulating the National Development Strategy 2 Blueprint. The National Development Strategy 2 is the country's second five-year Medium-Term Plan for the realisation of Vision 2030.

536. Broadley, the Strategy will include a variety of interventions designed to ensure sustainable and inclusive growth and development, with a particular emphasis on innovation for modernization, resilience and adaptation to climate change. It will also incorporate strategies focused on alleviating poverty and promoting sustainable livelihoods for vulnerable groups within society, including the impoverished, women and youth.

537. The formulation of NDS 2 will embrace the Whole of Government and Society Approach, to allow for consultations and collaboration among government entities, academia, the private sector, civil society, Parliament, the judiciary and the general public, as well as other relevant stakeholders.

538. The formulation process of the successor NDS 2 commenced in May 2024, with an economic census being conducted by ZIMSTAT. The census aims to gather essential data that will guide the formulation of the National Development Strategy 2, with a target for completion being November 2025. However, some of the vital preliminary results will be published during the course of 2025.

539. The setting up of Thematic Working Groups, which will be aligned to the approved National Priorities is scheduled for the period February to May 2025. Thematic Working Groups will include representatives from all the stakeholders, including the private sector, civic society and Development Partners to ensure inclusiveness and ownership in the planning process.

REVENUE MEASURES

540. Mr Speaker Sir, the revenue measures that I am proposing seek to provide support to the productive sectors, incentivise adoption of environmentally friendly technologies, extend relief to taxpayers, incorporate *Micro and Small Enterprises* into the tax base, as well as enhancing efficiency in tax administration, thereby promoting taxpayer compliance.

Support to Industry

Suspension of Duty on Imported Public Service Buses

541. Cognisant of the plight of the commuting public, Government, in 2022, temporarily suspended customs duty on public service buses imported by approved transport operators.

542. Transport operators have, thus, taken advantage of the *Facility* to replenish their fleet, where 827 buses have already been imported, against a target of 500.

543. In view of the substantial benefits that have accrued to approved importers, and the need to redirect resources towards value addition, I propose to terminate the *Suspension of Duty Facility* on imported buses, with effect from 1 January 2025.

Suspension of Duty on Inputs into Production of Motor Vehicles

544. Current legislation provides for the importation of Completely Built Units (CBUs) for buses at 0% duty, whilst Semi Knocked Down (SKD) kits for buses and trucks attract duty at 10%. This has created an uneven playing field in the bus assembly industry, since it is cheaper to import CBUs as opposed to kits.

545. The motor vehicle assembly sub-sector has been identified as a quick-win value chain, mindful of the potential to transform

Completely Knocked Down (CKD) kits and SKDs to CBUs on the local market.

546. In line with NDS1 priorities, Government will prioritise local production of motor vehicles, which will go a long way in creating the necessary value chains, creating jobs, as well as reducing the importation of finished products.

547. In addition, the local industry needs to gear itself for a larger export market available under the *African Continental Free Trade Area*, whereby the value-added threshold (local content) for *Rules of Origin* has been set at 35%, in order to benefit upstream industries that provide in excess of 50% local content.

548. In order to support the local assembly of motor vehicles, I propose to wholly suspend customs duty on *Semi Knocked Down Kits* for a period of 2 years, beginning 1 January 2025.

Suspension of Excise Duty on Raw Wine

549. Honourable Members would be aware that, during the period 2017 to 2021, Government suspended excise duty on raw wine imported by approved manufacturers through a designated facility, with a view to augment supply of locally produced wine as shown on Table 50 below:

Table 50: Quantities of Raw Wine Imported under Suspension of Duty (2017-2021)

Year	Quantity (Litres)
2017	30 000
2018	90 000
2020	200 000
2021	200 000

Source: Ministry of Finance, Economic Development and Investment Promotion

550. I note, however, challenges that the local industry continues to face, which include, but not limited to insufficient quantities of locally produced raw wine.

551. I, therefore, propose to provide for a ring-fenced suspension of duty facility of 100 000 litres of raw wine per annum for a period of 2 years beginning 1 January 2025.

552. As a quid pro quo to the above, it is essential for Government to generate revenue from the consumption of final products thereof.

553. I, therefore, propose to review excise duty on selected alcoholic beverages, including wine and spirits, from US$0.25 per litre to US$0.30 per litre, with effect from 1 January 2025, as shown in Annex 2.

Support for Film, Television and Content Creators

554. Mr Speaker Sir, Zimbabwe has the potential to become a Global hub for shooting films and generating local content, thereby competing with other leading countries.

555. The current tax regime for promoting the arts industry comprises of the following incentives:

- Rebate of duty on capital equipment imported by registered arts organisations; and
- Deduction of expenditure incurred in the production of films, movies and other related content.

556. In order to promote local film production as well as safeguard Zimbabwe's rich cultural diversity, I propose to incentivise the film production industry through a number of tax incentives, in consultation with stakeholders.

557. Treasury, will, thus, undertake extensive consultations with stakeholders in the film industry, with a view to introduce a comprehensive incentives package, during the course of 2025.

Revenue Enhancing Measures

Review of Special Economic Zone Incentives

558. Honourable Members would be aware that Government, in 2017, introduced incentives aimed at promoting export of products manufactured by companies in *Special Economic Zones (SEZ).*

559. The incentives include *Corporate Income Tax* holiday for the 1st five years of operation, exemption from *Withholding Taxes*,

rebate of duty on imported inputs into production and a 15% flat rate of *Personal Income Tax* on expatriate staff, among others.

560. The above incentives are availed to manufacturing companies which meet the *Degree of Export Orientation* which is currently pegged at 100% of goods produced.

561. Pursuant to the need for creating a balance between investment, export promotion, creation of global value chains, as well as commensurate contribution by beneficiary companies to the *Fiscus*, there is need to review the current regime in line with regional best practices, in particular the *Southern African Development Community*.

562. In view of the above, I propose to review the SEZ regime as follows:

- Reduce the degree of export orientation from 100% to 80%;
- 100% of the income must be derived from the carrying on of business or provision of services within that SEZ;
- Remove the Tax Holiday for the 1st 5 years, and replace with an effective Corporate Income Tax rate of 15%;

- Remove tax exemption on Withholding Taxes, and introduce a lower Withholding Tax of 10%; and,

- Exclude petroleum, as well as extraction and exploitation of all mineral resources from SEZ Status.

563. These measures take effect from 1 January 2025.

Withholding Tax on Betting

564. Current legislation provides for a 3% tax on gross takings by *Bookmakers* as well as VAT on any bet made with a *Bookmaker* by any person.

565. Honourable Members would be aware that betting is popular in nature, as indicated by the proliferation of *Sports Betting Houses* countrywide.

566. Sports Betting Punters, however, receive income from winnings, which is currently not taxable under *Personal Income Tax*.

567. In order to embrace Punters into the tax base, I propose to introduce a 10% *Withholding Tax* on gross winnings of *Sports Betting Punters*, with effect from 1 January 2025.

568. The *Withholding Tax* will apply on both In-House and Online Sports Betting managed by Land-Based Bookmakers.

Bookmakers will, thus, be obliged to withhold the tax on behalf of Government.

Fast Foods Tax

569. Mr Speaker Sir, the consumption of highly processed food has been identified as one of the factors responsible for the prevalence of obesity and associated non-communicable diseases, hence, the need for Government to promote responsible consumption of such foods.

570. In view of the above, I propose to introduce a *Fast Foods Tax* on the value of the following food items sold by *Fast Food Retail Outlets* and *Restaurants* at a modest rate of 0.5% on the sales value, with effect from 1 January 2025:

- Pizza;
- Burger and Hot dog;
- Shawarma;
- French fries;
- Chicken;
- Doughnuts and similar products; and
- Tacos.

571. It is envisaged that the proposed tax will go a long way in encouraging operators to adopt culinary that promote healthy eating.

Taxation of the Emerging Sector

572. Mr Speaker Sir, current legislation defines *"Registrable Taxpayer"* as a person carrying on any trade, whether registered or unregistered, or any juridical or natural person who has registered a company, trust or pension fund, excluding persons subject to presumptive taxes.

573. Furthermore, legislation empowers the Minister responsible for Finance to prescribe or designate the category of persons earning income from trade to be registered for *Income Tax*.

574. A survey into the operations of selected enterprises from the emerging sector shows that, a number of operators are engaged in significant economic activities, hence, qualify to contribute to the *Fiscus* through *Personal and Corporate Income Taxes*, as opposed to *Presumptive Tax*.

575. Notwithstanding that the beneficial owners or directors of such companies can maintain books of accounts, operators deliberately conceal records from the *Tax Administrator*, under the pretext that such operators do not have capacity to keep records, which is tantamount to *Tax Avoidance and Evasion*.

576. In order to provide an opportunity for the *Emerging Sector* to contribute to the *Fiscus*, I propose to enhance the provisions of

the aforementioned legislation and prescribe for the mandatory registration for *Corporate and Personal Income Tax* for the following operators:

- Fabric Merchandisers;
- Clothing Merchandisers/Boutiques;
- Spare Parts Dealers;
- Car Dealers;
- Grocery and Kitchenware Merchandisers;
- Hardware Operators; and
- Lodges.

577. Furthermore, I propose that the above-mentioned operators be mandated to regularise registration of their operations with the Zimbabwe Revenue Authority, transact through *Point-of-Sale Machines* and maintain records of all transactions, by 1 January 2025.

578. Mr Speaker Sir, I also propose that any operator which fails to register and account for taxes be compelled to pay tax as follows:

Table 51: Proposed Quarterly Corporate Tax Payments Non Compliant Taxpayers

Spare Parts Dealers	US$9 000
Car Dealers	US$15 000
Grocery and Kitchenware Merchandisers	US$9 000

Fabric Merchandisers	US$12 000
Clothing Merchandisers/Boutiques	US$12 000
Hardware Operators	US$15 000
Lodges	US$5 000

579. I, further, propose to empower ZIMRA to temporarily close businesses which fail to adhere to the above requirements, including failure to register for tax purposes, until such registration and payment of applicable taxes are completed.

580. In addition, I, propose to extend the *Virtual Fiscalisation System* for the recording of VAT taxable transactions to *Micro and Small Enterprises* whose turnover falls below the VAT registration threshold for purposes of monitoring sales, during the first quarter of 2025.

581. This will assist in promoting transparency and ultimately enhance tax compliance by *Micro and Small Enterprises*.

Rebate of Duty on Goods Imported for COVID-19 Mitigation

582. Honourable Members would recall that Government, in April 2020, removed customs duty and VAT on selected medical products used by the Health Sector for the prevention and cure of COVID-19.

583. The World Health Organisation (WHO) has, since May 2023, declared COVID-19 as a disease which is no longer a medical health emergency.

584. I, therefore, propose to re-introduce Duty on the medical products listed in Annexure 3, with effect from 1 January 2025.

Tax Compliance Measures

Methodology for Determination of Mineral Royalties

585. Mr Speaker Sir, the exhaustible nature of mineral resources requires a deliberate stance to ensure that Government generates optimal resources from all minerals extracted from the country's rich endowments.

586. I, therefore, wish to emphasize that, *in the general interest of the public*, royalties shall be payable on any mineral or mineral bearing ore or products during any period of assessment.

587. In addition, I propose that the Minister responsible for Finance be empowered to designate any mineral as being subject to royalties, notwithstanding the provisions of any other legislation.

Royalty on Quarry Stones and Coal

588. Whereas current legislation provides for the payment of 1% levy on the proceeds of quarry stones, the extractible resource does not attract mineral royalty.

589. I, therefore, propose that legislation be amended to designate quarry stones as a mineral, where royalty will be payable at a rate of 0.5% of the sales value.

590. In addition, I propose that the royalty rate on coal be extended on all types of coal, regardless of the market where it is sold.

Designation of Royalty as a Tax

591. Mr Speaker Sir, whereas the collection of royalties is determined in terms of the Finance Act, the definition of "Tax" in the Income Tax Act excludes mineral royalties.

592. The Income Tax Act empowers the Commissioner to exempt taxpayers from penalties where failure to comply with legislation is not intended to prejudice the State. However, such treatment is not accorded to taxpayers on payment of mineral royalties.

593. In order to ensure fairness in the taxation of income, I propose that legislation be amended to include mineral royalties in the definition of taxes.

Deemed Date of Sale of Minerals

594. Current legislation provides for the payment of mineral royalties on the invoice value as determined by the Minerals Marketing Corporation of Zimbabwe (MMCZ), with the exception of Platinum Group of Minerals (PGMs) and gold.

595. In order to fully realise the gains from sales contracts of minerals entered with the MMCZ, I propose that all minerals, with the exception of (PGMs) and gold, be deemed as sold at the value determined on the date on which any sales contract is entered or the date on which the purchaser receives the product, whichever is higher.

Registration for Income Tax

596. Mr Speaker Sir, in order to compel operators to register for taxes, I propose that no corporate or legal person be allowed to access, on an annual cumulative basis, any loan above US$20 000 without registration for *Corporate Income Tax*.

597. In addition, I propose that no mining company should be allowed to make any application for mining rights without registration for *Personal and Corporate Income Tax*.

Rental Income Tax: Change of Principal Purpose

598. Mr Speaker Sir, in order to enhance compliance, I propose that all properties that have been converted from residential to business properties be subject to *Rental Income Tax* at a rate of 25% and accounted separately by the Zimbabwe Revenue Authority.

599. In addition, I propose that any company or organisation using rented premises be compelled to disclose to the Commissioner, the rental expense, the location and owner of the property for purposes of *Rental Income Tax*.

600. I also propose that any company or organisation that fails to declare the owner of the rented property be precluded from claiming the rental expense against taxable income.

Deductibility of Royalties

601. Mr Speaker Sir, current legislation provides for the deductibility of expenditure incurred in respect of any services of a technical, managerial, administrative or consultative nature, including royalty fees or payments for use of resources protected through trademarks and patents.

602. In order to protect the tax base against excessive deduction of such fees against taxable income, transfer pricing legislation

empowers the Commissioner to adjust any transaction which falls outside the *Arm's Length Range*, taking into consideration uncontrolled transactions undertaken by independent persons.

603. In undertaking a comparability analysis, factors such as the characteristics of the property or services transferred, the assets used and risks assumed and the contractual terms of the transactions, among others, are considered.

604. Notwithstanding the above, the lack of suitable comparable transactions complicates tax administration, in particular, considering the sophistication of transactions between associated enterprises.

605. In order to simplify tax administration, as well as safeguard fiscal revenues, I propose to limit the deductibility of royalty fees to the lower of 1.5% of the company's turnover or the comparable transaction thereof.

Automatic VAT Registration for Tenders above Threshold

606. Mr Speaker Sir, current legislation provides for VAT registration of any operator whose annual turnover exceeds US$25 000.

607. In order to enhance tax compliance, I propose that any person who supplies, through a tender, taxable goods and services

with a minimum value of US$25 000 be compelled to provide proof of registration for VAT.

608. Any person, thus, with a minimum aggregate tender value of US$25 000 should include VAT in the purchase price.

609. In order to ensure adherence to the above, I propose that legislation be amended to mandate the *Procurement Regulatory Authority of Zimbabwe,* Government Ministries and Departments, as well as any other company or organisation which procures goods and services through a tender to submit, by the 10th day after every month, a return to the Commissioner General detailing tenders awarded during the preceding month.

Enhanced Post Clearance Audits

610. Mr Speaker, Sir, current legislation empowers the Zimbabwe Revenue Authority to conduct *Post Clearance Audits* on imported goods, with a view to ensure that goods are properly imported.

611. The proliferation of imported goods which retail at prices lower than what would ordinarily apply considering the source countries' ex-works prices, insurance, freight and duty payable is indicative of tax evasion, especially smuggling.

612. High incidences of smuggling undermine initiatives to enhance local production, value chains, as well as employment creation. Smuggling also creates an uneven playing field between locally produced and legally imported products, undermine Government revenue, promote illicit activities and discourage investment, hence, the need to review the current anti-smuggling strategies.

613. In addition, smuggling is a threat to Public Health and Safety as smuggled goods, in particular, food items, medicines and alcohol, are not subject to health and safety controls.

614. Whereas Government recently introduced drones at *Ports of Entry* with a view to combat smuggling, it has become necessary to introduce complementary measures, as smuggled goods continue to flood the market.

Smuggling of Cement

615. Government notes the proliferation of cement products primarily imported from the region, taking advantage of *Regional Trade Agreements*.

616. Notwithstanding the bulky nature of the product, the removal of cement from the *Open General Import Licence*, as well as the cost of production in source countries, the retail prices on the local market are indicative of smuggling.

617. Following the recent increases in the importation of cement, it is necessary for Government to instigate necessary measures that guarantee the survival of local producers.

618. Government, through the responsible Agencies, will undertake comprehensive investigations with a view to invoke appropriate trade remedies.

Deemed Smuggled Products

619. I, therefore, propose that the indicative list of products shown below be deemed as smuggled, unless the seller provides documentary evidence to the Commissioner that customs duty has been properly accounted:

- Alcoholic & non-alcoholic Beverages;
- Cement;
- Clothing & footwear;
- Dairy products;
- Diapers;
- Electrical appliances, cables & accessories;
- Ploughs & parts thereof;
- Processed meat;
- Rice & Pasta;
- Sugar;

- Tyres & motor spare parts and,
- Washing powder and Detergents

620. Failure to provide such documentary evidence, the smuggled goods will be subject to seizure as provided in the Customs and Excise legislation. In addition, the seller or owner of such goods will be subject to payment of duty, including prescribed penalties.

621. I, further propose that the Commissioner be mandated to provide Treasury with a monthly report of Post Clearance Audits, accounting for the smuggled goods and revenue recovered.

622. These measures will apply with immediate effect.

Income Tax Exemption: Building Societies

623. Honourable Members would be aware that the principal objective of *Building Societies* is to raise funds for the provision of mortgage finance, hence, are exempt from *Corporate Income Tax.*

624. It has, however, been observed that some *Building Societies* have widened the scope of activities to include commercial banking, notwithstanding their principal purpose.

625. I, therefore, propose to limit *Corporate Income Tax* exemption on the receipts and accruals of *Building Societies* to the extent that such earnings are only attributable to mortgage financing or the principal purpose thereof.

626. Receipts and accruals arising from commercial activities outside the scope and definition of a *Building Societies* should, thus, be subject to tax, with effect from 1 January 2025.

Tax Relief Measures

Personal Income Tax

Tax-Free Threshold

627. Mr Speaker Sir, current legislation exempts the first US$100 income earned by employees, hence, any subsequent income is taxed at rates ranging from 20%, up to a marginal income tax rate of 40% for incomes above US$3 000 per month.

628. The equivalent exempt portion in local currency and the tax bands thereof have, however, been affected by the recent macroeconomic developments, hence, the need to provide relief to taxpayers.

629. In view of the above, I propose to review the local currency *Tax-Free Threshold* to ZiG2 800 per month and accordingly

adjust the tax bands as follows, with effect from 1 January 2025:

Table 52: Proposed Personal Income Tax Rates

Income Level	Tax Rate (%)
0 to 2 800	0
2 801-8 400	20
8 401-28 000	25
28 001-56 000	30
56 001-84 000	35
Above 84 000	40

Capital Gains Tax on Marketable Securities

630. Government, through Finance Act 2 of 2024, reviewed *Capital Gains Withholding Tax* on marketable securities at a rate of 2% on the gross value of the price at which the security is sold.

631. The *Withholding Tax* is, thus, applied as a final tax for a period of 6 months beginning 28 June 2024, hence, no *Capital Gains Tax* is chargeable.

632. I, therefore, propose that marketable securities be subject to *Capital Gains Withholding Tax* at a rate of 1% on the gross value of the price at which the security is sold, with effect from 1 January 2025.

633. In addition, I propose that the *Withholding Tax* be treated as a final tax.

Beverages Sugar Content Tax

634. Government, in February 2024, introduced a *Special Surtax* of US$0.001/g on added sugar contained in specified beverages. The tax is applied uniformly on both ready to drink and cordials or concentrated beverages.

635. Representations from manufacturers indicate that cordials, due to their concentrated nature, have a higher sugar content, hence, attract a higher effective tax as compared to *Ready-to-Drink* beverages. Common practice, however, requires that the tax be based on the sugar content of the diluted product.

636. In order to create a level playing field between *Ready-to-Drink beverages* and cordials, I propose to review the *Special Surtax on Beverages' Sugar Content* on cordials from US$0.001/g to US$0.0005/g, with effect from 1 January 2025.

VAT Deferment: Energy Sector

637. Mr Speaker Sir, Government, under NDS1, endeavours to accelerate the implementation of an integrated power generation and transmission framework, which incorporates independent power producers, thus, enabling them to sell electricity through the national grid.

638. Current legislation provides for VAT deferment on capital equipment imported by operators in agriculture, aviation, health, manufacturing and mining, which has assisted operators to manage cashflows after huge capital outlays.

639. Whereas Government has incentivised the above productive sectors, it is also important to provide the relief to the energy sector, which is a critical enabler of other productive sectors.

640. I, thus, propose to extend the *Facility* to the Energy sector with effect from 1 January 2025.

Support for Climate-Friendly Innovations

641. The adverse effects of climate change have triggered the need to embrace innovative solutions for leveraging natural resources and adopting green policies.

642. Although efforts are being pursued globally to structure financial packages that address the structural shifts towards resource efficiency, initiatives at country level have to be adopted, in order to address the complex climate change-related challenges.

643. I, thus, propose the following measures as a step towards promoting environment-friendly policies:

Customs Duty on Electric Motor Vehicles

644. Currently, *Electric Motor Vehicles* attract *Customs Duty* of 40%, whilst electric tractors, attract Duty at 0%.

645. Cognisant of the need to promote use of eco-friendly vehicles, which will result in reduced carbon emissions, I propose to reduce *Customs Duty* on *Electric Motor Vehicles*, with effect from 1 January 2025, as shown in Table 53 below:

Table 53: Customs Duty on Electric Motor Vehicles

Motor Vehicle Type	Tariff Code	Customs Duty Rate	Proposed Rate of Duty
Buses, with only electric motor for propulsion	8702.40.00	40%	25%
Motor vehicles for the transportation of people, with only electric motor for propulsion	8703.80.00	40%	25%
Motor vehicles for the transport of goods, with only electric motor for propulsion	8704.60.00	40%	25%

Rebate of Duty: Solar Powered Charging Stations

646. In order to incentivise the use of *Electric Vehicles*, I, further, propose to extent *Rebate of Duty* on equipment used for setting up *Electrical Vehicle Solar Powered Charging Stations,* imported by *Approved Operators*.

647. This measure takes effect from 1 January 2025.

Value Added Tax: Liquefied Petroleum Gas

648. Mr Speaker Sir, the Region is currently facing a deficit in electricity supply, which has led to prolonged load shedding. In that regard, *Liquefied Petroleum Gas (LPG)* has served as an alternative energy source, especially for cooking and heating during power outages.

649. In addition, there has been a transition from traditional fuels such as firewood or charcoal, which are associated with indoor air pollution, deforestation and environmental degradation.

650. In order to reduce the cost of LPG, I propose to exempt the product from *Value Added Tax*, with effect from 1 January 2025.

Plastic Carrier Bag Tax

651. In order to promote the use of bio-degradable packaging, I propose to introduce a 20% Plastic *Carrier Bag Tax* on the sale value, with effect from 1 January 2025.

Withholding Tax: Supply of Recyclable Plastics

652. Mr Speaker Sir, current legislation obliges registered taxpayers to withhold 30% of any aggregate value above US$1 000 on the supply of goods and services by unregistered taxpayers, with a view to compel operators to register for tax purposes.

653. In order to support persons promoting the recycling of plastics, I propose to exempt from withholding tax, any supply of recyclable plastics, provided the aggregate amount supplied does not exceed US$5 000 in any year of assessment.

Legislative Amendments

Remittance of Government Revenue to the Exchequer

654. Mr Speaker Sir, current legislation obliges financial institutions to remit to the Consolidated Revenue Fund, revenue deposited by taxpayers within forty-eight (48) hours, failure of which interest is applied at a rate of 15% and 200% on foreign and local currency revenue, respectively.

655. In view of the recent macroeconomic developments, I propose to review the interest rate on delayed local currency remittances from 200% to the *Bank Policy Rate* plus 5%.

656. In addition, I propose to reduce the period during which *Financial Institutions* can hold Government revenues to a maximum of twenty-four (24) hours.

657. These measures take effect from 1 January 2025.

Tax Payment Dates

Value Added Tax

658. Mr Speaker Sir, current legislation allows registered operators to remit VAT revenue to the *Consolidated Revenue Fund* within twenty-five (25) days of the following month after collection of tax.

659. In order to create a balance between revenue collection and the need to ensure timely payment of inescapable expenditures, I propose that the date for remission of VAT be reviewed to fifteen (15) days after collection of tax, with effect from 1 January 2025.

660. This measure will also apply on VAT on imported services, as well as remittance of *Excise Duty* by manufacturers of excisable products and beverages which attract *Special Surtax on Sugar Content*.

Seizure of Storage Devices, Stock in Trade and Cash

661. Honourable Members would recall the proposal in the 2024 National Budget to empower the Commissioner to seize any device with the capacity to store information, as well as stock in trade, in an endeavor to recover tax debts.

662. I, therefore, propose to introduce legislation to implement the measure, in order to protect the tax base.

663. In addition, I, propose that legislation be amended to empower the Commissioner to seize any cash at the disposal of any non-compliant taxpayer, provided the tax debt would have exceeded a period of six months.

Special Capital Gains on Transfer of Mining Rights

664. Current legislation provides for a *Special Capital Gains Tax* on transfer of mining rights at a rate of 20% of the transaction value.

665. I propose that tax be applied on transactions effected after 31 December 2023.

Other Legislative Amendments

666. In order to simplify tax administration, as well as align with international developments, I propose to amend legislation as follows:

- Replace *Zimbabwe Dollar* with local currency, correct all cross-referencing errors in all tax statutes and reinstate omissions incurred during legislative amendments, including customs tariff rates;

- Replace *London Interbank Offered Rate* with the *Secured Overnight Financing Rate* in *Tax Statutes*;
- Designate *Corporate Social Responsibility Levy* on selected minerals and taxes applicable for failure to beneficiate specified products as payable in the currency of trade;
- Review the penalty for late submission of returns to US$30 per day;
- Provides for exemption from *Withholding Tax*, cattle sales by smallholder farmers on aggregate sales below US$5 000 per annum;
- Amend legislation to provide for registration, licencing, warehousing and exportation of products subject to *Beverages Sugar Content Tax*;
- Provide for the accounting of all tax revenues through a taxpayer's *Single Account*;
- Provide for the disposal of abandoned goods from State warehouses after 14 days from date of seizure;
- Amend legislation to provide clarity to the extent that, during the 2024 *Second Quarter Payment Date*, taxpayers were accorded with the option to pay *Corporate Income Tax* in both local and foreign currency in line with the proportions of the currency of trade;
- Align rebate of duty on imported inputs and capital equipment under SEZ to the new *Degree of Export Orientation*; and

- Require taxpayers to submit tax returns at least five (5) days before the payment date.

Non-Tax Legislative Amendments

Advertising and Marketing of Health Services

667. Mr Speaker Sir, currently, *Health Practitioners* and *Medical Institutions are* not permitted to advertise services as such practices are deemed unethical.

668. Current practice, however, undermines the competitiveness of local health services since the general public lack awareness of essential services in an era of fast paced technology in the medical field.

669. In order to promote access to local specialist medical services and related value chains for pre and post medical attention, I propose that legislation be amended to remove the restriction on advertising and marketing of medical services.

CONCLUSION

670. The 2025 National Budget seeks to improve the economic environment for the private sector to thrive, creating jobs and widening the revenue base. Critical is creating a conducive environment characterised by price and exchange rate stability and a conducive ease of doing business environment.

671. As we thrive to engender economic resilience, the objective is to promote home grown solutions, through supporting research and development to anchor innovation to drive economic transformation towards the attainment of an Upper Middle-Income Society by 2030.

Hon. Prof. Mthuli Ncube, (MP)
Minister of Finance, Economic Development and Investment Promotion
28 November 2024

ANNEXURE 1: 2025 INTERGOVERNMENTAL FISCAL TRANSFERS ALLOCATION

Ref	Entity	2024	2025 Allocation			2026 Proj	2027 Proj	
			Operational	Capital	Total Allocation			
A	**PROVINCIAL COUNCILS**							
1	Bulawayo Metropolitan	22.1	21.1	51.8	72.9	83.6	112.9	
2	Manicaland	62.8	60.2	147.4	207.6	238.0	321.5	
3	Mashonaland Central	62.2	59.6	146.0	205.6	235.7	318.4	
4	Mashonaland East	58.7	56.3	137.8	194.1	222.5	300.5	
5	Mashonaland West	60.4	57.8	141.6	199.4	228.6	308.8	
6	Matabeleland North	54.9	52.6	128.8	181.4	208.0	281.0	
7	Matabeleland South	55.3	52.9	129.6	182.5	209.2	282.7	
8	Midlands	58.4	55.9	136.9	192.8	221.1	298.6	
9	Masvingo	60.0	57.5	140.8	198.3	227.3	307.1	
10	Harare Metropolitan	31.8	30.5	74.6	105.1	120.5	162.8	
B	**Total**	526.7	504.6	1235.3	1739.8	1994.4	2694.3	
C	**LOCAL AUTHORITIES**							
	BULAWAYO METRO-POLITAN PROVINCE							
1	Bulawayo City Council	43.2	9.3	136.3	145.6	163.6	221.0	
	MANICALAND PROVINCE							
2	Mutare City	26.3	5.7	83.0	88.7	99.7	134.6	
3	Chipinge Town Council	31.3	6.7	98.6	105.3	118.3	159.9	
4	Rusape Town Council	26.8	5.7	84.4	90.2	101.3	136.9	
5	Makoni RDC	50.9	10.9	160.5	171.4	192.7	260.3	
6	Chipinge RDC	53.1	11.4	167.4	178.8	201.0	271.5	
7	Mutasa RDC	44.6	9.6	140.7	150.2	168.9	228.1	
8	Nyanga RDC	44.3	9.5	139.7	149.2	167.7	226.6	
9	Buhera RDC	51.4	11.0	162.0	173.0	194.5	262.7	
10	Chimanimani RDC	43.0	9.2	135.7	145.0	163.0	220.1	
11	Mutare RDC	49.8	10.7	157.2	167.9	188.7	254.9	
		421.4	90.5	1329.1	1419.6	1595.7	2155.7	
	MASHONALAND CENTRAL PROVINCE							
12	Bindura Municipality	16.7	3.6	52.6	56.2	63.1	85.3	
13	Mvurwi Town Council	25.1	5.4	79.2	84.6	95.1	128.5	
14	Pfura RDC	48.5	10.4	153.0	163.4	183.7	248.2	
15	Muzarabani RDC	45.8	9.8	144.5	154.4	173.5	234.4	
16	Mazoe RDC	51.0	11.0	161.0	172.0	193.3	261.1	
17	Bindura RDC	42.5	9.1	134.0	143.2	160.9	217.4	
18	Chaminuka RDC	45.9	9.8	144.6	154.5	173.6	234.6	

Ref	Entity	2024	2025 Allocation			2026 Proj	2027 Proj
19	Mbire RDC	44.8	9.6	141.4	151.0	169.8	229.4
20	Guruve RDC	45.8	9.8	144.6	154.4	173.6	234.5
21	Rushinga RDC	41.8	9.0	131.8	140.8	158.2	213.8
		408.0	87.6	1286.8	1374.4	1544.9	2087.1
	MASHONALAND EAST PROVINCE						
22	Marondera Municipality	23.0	4.9	72.6	77.5	87.2	117.7
23	Manyame RDC	40.3	8.6	127.0	135.7	152.5	206.0
24	Mudzi RDC	46.8	10.0	147.6	157.6	177.2	239.4
25	Mutoko RDC	45.9	9.9	144.9	154.7	173.9	235.0
26	Murehwa RDC	42.5	9.1	134.1	143.2	161.0	217.5
27	Hwedza RDC	35.5	7.6	111.9	119.5	134.3	181.4
28	Goromonzi RDC	51.5	11.1	162.4	173.4	195.0	263.4
29	UMP RDC	37.8	8.1	119.2	127.3	143.1	193.4
30	Chikomba RDC	37.3	8.0	117.8	125.8	141.4	191.1
31	Marondera RDC	40.5	8.7	127.7	136.4	153.3	207.1
		401.1	86.1	1265.1	1351.3	1518.9	2051.9
	MASHONALAND WEST PROVINCE						
32	Chinhoyi Municipality	26.3	5.6	83.0	88.6	99.6	134.6
33	Kariba Municipality	23.3	5.0	73.4	78.4	88.1	119.0
34	Karoi Town Council	29.3	6.3	92.4	98.7	111.0	149.9
35	Chirundu Local Board	31.9	6.9	100.7	107.5	120.9	163.3
36	Norton Town Council	25.6	5.5	80.6	86.1	96.8	130.7
37	Kadoma City Council	28.8	6.2	90.9	97.0	109.1	147.4
38	Chegutu Municipality	27.3	5.9	86.2	92.0	103.5	139.8
39	Sanyati RDC	39.7	8.5	125.2	133.7	150.3	203.0
40	Hurungwe RDC	56.2	12.1	177.2	189.3	212.7	287.4
41	Mhondoro-Ngezi RDC	42.1	9.0	132.9	141.9	159.5	215.5
42	Makonde RDC	43.8	9.4	138.0	147.4	165.7	223.9
43	Zvimba RDC	52.7	11.3	166.3	177.6	199.6	269.7
44	Chegutu RDC	42.4	9.1	133.7	142.8	160.5	216.9
45	Nyaminyami RDC	38.1	8.2	120.2	128.4	144.3	194.9
		507.5	109.0	1600.6	1709.5	1921.6	2596.0
	MATABELELAND NORTH PROVINCE						
46	Victoria Falls Municipality	20.0	4.3	63.1	67.4	75.7	102.3
47	Hwange Local Board	16.5	3.5	52.0	55.5	62.4	84.3
48	Lupane Local Board	33.9	7.3	106.9	114.2	128.3	173.4
49	Umguza RDC	39.5	8.5	124.5	133.0	149.5	201.9
50	Bubi RDC	41.8	9.0	131.9	140.9	158.3	213.9
51	Nkayi RDC	46.2	9.9	145.7	155.6	174.9	236.2
52	Tsholotsho RDC	35.0	7.5	110.4	117.9	132.5	179.0
53	Binga RDC	47.3	10.2	149.2	159.3	179.1	241.9

Ref	Entity	2024	2025 Allocation			2026 Proj	2027 Proj	
54	Kusile RDC	42.9	9.2	135.2	144.4	162.4	219.3	
55	Hwange RDC	26.2	5.6	82.8	88.4	99.4	134.3	
		349.3	75.0	1101.6	1176.6	1322.5	1786.7	
	MATABELELAND SOUTH PROVINCE							
56	Gwanda Municipality	17.2	3.7	54.3	58.0	65.2	88.1	
57	Plumtree Town Council	27.7	6.0	87.4	93.4	105.0	141.8	
58	Beitbridge Municipality	28.3	6.1	89.1	95.2	107.0	144.6	
59	Gwanda RDC	41.5	8.9	131.0	139.9	157.3	212.4	
60	Matobo RDC	37.6	8.1	118.5	126.6	142.3	192.2	
61	Umzingwane RDC	39.2	8.4	123.6	132.0	148.4	200.4	
62	Beitbridge RDC	40.1	8.6	126.4	135.1	151.8	205.1	
63	Bulilima RDC	41.6	8.9	131.1	140.0	157.4	212.6	
64	Mangwe RDC	41.0	8.8	129.4	138.2	155.3	209.8	
65	Insiza RDC	43.0	9.2	135.7	145.0	163.0	220.1	
		357.2	76.7	1126.6	1203.3	1352.6	1827.2	
	MIDLANDS PROVINCE							
66	Gweru City Council	23.4	5.0	73.6	78.7	88.4	119.4	
67	Zvishavane Town Council	17.3	3.7	54.4	58.1	65.4	88.3	
68	Kwekwe City Council	21.4	4.6	67.4	72.0	80.9	109.3	
69	Shurugwi Town Council	32.7	7.0	103.1	110.1	123.7	167.2	
70	Redcliff Municipality	15.3	3.3	48.3	51.6	58.0	78.4	
71	Gokwe Town Council	29.1	6.2	91.7	97.9	110.1	148.7	
72	Gokwe South RDC	54.1	11.6	170.6	182.2	204.8	276.7	
73	Vungu RDC	39.3	8.4	123.9	132.3	148.7	200.9	
74	Mberengwa RDC	44.7	9.6	141.0	150.6	169.3	228.7	
75	Zibagwe RDC	43.9	9.4	138.5	148.0	166.3	224.7	
76	Gokwe North RDC	47.5	10.2	149.7	159.9	179.7	242.8	
77	Runde RDC	39.2	8.4	123.5	131.9	148.3	200.3	
78	Tongogara RDC	40.1	8.6	126.5	135.1	151.9	205.2	
79	Chirumanzu RDC	42.5	9.1	133.9	143.0	160.8	217.2	
		490.2	105.3	1546.2	1651.5	1856.4	2507.8	
	MASVINGO PROVINCE							
80	Masvingo City	12.2	2.6	38.6	41.2	46.3	62.5	
81	Chiredzi Town Council	22.7	4.9	71.5	76.3	85.8	115.9	
82	Bikita RDC	46.2	9.9	145.6	155.5	174.8	236.1	
83	Gutu RDC	43.8	9.4	138.2	147.6	165.9	224.1	
84	Zaka RDC	46.7	10.0	147.3	157.4	176.9	238.9	
85	Mwenezi RDC	47.1	10.1	148.7	158.8	178.5	241.1	
86	Chiredzi RDC	50.3	10.8	158.7	169.5	190.5	257.3	
87	Masvingo RDC	46.9	10.1	147.9	158.0	177.6	239.9	
88	Chivi RDC	42.4	9.1	133.8	142.9	160.6	217.0	
		358.3	76.9	1130.1	1207.0	1356.8	1832.9	

Ref	Entity	2024	2025 Allocation			2026 Proj	2027 Proj	
	HARARE METROPOLITAN PROVINCE							
89	Harare City	99.0	21.2	312.4	333.6	375.1	506.7	
90	Chitungwiza Municipality	31.3	6.7	98.7	105.4	118.5	160.1	
91	Ruwa Local Board	22.0	4.7	69.3	74.0	83.2	112.4	
92	Epworth Local Board	36.3	7.8	114.5	122.3	137.4	185.7	
		188.6	40.5	594.9	635.4	714.2	964.9	
D	**Total**	3 524.8	756.8	11 117.3	11 874.2	13 347.3	18 031.1	
E	**GRAND TOTAL**	4 051.5	1 261.4	12 352.6	13 614.0	15 341.7	20 725.4	

Annexure 2: Proposed Excise Duty on Selected Wines and Spirits

HS Code	Description	Current Duty Rate	Proposed Duty Rate
2204.10.11	Sparkling Wine (Wholly produced in Zimbabwe)	US$0.25/L	US$0.30/L
2204.10.19	Other	US$0.25/L	US$0.30/L
2204.10.99	Other (of an alcoholic strength by volume exceeding 14%)	US$0.25/L	US$0.30/L
2204.10.91	Wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2204.21.11	Wine wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2204.21.12	Other wine	US$0.25/L	US$0.30/L
2204.21.19	Other	US$0.25/L	US$0.30/L
2204.21.13	Grape must wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2204.21.91	Wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2204.21.92	Other wine	US$0.25/L	US$0.30/L
2204.21.93	Grape must wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2204.21.99	Other	US$0.25/L	US$0.30/L
2204.22.11	Wine wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2204.22.12	Other wine	US$0.25/L	US$0.30/L
2204.22.19	Other	US$0.25/L	US$0.30/L
2204.22.91	Wine wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2204.22.92	Other wine	US$0.25/L	US$0.30/L
2204.22.93	Grape must wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2204.22.99	Other	US$0.25/L	US$0.30/L
2204.29.11	Wine wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2204.29.12	Other Wine	US$0.25/L	US$0.30/L
2204.29.13	Grape must wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2204.29.19	Other	US$0.25/L	US$0.30/L
2204.29.91	Wine wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2204.29.92	Other wine	US$0.25/L	US$0.30/L
2204.29.93	Grape must wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2204.30.00	Other grape must	US$0.25/L	US$0.30/L

HS Code	Description	Current Duty Rate	Proposed Duty Rate
2205.10.11	Wine wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2205.10.19	Other	US$0.25/L	US$0.30/L
2205.10.91	Wine wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2205.10.99	Other	US$0.25/L	US$0.30/L
2205.10.19	Other	US$0.25/L	US$0.30/L
2205.90.11	Wine wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2205.90.19	Other	US$0.25/L	US$0.30/L
2205.90.91	Wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2205.90.99	Other	US$0.25/L	US$0.30/L
2206.00.10	Cider	US$0.25/L	US$0.30/L
2206.00.20	Perry	US$0.25/L	US$0.30/L
2206.00.51	Of an alcoholic strength by volume exceeding 14% vol and wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2206.00.52	Of an alcoholic strength by volume exceeding 14% vol	US$0.25/L	US$0.30/L
2206.00.53	Of an alcoholic strength by volume exceeding 14% vol and wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2206.00.59	Other	US$0.25/L	US$0.30/L
2206.00.71	Of an alcoholic strength by volume exceeding 14% vol and wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2206.00.72	Of an alcoholic strength by volume exceeding 14% vol	US$0.25/L	US$0.30/L
2206.00.73	Of an alcoholic strength by volume exceeding 14% vol and wholly produced in Zimbabwe	US$0.25/L	US$0.30/L
2206.00.79	Other	US$0.25/L	US$0.30/L
2206.00.90	Other	US$0.25/L	US$0.30/L

Annexure 3: List of Selected Medical Products

Commodity Code	Description of Goods
2207.10.90	- - - Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol. or higher
2208.90.99	- - - Other undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol.; spirits, liqueurs and other spirituous beverages not elsewhere specified.
2847.00.00	- - - Hydrogen Peroxide, Whether or Not Solidified with Urea.
3002.15.00	- - - Immunological products, put up in measured doses or in forms or packings for retail sale
3004.90.90	- - - Other medicaments (excluding goods of heading 30.02, 30.05 or 30.06) consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses (including those in the form of transdermal administration systems) or in forms or packings for retail sale not elsewhere specified.
3005.90.00	- - - Other wadding, gauze, bandages and similar articles (for example, dressings, adhesive plasters, poultices), impregnated or coated with pharmaceutical substances or put up in forms or packings for retail sale for medical, surgical, dental or veterinary purposes not elsewhere specified.
3808.94.10	- - - In containers exceeding 20 L or 5 Kg (H_2O_2 put up as cleaning solutions for surfaces or apparatus.)
3808.94.90	- - - Other (H2O2 Put up in forms or packings for retail sale as disinfectants or as disinfectant preparations, containing alcohol, benzalkonium chloride solution or peroxyacids, or other disinfectants)
3808.94.10	- - - In containers exceeding 20 L or 5 Kg (Hand sanitizer)
3808.94.90	- - - Other (Hand sanitizer and Other disinfectant preparations)
3822.00.00	- - - Diagnostic or laboratory reagents on a backing, prepared diagnostic or laboratory reagents whether or not on a backing, other than those of heading 30.02 Or 30.06; Certified reference materials.
3926.20.10	- - - Gloves, mittens and mitts.
3926.20.90	- - - Other articles of apparel and clothing accessories.
4015.11.00	- - - Surgical
4015.19.10	- - - Other latex examination gloves, whether or not sterilized
4015.19.90	- - - Other gloves
4818.90.00	- - - Other toilet paper and similar paper, cellulose wadding or webs of cellulose fibres, of a kind used for household or sanitary purposes, in rolls of a width not exceeding 36 cm, or cut to size or shape; handkerchiefs, cleansing tissues, towels, tablecloths, serviettes, bed sheets and similar household, sanitary or hospital articles, articles of apparel and clothing accessories, of paper pulp, paper, cellulose wadding or webs of cellulose fibres.
6116.10.00	- - - Impregnated, coated or covered with plastics or rubber

Commodity Code	Description of Goods
6210.10.00	- - - Garments of fabrics of heading 56.02 or 56.03
6210.20.00	- - - Other garments, of the type described in subheadings 6201.11 to 6201.19
6210.30.00	- - - Other garments, of the type described in subheadings 6202.11 to 6202.19
6210.40.00	- - - Other men's or boys' garments
6210.50.00	- - - Other women's or girls' garments
6216.00.00	- - - Gloves, Mittens and Mitts.
6307.90.00	- - - Other made-up articles, including dress patterns not elsewhere specified.
6505.00.00	- - - Hats and other headgear, knitted or crocheted, or made up from lace, felt or other textile fabric, in the piece (but not in strips), whether or not lined or trimmed; hair-nets of any material, whether or not lined or trimmed.
8419.20.00	- - - Medical, surgical or laboratory sterilizers
9004.90.20	- - - Of a kind designed for the protection of the eyes of industrial workers
9004.90.90	- - - Other spectacles, goggles and the like, corrective, protective or other not elsewhere specified.
9018.19.00	- - - Other electro-diagnostic apparatus (including apparatus for functional exploratory examination or for checking physiological parameters)
9018.31.00	- - - Syringes, with or without needles
9018.32.10	- - - Fistula needles
9018.32.90	- - - Tubular metal needles and needles for sutures
9018.39.00	- - - Other needles, catheters, cannulae and the like
9018.90.00	- - - Other instruments and appliances
9019.20.00	- - - Ozone therapy, oxygen therapy, aerosol therapy, artificial respiration or other therapeutic respiration apparatus
9020.00.00	- - - Other breathing appliances and gas masks, excluding protective masks having neither mechanical parts nor replaceable filters.
9022.12.00	- - - Computed tomography apparatus
9025.11.00	- - - Thermometers and pyrometers, not combined with other instruments liquid-filled, for direct reading
9025.19.00	- - - Other thermometers and pyrometers, not combined with other instruments
9027.80.00	- - - Other instruments and apparatus