PARLIAMENT OF ZIMBABWE

Thursday, 8th December, 2016

The National Assembly met at a Quarter-past Two O’clock p.m.

PRAYERS

(THE HON. SPEAKER in the Chair)

ANNOUNCEMENTS BY THE HON. SPEAKER

EARLY ADJOURNMENTS OF THE HOUSE DUE TO LACK OF QUORUM.

THE HON. SPEAKER: I have this important announcement addressed to all Members of Parliament on the subject of early adjournments of the House due to lack of quorum. I have to draw the attention of the House to a matter of concern relating to attendance of Parliamentary sessions by Members in Parliament. As you may recall, on 29th July, 2015 and on many other occasions, I have not only raised similar concerns but I have also deplored very disturbing trends by some Hon. Members, who only attend sittings for a very short time before leaving the House. I have learnt with great sadness that some Hon.
Members have not taken heed of my concerns relating to quorums in the National Assembly.

Hon. Members of Parliament have responsibilities to fulfill in terms of their representative, oversight and legislative roles. Section 117 (1) of the Constitution of Zimbabwe provides as follows: “The legislative authority of Zimbabwe is derived from the people and is vested and exercised in accordance with the Constitution of Zimbabwe by the Legislature.” Further to the above, we must never lose sight of the fundamental fact that as provided for in Section 2(f) of the Constitution of Zimbabwe, the State and all institutions and agencies of Government at every level must have; “respect for the people of Zimbabwe from whom the authority to govern is derived, I repeat must have respect for the people of Zimbabwe from whom the authority to govern is derived. In this regard, Hon. Members must recognise and respect the source of their authority, namely the people of Zimbabwe [HON. NDEBELE: Inaudible interjection.] – Can you be silent Hon. Ndebele, this is not a joke.
Indeed it has become a chorus in the august House for Hon. Members to clamour for Vice Presidents, for Ministers and Deputy Ministers to attend Parliament in order to answer questions as provided for in Section 107 subsection (ii) of the Constitution of Zimbabwe. It therefore follows that as Hon. Members, we should lead by example through religiously attending sittings of Parliament and Committees. In Matthew Chapter 7, verse 2-4, it is written ‘For with the same judgment you pronounce, you will be judged and with the measure you use, it will be measured to you. Why do you look at the speck of sawdust in your brother’s eye but fail to notice the plank in your own eye? How can you say to your brother let me take the speck out of your eye while there is still a plank in your own eye?’

Flowing from the above biblical injunction which is applicable in this case, it can be seen that we may be morally compromised if we see the specks in other people’s eyes while ignoring the planks in our own eyes. Hon. Members must demonstrate respect and appreciation of their constitutional obligations in serving the nation through parliamentary
duties which require respect of the legislative authority that is derived from the people of Zimbabwe and the Constitution of Zimbabwe.

Hon. Members have been on record stating that Parliament business is paramount and it needs to be diligently and conscientiously considered. Yesterday, on Wednesday, 7th December, 2016 criticisms were leveled by Hon. Members at the Executive, when some Ministers failed to timeously attend Parliament to answer questions concerning matters for which they are collectively and individually responsible. However, the truancy of some Hon. Members flies in the face of all such criticism and negates the collective sincerity of members of the National Assembly as demonstrated by no quorums in the august House. This is ample evidence that Hon. Members are not duty conscious themselves in taking the oath as a Member of Parliament. You solemnly swore that you will bear true allegiance to Zimbabwe, observe all other laws and perform your duties to the best of your ability. However, your continuous absence from the Chamber constitutes gross dereliction of duty. Consequently, you are shortchanging the very people that you
purport to be representing and are tax payers who sustain our financial benefits.

In view of the foregoing, I shall request our legal and procedural sub-Committee to make appropriate recommendations and proposed sanctions so that errand behaviour by some Hon. Members is nipped in the bud. As Parliament, we owe – [HON. MEMBERS: Inaudible interjections.] – Order, order. – [HON. CHIBAYA: Ko kuma Minister uko.] – Order, Hon. Chibaya. Thank you.

As Parliament, we owe our presence here to the people of Zimbabwe whose trust we cannot betray by bunking Parliament sessions. I know there was some little heckling saying Ministers; that issue I have – [HON. MUTSEYAMI: Inaudible interjections.] – Order Hon. Mutseyami. I have discussed the matter with the Hon. Leader of Government business and I have come up with a dossier that will see certain action being taken. I thank you – [HON. MEMBERS: Inaudible interjections.] –

PRESENTATION OF THE 2017 BUDGET STATEMENT
THE HON. SPEAKER: I have to inform the House that the Hon. Minister of Finance and Economic Development will present the 2017 National Budget today at 1445 hours.

Business was suspended at Twenty Five Minutes to Three o’clock p.m. and resumed at a Quarter to Three o’clock p.m.

His Excellency, the President R. G. Mugabe in attendance.

MOTION

FINANCE BILL: 2017 BUDGET SPEECH AND STATEMENT

1. THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT (HON. CHINAMASA): Mr. Speaker Sir, I move that leave be granted to present a Statement of the Estimated Revenues and Expenditures of the Republic of Zimbabwe for the 2017 Financial Year and to make Provisions for matters ancillary and incidental to this purpose.

INTRODUCTION

2. The 2017 National Budget Statement constitutes the fourth Budget for implementing our Zim Asset Programme.
3. Mr. Speaker Sir, my Budget Speech to this August House is speaking to the 2017 Budget Statement which I am concurrently tabling, in line with a new Budget format I have adopted, whose package comprises:

- Budget Statement;
- Budget Speech;
- Estimates of Expenditures; and
- Budget Highlights.

4. Mr. Speaker Sir, I will present in March 2017 the economic review material, historically presented as part of the National Budget under a new publication, *Annual Budget Review*.

5. I wish to acknowledge that the direction I have outlined was underscored by stakeholders during the broad based pre-Budget consultative processes undertaken by Treasury and Parliamentary Portfolio Committees.

6. Mr. Speaker Sir, I also want to acknowledge the immense and
constructive guidance I continue to get from His Excellency, the President and our two Honourable Vice Presidents and colleague Cabinet members.

7. Mr. Speaker Sir, the fundamental challenge to our economy remains that of under-production across all sectors of the economy.

8. This Budget proposes a strong reform agenda in order to address fiscal and other imbalances.

9. Let me now turn to a brief discussion on the economic and fiscal outlook in order to contextualise the 2017 National Budget.

**ECONOMIC AND FISCAL OUTLOOK**

**Growth**

10. Mr. Speaker Sir, the economy continues to be characterised by low production, import dependency, low savings, low incomes, high formal unemployment as well as liquidity and cash challenges.

11. Agriculture was negatively affected by the El-Nino induced drought while depressed international commodity prices adversely affected mining sector activities resulting in significant negative impact on the national output growth.
12. Mr Speaker Sir, it is against these challenges that real economic growth in 2016 is estimated at 0.6%.

13. A growth rate of 1.7% is expected in 2017 due to the anticipated better rains, recovery of some commodity prices and the ease of doing business reforms.

**Critical Success Factors**

14. Mr. Speaker Sir, our recovery prospects depend on the following factors:

   - Confidence building, underpinned by policy consistency;
   - Successful conclusion of the international re-engagement process;
   - Good rainy season;
   - An atmosphere of tranquility, tolerance and minimum polarisation in the run up to 2018 elections; and
   - Addressing liquidity and cash challenges.
Fiscal Framework

Revenue Outlook

15. Mr Speaker Sir, reflecting on the challenges on revenue collections, targets were continuously revised downwards during the year.

16. The Revenue target of US$3.85 billion was revised to US$3.69 billion through the Mid-Year Review, before the latest review of US$3.52 billion now expected by year end.

17. Mr Speaker Sir, the spill over effect of some of the prevailing economic challenges into the first part of 2017 will constrain revenue collections.

Expenditures

18. The 2016 National Budget was characterised by additional expenditures outside the appropriations that increased expenditures to US$4.6 billion from US$4 billion.

19. The expenditure pressures were on account of the following:
- Drought related grain procurement, US$253.5 million;
- Bonus payments for 2015, US$177.8 million;
- December 2015 salary payment arrears, US$138 million; and
- Debt servicing, US$512.6 million.

20. Employment costs, at US$2.6 billion, for January to October 2016 accounted for 91.4% of total revenues leaving just 8.6% for operations and capital expenditure.

21. Mr Speaker Sir, the state of our public finances as obtaining currently for 2016 is characterised by a financing gap of US$1.1 billion which has become a source of great concern.

**Financing Gap**

22. Mr Speaker Sir, for the proposed 2017 Budget, the Fiscal Framework projects revenue collections of US$3.7 billion and expenditures of US$4.1 billion.
23. This presents a financing gap of about US$400 million, which is 3% of GDP.

24. This, therefore, reflects a path towards reducing the Budget imbalance through rationalisation and fiscal consolidation measures.

25. Mr Speaker Sir, Government should move away from a situation where the perception and expectation that Treasury Bills have become a surrogate currency to meet expenditures and deficit financing.

**EXPENDITURE PROPOSALS & SUPPORTIVE POLICIES**

2017 Proposed Allocations

26. Mr. Speaker Sir, I now turn to Expenditure proposals for 2017.

27. The proposed 2017 Total Expenditure and Net Lending of US$4.1 billion, comprises US$3.4 billion for Vote Appropriations and US$673.7 million for Constitutional and Statutory Appropriations.

28. Taking into account non-discretionary Employment Costs of US$3 billion and Constitutional and Statutory obligations of US$673.7 million, the balance has been allocated towards recurrent operations of US$400 million and Capital expenditure of US$520 million.
29. Mr Speaker Sir, I would want Honourable Members to be aware that while our Blue Book format (Estimates of Expenditure) follows the Vote approach, the allocations themselves relate to ZimAsset clusters namely:

- Food Security and Nutrition;
- Value Addition and Beneficiation;
- Infrastructure and Utilities; and
- Social Services and Poverty Eradication.

30. Mr Speaker Sir, I here under provide some of the proposed Vote allocations:

<table>
<thead>
<tr>
<th>Vote Appropriations</th>
<th>Provisional 2017 Estimates US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary and Secondary Education</td>
<td>803,771,000</td>
</tr>
<tr>
<td>Home Affairs</td>
<td>364,308,000</td>
</tr>
<tr>
<td>Defence</td>
<td>340,522,000</td>
</tr>
<tr>
<td>Category</td>
<td>Amount</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Agriculture, Mechanisation and Irrigation Development</td>
<td>292,696,000</td>
</tr>
<tr>
<td>Health and Child Care</td>
<td>281,976,000</td>
</tr>
<tr>
<td>Finance and Economic Development</td>
<td>281,191,000</td>
</tr>
<tr>
<td>Higher &amp; Tertiary Education, Science and Technology Development</td>
<td>200,886,000</td>
</tr>
<tr>
<td>Public Service, Labour and Social Services</td>
<td>193,789,000</td>
</tr>
<tr>
<td>Office of the President and Cabinet</td>
<td>175,643,000</td>
</tr>
<tr>
<td>Justice, Legal and Parliamentary Affairs</td>
<td>91,379,000</td>
</tr>
<tr>
<td>Transport and Infrastructural Development</td>
<td>55,838,000</td>
</tr>
<tr>
<td>Local Government, Public Works and National Housing</td>
<td>49,707,000</td>
</tr>
<tr>
<td>Parliament of Zimbabwe</td>
<td>30,713,000</td>
</tr>
<tr>
<td>Audit Office</td>
<td>3,262,000</td>
</tr>
</tbody>
</table>
31. Let me proceed to briefly make indications of the Zim Asset components by cluster, where applicable.

**Food Security and Nutrition Cluster**

32. Mr Speaker Sir, I propose to allocate an amount of US$244.2 million under the Agriculture Vote outside employment costs given the sector’s strategic importance in promoting food security and nutrition.

33. Accordingly, this Vote provision is targeting support to vulnerable households, Cotton Resuscitation Programme, extension services, veterinary services, rehabilitation and construction of smallholder irrigation schemes and Special Maize Production Programme.

**Social Services and Poverty Eradication Cluster**

34. Mr Speaker Sir, education, health and social services comprise our Zim Asset Social Services and Poverty Eradication Cluster and constitute one of the 7 Pillars of the I-PRSP Government launched on 26 September 2016.

35. Accordingly, I propose to allocate a total of US$1.6 million to major Votes under this cluster as follows:
Health

36. The 2017 appropriation for Health includes, US$229.9 million for remuneration of health personnel, US$17.9 million for the construction and refurbishment of health infrastructure and US$10 million for procurement of medical and diagnostic equipment.

Education

37. Works on the construction of 12 Primary and 5 Secondary schools in eight rural provinces, under the US$20 million Loan Facility from the OPEC Fund for International Development (OFID), are expected to commence in 2017.

38. Against the background of shortage of institutional accommodation and inadequate teaching and learning built environment, US$23.2 million is being appropriated towards the completion of on-going construction works.

39. An amount of US$1.75 million is earmarked for the development of master plans and designs for the three new State universities in Manicaland, Mashonaland East and Matabeleland South as well as for
the rehabilitation of existing infrastructure at Epoch Mine for Gwanda State University.

Poverty Eradication

40. The poor and vulnerable groups of our society bear the biggest brunt of economic hardships, thus necessitating the need to protect them.

41. The 2017 National Budget will prioritise and ring-fence resources towards social protection programmes.

42. Mr. Speaker Sir, Government is setting aside US$2.3 million under the 2017 Budget towards empowerment and poverty eradication programmes. This will be complemented by resources from cooperating partners.

Value Addition and Beneficiation Cluster

43. Mr Speaker Sir, I propose to allocate US$32.7 million towards the Value Addition and Beneficiation Cluster, to be channelled through the Ministries of Industry and Commerce, Mines and Mining Development, Tourism and Hospitality Industry and Small and Medium Enterprises and Cooperative Development.

44. The support will provide added impetus to the growth of the agro-
industry, manufacturing and mining sectors, leveraging on the benefits from the prioritisation of imports through SI 64 of 2016.

** Infrastructure and Utilities Cluster  

45. Mr Speaker Sir, I have set aside US$188.5 million towards addressing the infrastructure gap.

46. These Funds will be complemented by other sources, including Statutory Funds, State Owned Enterprises, Development Partners and loan financing.

** Energy  

47. The major energy projects will be funded as follows:

- Kariba South Extension, US$126.5 million;
- Bulawayo Thermal Power Station, US$34 million;
- Pre-paid meters, US$36.9 million; and

** Water and Sanitation  

48. Mr Speaker Sir, the 2017 proposed allocations prioritise
completion of on-going dam projects estimated to cost a total of US$25.8 million and US$16.4 million in support of water and sanitation programmes for urban and rural authorities, including procurement of drilling rigs for ZINWA and DDF.

49. The Budget will be complemented by support from development partners.

50. Mr Speaker Sir, I propose the following allocations for the major infrastructure ministries in 2017:

- Energy and Power Development, US$6.3 million;
- Environment, US$40.1 million;
- Transport and Infrastructure, US$55.8 million;
- Local Government, US$49.7 million; and
- Information, US$6.4 million.

*Desiltation*

51. Government is intent on instituting concrete steps as a direct response to the scourge of siltation that is threatening our rivers and water bodies.
52. This is compromising access to water, including irrigation and aquaculture.

53. The 2017 Budget is prioritising funding towards procurement of additional dredgers for desiltation of identified rivers and water bodies across the country.

*Climate Change*

54. In order to safeguard the environment and to minimise the damage to livelihoods and negative impact on agricultural productivity, the following general environmental laws will be enforced:

- o uncontrolled cutting down of trees;

- o prevention of wild fires;

- o cultivation of wetlands;

- o stream bank cultivation; and
construction contour ridges.

Tobacco Levy

55. Government appreciates the cooperation of tobacco farmers through the Tobacco Industry Marketing Board over payment of the Tobacco levy introduced since 2014.

56. In the same vein, there is need that we redress our delay to earmark and disburse collections there from towards the intended purpose which is to establish woodlots.

57. I propose that under the 2017 Budget, Government appropriates the outstanding disbursements, at the same time ensure that collections in 2017, accrue directly into a TIMB Afforestation Fund (special account) established for this purpose and to be managed by TIMB.

Transport

58. Mr Speaker Sir, focus is on the dualisation of Beitbridge-Harare road, which would be implemented under a BOT arrangement as well as the construction of the Harare ring road and Harare–Chirundu road to be financed through a loan.
59. Work is now underway to conclude on the conditions precedent, critical for achievement of financial close and commencement of works on the project.

**Information Communication Technology**

60. The rapid spread of digital devices and greater internet access in both urban and rural areas is enabling dissemination of critical information and knowledge that empowers households and other institutions in various activities.

61. The budget proposes to allocate US$12.8 million towards interventions in the sector in support of the e-Government programmes.

**Joint Ventures**

62. Mr. Speaker Sir, following the enactment of the Joint Venture Act, the Unit under Ministry of Finance will be operational by the first quarter of 2017.

**Project Preparation Development Fund**

63. Mr Speaker Sir, I propose an allocation of US$7 million for the
establishment of the Project Preparation Development Facility, which will finance project development costs such as feasibility studies, environmental and social impact assessments and design studies among others that will guide investment decisions by private investors.

64. This Fund will be administered through the Infrastructure Development Bank of Zimbabwe (IDBZ).

**Constituency Development Fund**

65. The resources under the Constituency Development Fund have been allocated under Parliament pending the promulgation of the appropriate legislation to govern the Fund.

**Governance issues**

66. Mr. Speaker Sir, I propose to allocate US$140.7 million for the promotion and strengthening of operations of our institutions involved in the supervision and enforcement of good governance to be distributed as follows:

- Ministry of Justice, Legal and Parliamentary Affairs, US$91.4 million;
- National Prosecuting Authority, US$3.6 million;
- Zimbabwe Electoral Commission, US$9.8 million, to kick-start the 2018 General Elections preparations;
- Audit Office, US$3.3 million;
- Zimbabwe Human Rights Commission, US$2 million; and
- Parliament of Zimbabwe, US$30.7 million.

**Supply Side Supportive Measures**

67. Mr. Speaker Sir, consistent with the 2017 Budget Theme of ‘Pushing Production Frontiers Across All Sectors of the Economy’, the 2017 National Budget gives greater prominence to stimulating the productive sectors of the economy, with a view to expanding the national cake.

68. Mr. Speaker Sir, Honourable Members will recall that I have just walked through measures under agriculture.

**Mining**

69. In 2017, the sector is projected to grow on the back of firming global demand for, and prices of minerals.
Platinum Beneficiation

70. Under the agreed roadmap, all platinum producers were required to have migrated to base metal refining by December 2016, failure of which a 15% export tax will apply.

71. To date, significant progress has been made by Zimplats, Unki and Mimosa and, I am extending the suspension of the export tax for another year to allow completion and migration to base metal refinery by December 2017.

Diamonds Production and Marketing

72. It will be critical to urgently address the sector issues militating against efficient production of diamonds.

73. On marketing of diamonds, Government will be evaluating the proposal received from Parliamentarians to subject diamond marketing to arrangements similar to those applicable to gold in liaison with all the stakeholders involved.

Zimbabwe Mining Development Corporation

74. Mr. Speaker Sir, Zimbabwe Mining Development Corporation
(ZMDC) currently holds assets comprising land and buildings, mining claims and mines in gold, base metals, industrial minerals and energy minerals.

75. The broad measures to consider for turning around ZMDC for the benefit of our economy include the following:

- Recapitalisation of mines through Joint Ventures;
- Investment towards exploration, development, production and ultimately, beneficiation on untapped minerals; and
- Finalising and executing pending viable Joint Venture deals.

76. Exploration will pave way for consideration of competitive bidding for investment in the huge mineral assets under ZMDC.

77. Mr. Speaker Sir, Government is giving greater urgency to mobilising resources to finance exploration in order to determine value of the asset(s) before auctioning, as well as Joint Venture partnerships.

**Manufacturing**

*Statutory Instrument 64 of 2016*

78. Although Government has heavily relied on fiscal adjustments,
particularly tariff reviews to restore competitiveness, their impact has been low due to structural rigidities inherent in the economy and the firming of the US dollar from 2012.

79. Against this background, Government instituted Statutory Instrument 64 of 2016, which removed some products from the Open General Import Licence.

80. This intervention was, therefore, positive, strategic and timely as reported average capacity utilisation increased by 10% to 47.4%.

81. Mr. Speaker Sir, it is worth noting that this protection is only for a limited period and it must not be viewed as promoting inefficiency and insulating local companies against external competition.

82. It is, therefore, essential that our local companies take maximum advantage of this short term window of opportunity to retool, recapitalise and re-orient their business models, and address their cost structures and competitiveness.

83. Government will, therefore, explore financing arrangements to augment these companies’ recapitalisation requirements to meet the resultant domestic supply gap and compete in the export market.
84. The 5% export incentive is one such measure that will support exporters of manufactured products.

*Industrial Development Corporation (IDC) Restructuring*

85. The IDC has 7 subsidiaries and significant shareholding in 7 associated companies.

86. Taking cognisance of the poor financial status of IDC, Cabinet has approved disposal of IDC’s loss making units and reversion to its core function of venture capitalist, which is key to the re-industrialisation of our economy.

87. In line with the Cabinet position, Treasury will work closely with the Ministry of Industry & Commerce and IDC to ensure that this position is implemented expeditiously.

*Value Chains and Business Linkages*

88. Mr. Speaker Sir, Government will take steps to strengthen and promote value chains and increase value addition in the economy, embracing primary production of key crops, right through to agro-processing.

89. Good examples include Bata Shoe Company for its support to
small and medium enterprises, Nestle through its out-grower scheme in the dairy industry, Delta under its barley contracting, among many others.

90. Government, under the 2017 National Budget, is proposing fiscal incentives to promote the development of such business models in all economic sectors. This will promote inclusive, sustainable and balanced growth.

**Resuscitation of Steel Production**

91. Mr. Speaker Sir, I have previously emphasised the importance of a steel industry in the economy of Zimbabwe. We need to develop fresh thinking and ideas over the resuscitation of Ziscosteel Company.

92. Mr. Speaker Sir, additionally we need to take note of the trend the world over that the steel industry is gravitating towards small scale steel milling plants, guaranteeing efficient steel production.

**Tourism**

93. Honourable Members, will need to note that a key focal area under
tourism, is the development of the Victoria Falls Integrated Park in the proposed Special Economic Tourism Zone Corridor stretching from Victoria Falls - Hwange National Park - Binga - Kariba.

94. To the above end, the relevant Ministry will be liaising with key stakeholders including IDBZ.

**UHF 700 Frequency Digital Dividend**

95. Our UHF 700 Frequency Digital Dividend is a high value asset currently not being utilised.

96. It is proposed that Government pursues leveraging resources out of this through open competitive bidding with due diligence cognisant of national security considerations.

97. The resources thus realised should be applied towards funding the ongoing Zimbabwe Digital Broadcasting Migration Project and other capital projects that enhance and expand interconnectivity especially in rural areas.

**Residential Housing**

98. Mr Speaker Sir, the ongoing various Government programmes and
residential housing programmes being spearheaded by institutions such as CABS, Old Mutual, IDBZ, Fidelity Life Assurance, CFI Holdings, NICOZ Diamond, UDCORP and ZIMRE Property Investment.

99. Government will continue to provide State land to Local Authorities to enable them to offer affordable schemes to the generality of the people in order to reduce the national housing backlog.

Programme for Civil Servants

100. Mr Speaker Sir, on account of the difficulties civil servants are facing in accessing decent accommodation, Government has come up with a non-monetary benefit to cover every employee whereby the State offers stands for the development of own houses.

101. Under the Scheme, beneficiaries identify the location and residential area of preference.

102. The Ministry of Local Government, Public Works and National Housing will facilitate the provision of critical services such as electricity, roads, water and sewer services as well as development of layout plans and servicing of the land.

103. Appropriate financing facilities will be arranged, entailing
contributions from the following:

- A minimal monthly deduction of say US$50 that will be dedicated towards servicing cost of the land; and
- Payment of the intrinsic value of the land of US$4 per square metre and US$1 for administration costs through the 13th Cheque whose modalities of implementation are to be negotiated, discussed and agreed among the relevant ministries; as well as staff associations, UDCORP, National Building Society and Home Link.

**SMES Market Malls/Factory Shells**

104. Mr. Speaker Sir, provision of infrastructure for SMEs remains one of the most important features for supporting their businesses.

105. In this regard, Government will be introducing incentives for institutional investors, such as pension funds, insurance companies and other private investors, who finance the construction of infrastructure such as market malls/factory shells for SMEs.

106. These incentives will be applied in retrospect with effect from 1 January 2016.
Empower Bank for the Youth

107. Government will support the capitalisation of the Empower Bank for the Youth.

Vocational Training Centres

108. A combined total of 248 000 youths graduate at O’ level, A’ level and at various tertiary institutions every year.

109. These centres are pivotal in supporting school leavers of around 180 000 per year who are unable to be absorbed into the tertiary institutions.

110. This requires that a framework for accommodating the increasing number of graduates be developed.

111. Mr. Speaker Sir, Vocational Training centres are an effective tool of equipping school leavers with essential skills to support their livelihood.

112. Government is consolidating and expanding training under vocational training centres in every province, targeting to increase the number of trainees.
113. Government is also considering the possibility of apportioning a certain percentage of the ZIMDEF resources towards funding vocational training centres.

**STRUCTURAL POLICY INITIATIVES**

114. Mr. Speaker Sir, confidence building remains a critical imperator for supporting strong economic growth.

115. We, therefore, have to continue with the implementation of initiatives that target improvement in the ease of doing business as well as enhancing and achieving policy consistency.

*Indigenisation and Economic Empowerment Framework*

116. His Excellency, the President, during the official opening of the 8th Session of Parliament in October 2016, reaffirmed the need to amend the Act during the course of the 8th Session.

117. Mr. Speaker Sir, an option available to expedite this process, is to effect the alignment of the existing law to the policy pronouncement by His Excellency through the Finance Act.
Competitiveness and Ease of Doing Business

118. Confidence in the economy is benefiting from the ease of doing business reforms which seek to improve the ease of doing business environment across all the sectors, thus rendering the economy increasingly more competitive.

119. Already, 13 pieces of legislation have been identified as requiring amendment to improve the ease of doing business and work is already at an advanced stage.

120. Government with the support of the Legislature, will give attention to the finalisation of the legislative processes.

Cost of Credit

121. The issue of 15% lending rates from banks, coupled with shorter lending periods also continues to negatively impact on the competitiveness of borrower businesses.

122. Hence, the Reserve Bank will continue to monitor the levels of lending rates being charged by banking institutions through their on-going supervisory activities in liaison with the Bankers Association of Zimbabwe.


**Bond Notes**

123. The broadening of the range of multi-currencies through the addition of the $1 bond coin and the $2 and $5 Bond Notes as an incentive to increased production for exports should spur private spending due to cash and liquidity improvements.

124. A total of US$17 million equivalent of Bond Notes has so far been disbursed and the uptake has been beyond our expectations.

**Fighting Corruption**

125. Budget policies and thrust would continue to play their part in the drive towards elimination of corruption. This is a key matter which should contribute towards giving impetus to economic recovery through not only financial savings, but also confidence building.

126. It is proposed that computerisation be speedily embraced across Government in transactions including procurement and payments.

**Public Entities**

127. Mr Speaker Sir, Government is intent on turning around our public
entities. In the spirit of the agreed Social Contract already in place and launched by His Excellency, the President on 26 February 2010, the following are proposed with effect from 1 January 2017:

- Remuneration and Benefits is frozen, pending finalisation of the new public sector Remuneration Framework; and
- Any increase in prices, fees and charges by all public sector entities, including charges on water, power, rates, local taxes, environmental requirements, among others, will have to be justified and considered on its merits.

**Debt and External Payment Arrears**

128. Mr Speaker Sir, we remain in course in our Arrears Clearance Strategy with the objective of re-engaging with the international community.

129. Already, Zimbabwe has settled its overdue obligations to the International Monetary Fund (IMF) amounting to US$107.9 million.

130. Consequently, the IMF Board in November 2016, lifted sanctions
on Zimbabwe related to remedial measures which included, declaration of non-cooperation with the IMF; suspension of technical assistance; and removal of Zimbabwe on the list of PRGT-eligible countries.

131. The next step is resolving in 2017 arrears to African Development Bank (AfDB) US$610 million, the World Bank, US$1.16 billion, European Investment Bank (EIB), US$235 million, and other multilateral institutions as well as bilateral creditors.

**REVENUE MEASURES**

132. Mr. Speaker Sir, the revenue measures that I am proposing seek to enhance the support that has already been availed to industry through tax relief and modest protection, enhance revenue and efficiency in tax administration.

**Support to Industry**

133. In an effort to boost domestic production and value addition against declining exports, Government has supported industry through prioritisation of critical raw material imports and leveling the playing field using such temporary import prioritisation instruments that include tariffs and SI 64 of 2016.
134. Government measures to support the resuscitation of industry will have to be complemented by manufacturers playing their part with regards to guaranteeing quality of goods, as well as competitiveness of prices.

135. I, therefore, propose the following measures in support of the domestic industry:

**Milling**

136. Amend bilateral rules of origin on flour, to the effect that the preferential treatment is granted to flour milled from wheat grown in the country of export and also remove wheat flour from the Open General Import Licence.

**Dairy**

137. Increase the ring-fenced milk powder requirements.

**Textiles**

138. Increase customs duty on selected fabric and also avail additional raw materials under a rebate of duty on selected fabrics.
139. Remove luggage ware from the Open General Import Licence.

Clothing

140. Remove school uniforms from the Open General Import Licence.

Printing and Packaging Industry

141. Increase the list of raw materials that qualify under manufacturers’ rebate.

Soap Manufacturers

142. Avail additional raw materials which include fatty acids, palm stearine and palm kernel oil under a manufacturers’ rebate.

Sanitary Wear

143. Avail duty free importation of raw materials, which include pulp, glue and virgin tissue, under manufacturers’ rebate.

Revenue Enhancing Measures

144. Mr. Speaker Sir, I propose the following measures, in order to enhance revenue to the fiscus:
145. Mr. Speaker Sir, most of the devices that were approved at the commencement of the fiscalisation programme are now outdated.

146. I, therefore, propose to authorise suppliers of fiscalised devices to procure advanced devices.

147. Currently, six out of ten companies licenced to supply fiscalised devices are operational, thus, constraining the supply of fiscalised devices.

148. I, therefore, propose to licence additional suppliers of fiscalised devices. These will complement existing suppliers in meeting the anticipated demand for fiscal devices that will arise from extension of the fiscalisation programme to operators in categories A, B and D.

149. Connection of acquired fiscal devices to the ZIMRA remains slow,
due to resistance by operators, thus, undermining the ability of ZIMRA to monitor in real time, transactions that attract VAT.

150. In order to ensure compliance by category C operators, non-compliant operators will not be issued with Tax Clearance Certificates. This implies that operators will be subject to a withholding tax of 10% of the gross value of sales.

*Capital Gains Tax on Intangibles*

151. Amend the definition of specified assets to include income accruing from the disposal of property of any description, whether tangible or intangible, including whatever nature of rights to such property.

*Rationalisation of VAT Zero Rated Products*

152. Meat products, rice, margarine and potatoes, among others have been removed from the VAT zero rated schedule to standard rate.

*Health Fund Levy*

153. Mr. Speaker Sir, Government aims to attain the highest possible
level of health and quality of life for all citizens as this allows for full participation in the development of the economy.

154. In order to attain this vision, every citizen has to access comprehensive and effective health services.

155. However, the shrinking tax base has constrained Government’s capacity to invest in the public health delivery system, which is now being augmented with resources from development partners.

156. The continued reliance on a shrinking formal tax base and development partners to fund critical sectors such as health, is no longer sustainable, for both the taxpayer and Government.

157. It is, therefore, critical that all economically active individuals contribute towards funding health services.

158. I, therefore, propose to introduce a health fund levy of 5 cents for every dollar of airtime and mobile data, under the theme, “talk-surf and save a life”.

159. The resources raised will be ring-fenced for the purchase of drugs
and equipment for public hospitals and clinics.

**Tax Relief Measures**

*Tax Incentives for Special Economic Zones*

160. In order to enhance the attractiveness of the Special Economic Zones, I propose to provide tax incentives as follows:

- Exemption from Corporate Income Tax for the first 5 years of operation. Thereafter, a corporate tax rate of 15% applies;
- Special Initial allowance on capital equipment at the rate of 50% of cost from year one and 25% in the subsequent two years;
- Employees’ tax on specialised expatriate staff at a flat rate of 15%;
- Exemption from Non-residents tax on Fees on services that are not locally available;
- Exemption from Non-residents tax on Royalties;
- Exemption from Non-residents tax on Dividends; and
• Duty free importation of raw materials, intermediate products and capital equipment.

**Capital Gains Tax on Donated Houses**

161. Exempt donations of housing units to any local authority, employee share ownership scheme or community development trusts from Capital Gains Tax.

**Taxation of Small to Medium Enterprises**

162. Mr. Speaker Sir, in order to further enhance the growth of SMEs, thereby creating an environment conducive for their participation as anchors of economic development, I propose the following support measures:

**Registration for Value Added Tax**

163. Waive the requirement to account for output tax from the deemed date of qualification for registration for SMEs whose turnover does not exceed US$240,000 per annum and also voluntarily register for VAT with the Zimbabwe Revenue Authority.
Provisional Tax

164. Account for provisional tax during the first year of registration, when the *Fourth Quarterly Payment Date* falls due.

Presumptive Tax

165. Review downwards, presumptive taxes and the payment period from quarterly to monthly basis.

Revenue Collected from SMEs

166. Ring-fence the revenue generated from presumptive taxes towards capitalisation of the Small and Medium Enterprises Development Corporation (SMEDCO) for on-lending to SMEs.

VAT Exemption on Banking Services

167. Exempt banking and payment solutions offered by any person registered under the National Payments Systems Act from VAT.

Customs Duty on Luxury Buses

168. Ring-fence importation of 30 luxury buses at a reduced rate of 5% for the period of twelve months.

Efficiency in Tax Administration
Excise Duty on Paraffin

169. Paraffin usage escalated from 12.7 million litres in 2009 to 75.8 million litres in 2016. This is a clear testimony that paraffin exempt from excise duty, is being used by unscrupulous traders for blending with diesel, in order to achieve higher profit margins, thereby prejudicing revenue to the fiscus and causing mechanical damage to motor vehicle engines.

170. Intended beneficiaries of the duty exemption, now prefer to use alternative sources such as solar and LPG gas.

171. I, therefore, propose to align excise duty on paraffin with diesel at a rate of 40 cents per litre with effect from 1 January 2017.

Regulation of Clearing Agents and Tax Consultants

172. Require managers and employees of aspiring clearing agents to possess at least a diploma from a recognised academic institution or professional body.
• Extend to other tax statutes, the authority of the Commissioner General to report any unethical conduct by a taxpayer or tax practitioner to their controlling association.

• Compel all tax practitioners to be registered with a recognised controlling body or association that regulates their conduct as well as the Zimbabwe Revenue Authority.

**Temporary Importation Permits for Visitors’ Vehicles**

173. Reduce the maximum period under which the Commissioner may permit the temporary importation of motor vehicles by visitors and residents living abroad from the current twelve to three months.

**CONCLUSION**

174. Mr. Speaker Sir, in conclusion, this Budget should mark a turning point towards a development economy through fiscal consolidation and stimulating production.

175. The success of the proposed measures can only be meaningfully realised through the collective responsibility of all stakeholders through
sustained implementation anchored by policy consistency, credibility, predictability and coherence which by and large we have now been able to achieve or be it through sustained effort

176. Mr Speaker Sir, robust fiscal adjustment and structural reforms as well as arrears clearance are crucial to the promotion of a business environment conducive for sustainable production and entrepreneurship.

177. Let me conclude by narrating an African story taken from the wilds. The story is that of the lion and gazelle. It is not original but a true African story. The story is that:

> “With each new day in Africa, a gazelle wakes up knowing that it must outrun the fastest lion or perish. At the same time, a lion stares and stretches knowing that he must outrun the slowest gazelle or starve. It is no different for any Nation whether we consider ourselves a gazelle or a lion, we simply have to run faster than others in order to survive” (Adapted
from ‘My Vision, Challenges in the Race for Excellence’ by Mohammed bin Rashid Al Maktoum).

Such is the situation Zimbabwe finds itself in. We have to outrun other countries in order to make up for the lost time

178. Mr. Speaker Sir, I now commend the 2017 National Budget as espoused in the accompanying Budget Statement to the House and I lay on the Table the Estimates of Expenditure (Blue Book).

FOREWORD

The 2017 National Budget policy measures and interventions seek to ensure realisation of the overall objectives of the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim Asset) 2013-2018 programmes and projects under implementation by Government.

Pre-Budget Consultations

This was also underscored by stakeholders during the broad based pre-Budget consultative processes undertaken by Treasury and Portfolio Committees of Parliament with business, labour, development partners,
civil society, various representatives and individuals, across the political divide.

Individual Members of Parliament also inputed into the formulation of the 2017 National Budget, with the Parliament pre-Budget Seminar whose theme was “Enhancing Transformative Economic Development through Domestic Resource Mobilisation and Utilisation” in Bulawayo over 2-6 November 2016 offering further opportunity for inputing into the Budget process.

Under the forum of the pre-Budget Seminar, Parliament’s various Portfolio Committees were able to amply highlight the outcomes of their nation-wide public consultations, with complementary inputs also coming from the respective sectoral Ministries.

The outcomes from the above consultations were crystalised and consolidated at a re-prioritisation meeting between the Minister of Finance and Economic Development and Chairpersons of Portfolio Committees held on 22 November 2016 in the Senate Chamber.
Furthermore, the formulation of this Budget benefitted from the Interim Poverty Reduction Strategy Paper (IPRSP) 2016-2018 consultations, held country-wide at Provincial and District levels earlier in the year.

The underlying message from all these consultations was that greater and more urgent attention needs to be given to supply side interventions geared towards enhancing production across all sectors of the economy.

In this regard, the theme for this Budget, “Pushing Production Frontiers across all Sectors of the Economy”, is seeking to respond to this call.

However, achieving this objective requires a stable macro-economic environment and business confidence, which are currently under threat from existing fiscal imbalances.

Hence, it is imperative that this Budget also focuses on further containment of expenditures, particularly employment costs, in order to re-orient the thrust of fiscal expenditures towards development.
Furthermore, under such a challenging environment, this Budget seeks to strengthen social safety nets in support of vulnerable groups, in line with the objectives of our Interim Poverty Reduction Strategy Paper (IPRSP) for 2016-2018.

**Budget Statement Presentation**

Stakeholders also raised the need to strengthen the outline of the Budget Statement presentation as an instrument of Budget accountability and fiscal transparency, in the process improving policy engagement and accessibility for a wider range of public and targeted audiences.

It is in this spirit that Treasury, starting with the 2017 National Budget, is introducing a streamlined Budget Statement, which is also consistent with fiscal transparency best practices.

A complementary objective is to produce more analytical material based on economic and fiscal trends, and to include more meaningful Tables and Charts.

Hence, the 2017 National Budget comprises a concise Budget Statement structured as follows:
• Chapter 1: Overview of the Budget
• Chapter 2: Economic Outlook
• Chapter 3: Fiscal Framework
• Chapter 4: Debt & External Payment Arrears
• Chapter 5: Expenditure Proposals
• Chapter 6: Revenue Measures
• Chapter 7: Structural Policy Initiatives
• Conclusion
• Annexures

Budget Documents Package

The entire package of documents for the 2017 National Budget will comprise:

• This Budget Statement, with detailed interventions;
• A stand-alone Budget Speech;
• The Blue Book, Budget Estimates of Expenditure, with breakdown of Allocations;
• Budget Estimates on Statutory and Retention Funds; and
• A leaflet on *Budget Highlights*, summarising key policy interventions, Revenue measures and proposed expenditure Allocations.

Extensive economic review material, historically presented as part of the National Budget will from now onwards be shifted from the Budget Statement to a new publication, *Annual Budget Review*.

*Annual Budget Review*

The publication of the first *Annual Budget Review* will be at the end of March 2017, when data for the full fiscal year 2016 will be available.

This will allow scope for reporting of previous fiscal year expenditure and revenue data outturns, as well as dedicated in-depth analysis of developments during the entire previous fiscal year.

The issuance of the Annual Budget Review at the end of March, therefore, makes the issuance of the Mid-Term Fiscal Policy Review no longer necessary, save for exceptional circumstances requiring Supplementary Budget proposals.
Treasury will, however, continue to provide Quarterly Treasury Bulletins, capturing quarterly macro-economic and fiscal developments, in addition to the Consolidated Monthly Financial Statements published monthly in line with the Public Finance Management Act.

*Budget Strategy Paper*

As before, Treasury will continue to provide guidance to line Ministries and Departments’ Budget submissions for the following year through the Budget Strategy Paper preceding issuance of the Budget Call Circular inviting expenditure bids submissions. This will be at the end of September.

*Budget Dissemination*

All the above documents, other policy reviews and updates will also be available to the public on the Treasury website:

[www.zimtreasury.gov.zw](http://www.zimtreasury.gov.zw)

Similarly, as we build capacity, dissemination channels will be broadened to provide for Budget Publications available in some of our main languages.
I welcome feedback on the new Budget presentation arrangements, including the simplified, streamlined and policy orientation thrust of the Budget Statement, targeted at strengthening transparency and policy engagement with stakeholders.

CHAPTER I: OVERVIEW OF THE BUDGET

1. The 2017 National Budget Statement constitutes the fourth Budget for implementing our Zim Asset, whose mission is “Providing an enabling environment for sustainable economic empowerment and social transformation to the people of Zimbabwe”.

2. The economy is still confronted with a number of headwinds, which continue to restrain sustainable and equitable economic growth.

   Domestic Production

3. The fundamental challenge remains that of under-production, entirely across all sectors of the economy.

4. This economic under-performance is notwithstanding vast strengths
and opportunities in agriculture, manufacturing, mining and tourism, arising out of our diverse natural resource endowment, conducive climatic conditions, and trained human resources.

5. The 2017 Budget, therefore, proposes interventions targeted at increasing domestic production.

**Entrepreneurship**

6. We, however, have to maximise returns on our human capital by reversing the prevailing mentality of trained personnel being contented to remain, first and foremost, as employees.

7. Central to this is broadening the culture of entrepreneurship among our people, inclusive of readiness to embark on business risky ventures.

**Reform Thrust**

8. The major challenge for the 2017 National Budget is, therefore, taking the lead in ‘walking the talk’ with regards to implementing critical reforms to:

   - re-orient fiscal resources towards Zim Asset developmental programmes;
• strengthen interventions to stimulate production and supply across the various sectors;

• finalise the outstanding components of the re-engagement process with international financial institutions;

• entrench structural reforms to improve the domestic business and investment environment, vital for restoration of confidence, lowering the ease and cost of doing business and product competitiveness; and

• support implementation of poverty reduction programmes and projects highlighted in the IPRSP.

9. Accordingly, consistent with the above objectives, the 2017 National Budget is centred on the theme “Pushing Production Frontiers to Potential Levels Across all Sectors of the Economy”.

10. Consequently, this Budget, therefore, proposes corrective measures
on fiscal and external imbalances to restore fiscal and debt sustainability, which provides a conducive environment for productive activities.

11. Specifically, while as alluded to above, fiscal imbalances will require containment of expenditures, implementation of strong structural reforms will entail:

- shedding off those State Enterprises that would benefit from joint venture partnerships with identified strategic investors;
- improving performance of those State Enterprises that remain;
- reducing policy uncertainty;
- fighting corruption in an effective way;
- enhancing competitiveness;
- enforcing guidelines on good corporate governance in public enterprises and local authorities; and
- building strong systems for ensuring transparency and accountability.

12. In the absence of a robust fiscal adjustment and structural reforms as
well as arrears clearance, the persistent deterioration in the macro-
economic environment will continue to incapacitate the country’s ability
to honour its obligations to all its creditors and to move forward.

Safety Nets

13. Furthermore, under the challenging socio-economic environment,
Government, under this Budget, will pay attention to alleviating
increasing hardships afflicting the vulnerable segments of our
population.

14. Central to this, will be interventions to empower vulnerable groups
to participate meaningfully in economic and business activities across
the various sectors, including in agriculture.

15. Without increasing production, it will remain difficult for the
Government to have meaningful capacity to strengthen social safety
nets, in line with the objectives of the Interim Poverty Reduction
Strategy Paper (IPRSP) for 2016-2018\(^1\).

16. Furthermore, as the 2018 Election year approaches, upholding an

---

atmosphere of tranquillity, tolerance and minimum polarisation, supportive of conduct of economic activity will also be central.

17. In contextualising the key issues of the 2017 National Budget, this Budget Statement gives an outlook for the economy, including the appropriate fiscal framework, and some of the specific fiscal interventions, as well as critical structural policy reforms.

CHAPTER 2: ECONOMIC OUTLOOK

18. The economy, notwithstanding resilience, remains under stress, principally on account of low domestic production across the various sectors – that is in agriculture, mining, manufacturing, tourism, construction, as well as in the other service sectors.

Sectoral Contribution to GDP Growth
19. While the recent El-Nino induced drought had an effect on farming output, and depressed international commodity prices on mineral exports, reduced output across the other sectors is also reflective of the need for increased investment, both domestic and foreign.

20. This will require a complementary conducive doing business environment, as well as finalising the external payment arrears situation to help improve access to lines of credit.

21. In manufacturing, over-dependence on imports, against the
background of the strong US dollar and a weakening South African rand, had undermined companies’ competitiveness over both the domestic as well as export markets.

22. The above adverse effects on agriculture, mining and manufacturing, as a result, meant low domestic production underpinning the prevailing low capacity utilisation across sectors, low incomes, high unemployment levels, domestic liquidity and cash challenges.

23. The low domestic savings base, inclusive of the fiscal deficit, also meant continued absence of domestic financial resources which limited local domestic investment.

24. Against this background, the overview for the overall economic outturn in 2016 is for real growth estimates of only 0.6%.

25. In 2017, the economy is set to turn around from the slowdown mode to modest growth led by key sectors of mining and agriculture, benefitting from the anticipated normal to above normal rainfall.

26. Overall GDP growth is, therefore, projected at a moderate 1.7% in 2017, also

---

See Annexure 2: Sectoral Growth Rates
against the background of anticipated moderate improvements in international commodity prices, fruition of planned mining investments and benefits from the *ease of doing business reforms*.

**Agriculture**

27. A severe drought, for the second consecutive year, had a heavy toll on agriculture production, with some crops such as maize recording merely 511 000 tons, against the average national requirement of 1 800 000 tons, resulting in a huge import bill for the country.

28. Consequently, agriculture recorded a growth decline of -3.7% in 2016.

29. However, in 2017, agriculture is projected to grow by 12% driven by higher output from major crops such as maize, cotton and tobacco, as well as milk production. Projected crop and livestock production are as indicated in Annexure 3.

30. The distribution of the rainfall pattern will influence the outcome of the agricultural performance, and any weakening of the La-Nina effect on the anticipated normal to above normal rainfall would compromise the season.
Mining

31. With the exception of gold, whose price averaged US$1 257.1, mineral prices remained depressed during the period to end October 2016.

32. This notwithstanding, significant output growth was experienced for such minerals as gold, platinum and nickel, underpinning this year’s estimated overall growth of 6.9%.
33. Against the background of depressed commodity earnings, coupled with marginal output gains from minerals such as gold and chrome, the Budget projects a modest mining growth of 0.9% in 2017.

34. Government remains engaged with the mining industry with regards to consideration and adoption of supportive interventions to ensure viability.

35. These include review and standardisation of Rural District Council fees and charges and further review of Environmental Management Agency charges.
36. With regards to value addition, Government has noted progress made by platinum producers and accordingly, extends the reprieve to December 2017, failure of which the imposition of the 15% export tax will be re-introduced.

Manufacturing

37. Manufacturing, which continues to face such constraints as antiquated equipment, capital, low aggregate demand, liquidity, high costs of utilities, and unfair competition from imports, is projected to register modest growth of 0.3% in 2017.

38. The thrust of the 2017 Budget interventions, in line with the Zim Asset, will centre on sustaining the evening of the playing field, re-kindling business confidence, and enhancing competitiveness through lowering the cost of doing business and improving the business and investment environment.

39. With regards to evening the playing field, initial results from an evaluation of the impact of SI 64 indicate gains in capacity utilisation across such sub-sectors as milling and baking; food, fruits and
vegetables processing; iron and steel making; battery manufacturing; packaging; pharmaceuticals; and furniture manufacturing, among others.

40. Government continues to monitor impact of this instrument on Investment into re-equipping, increased production and creation of employment.

41. This should also benefit from Government initiatives in support of the promotion of value chains, especially those linkages between agriculture and the manufacturing sector.

42. Already, notable linkages are accruing under the recently promoted cotton to clothing, beef to leather and agro-processing value chains.

43. The introduction of the 5% bond note export incentive through the Reserve Bank also proffers benefits for improved domestic production over the coming year.

Tourism

44. In tourism, where a 0.8% growth is projected for 2017, the thrust will be on promoting and improving the Zimbabwe Brand as a competitive tourist destination under the theme International Year of Sustainable Tourism for Development.
45. This will be supported by measures to remove barriers to free movement of tourists into and within the country, including the prevailing unconducive number of non-security/crime roadblocks on our roads.

46. In this regard, the relevant Government agencies, including the Zimbabwe Republic Police, ZIMRA, ZBC, ZINARA and EMA are being engaged to implement the necessary supportive reviews.

Other Sectors

47. The rest of the other sectors have not been spared by the current economic environment and on average have estimated growth of between 0.3% and 3% on the back of low investment levels compounded by low investor confidence.

Export Performance

48. A downturn in overall export performance is estimated for 2016, with exports falling by 6.9% to US$3.365 billion, from US$3.614 billion last year.
49. Under the prevailing multi-currency arrangement, export receipts represent the economy’s anchor source of the economy and banking sector cash and liquidity.
50. The reversal of the worrisome decline in exports requires intervention measures to restore competitiveness and diversification of the economy’s export base across all sectors, including remittances of non-residents. 

**Remittances of Non-Residents**

51. Remittances of non-residents have become the second largest source of the country’s liquidity, constituting about 30% of total external inflows.
52. In 2016, the financial system anticipates formal remittance receipts of US$780 million, a 17% decline from US$935 million recorded in 2015, in part reflecting the impact of the appreciation of the US dollar against the other source currencies, particularly the South African rand.
53. This necessitates further easing of transactions to allow for faster and less costly transfers by non-residents, also to allow for accessible opportunities for our non-residents to undertake domestic investments and participate in business ventures of their choice.

*Foreign Capital Inflows*

54. The current huge savings-investment gap requires that the country establish a highly competitive environment to attract external savings through external capital inflows comprising of FDI, portfolio and other offshore loans.

55. Capital inflows are expected to reach US$692.4 million in 2016, against US$1.2 billion recorded in 2015.
56. Given the declining trends and the low levels of foreign capital inflows, it is imperative that the country continues to expedite the re-engagement process with the international financial institutions.

57. Furthermore, it is critical to increase the impetus on the implementation of the on-going ease of doing business reforms as well as ensuring policy clarity, in order to boost investor confidence.

Imports

58. The economy’s relatively high import bill remains unsustainable at US$5.35billion in 2016, against exports of US$3.365billion.
59. The prioritisation of essential imports through implementation of such temporary imports prioritisation instruments as SI 64 in favour of promoting the importation of such critical imports as raw materials and replacement equipment is, therefore, central to the Zimbabwean economy contributing positively to regional economic performance.

*Aggregate Demand*

60. With the slowdown in economic activity, aggregate demand remained suppressed.

61. Final consumption succumbed to low disposable incomes with
private non-capital spending, declining by 4%. As a result, overall consumption is expected to decline by 2% in 2016 against a drop of 1% in 2015.

62. Government consumption, however, increased by 5% in 2016, as reflected through high recurrent expenditures.

63. The broadening of the range of multi-currencies through the addition of the $1 bond coin and the $2 and $5 bond notes as an incentive to increased production for exports should spur private
spending on the back of cash and liquidity improvements, that way boosting aggregate demand.

**Gross Fixed Capital Formation**

64. On the other hand, gross fixed capital formation declined by 8%, reflecting high consumption and dissaving behaviour in the economy.

![Gross Fixed Capital Formation Chart]

*Source: Ministry of Finance, ZIMSTAT*

**Savings**

65. Domestic savings, estimated at -11% of GDP, imply a huge savings investment gap.

66. Such negative savings behaviour clearly is not in sync with growth
and development tenets, hence, the necessity for promoting a savings culture together with restoration of confidence in the financial sector as well as fiscal discipline.

67. This is against savings rates of 38% in our neighbour Botswana and over 20% in Tanzania and Angola.

![Savings Rates in 2015](source: World Bank)

68. Other countries relying on positive savings to underpin domestic investment and growth include our SADC partners, South Africa, 19%, and Mauritius, 11%.

**Stock Market**

69. The Zimbabwe Stock Exchange (ZSE) continued to experience
Challenges during 2016, as investors exited the bourse against the background of cash and liquidity challenges, weak aggregate demand and reduced business confidence.

70. The slump in stock market activity saw turnover for the 10 months to 31 October down to US$144.46 million, 29% lower compared to the same period in 2015.

71. This was on account of a 51% slump in foreign purchases from US$111.25 million for the 10 months in 2015 to US$55.01 million in 2016.

72. Reflecting this, industrial and mining indices remained on a downward trend for most of the year before experiencing substantial gains in October 2016 which pulled up both indices for the 10 months to October 2016.
73. The Industrial Index was up 22%, whilst the Mining Index was up 27% in October 2016, as investors switched portfolios from the money market.

74. The gains in both industrial and mining indices during the month of October 2016 saw a strong 22.1% surge in market capitalisation to US$3.33 billion as at 31 October 2016 from US$2.73 billion in September 2016.
75. Going forward, the thrust will also be on improving the competitiveness of the ZSE to attract foreign investments, particularly in the face of stiff competition from other African Exchanges. Central to this will be reduction of the relatively higher transaction fees charged by the Zimbabwe market, currently the highest levied by any other market in the SADC region.

76. This will leverage on the automation of the ZSE platform, roll out of new products, and improved information dissemination to the investing public.

77. Furthermore, the introduction of the bond market and the Zimbabwe
Emerging Enterprise Market will provide platforms for Government, quasi-government institutions, corporates and the small to medium enterprises to raise long term debt capital.

*Alternative Trading Platform*

78. The development of the regulatory framework for the Alternative Trading Platform (ATP) has since been gazetted, paving way for the launch of the ATP by Financial Securities Exchange on 1 December 2016.

79. The ATP is a lower securities exchange, developed to facilitate the trading of securities not listed on the Zimbabwe Stock Exchange main bourse for example, Employee Empowerment Schemes and Community Share Ownership Trusts allotted under the Indigenisation and Economic Empowerment Policy.

80. The launch of the ATP presents an opportunity for the listing of shares currently being traded Over the Counter. It is encouraging to note that Old Mutual Zimbabwe has become the first company to embrace Government policy, through listing its empowerment shares on the ATP.

81. As Government efforts in empowerment programmes begin to bear
fruit, Government is challenging other companies to emulate Old Mutual Zimbabwe.

**Insurance and Pension Industry**

82. The insurance and pension industry has also remained subdued during 2016 owing to viability and liquidity challenges obtaining in the economy.

83. The 2016 National Budget Statement highlighted low levels of compliance to prescribed asset requirements by the insurance and pensions industry, which has since improved.

**Compliance Levels**

![Compliance Levels Chart]

*Source: IPEC*
84. However, funeral assurers remain defiant despite repeated calls and, hence, the Insurance and Pension Commission (IPEC) will be enforcing compliance measures, including penalties from 2017.

Corporate Governance

85. The insurance and pensions industry continues to operate under poor corporate governance structures with owner managed insurance entities, which promote conflict of interest and related party transactions.

86. Corporate Governance Guidelines on maximum shareholding thresholds have, therefore, been put in place on:

- individuals and close relatives;
- executives of insurers; and
- composition of Board and Board Committees.

Micro Insurance Legislative Framework

87. The growing informalisation of some business activities has necessitated development of new insurance products targeting this market to access health, funeral, travel and agricultural cover, among others.

88. In order to ensure transparency, accountability and protection of
consumers from predatory practices, Government is introducing the appropriate Legislative Framework for micro insurance as part of this Budget.

**Conversion of Insurance and Pensions Values**

89. The Commission of Inquiry into the Conversion of Insurance and Pension Values from Zimbabwe dollars to United States dollars was expected to finish its work by end of August 2016.

90. However, due to challenges initially faced with respect to data availability, the tenure of the Commission has been extended to end of December 2016.

**Banking Sector**

91. The banking sector continues to show signs of recovery and stability following the hiving off of non-performing loans to ZAMCO, and remains adequately capitalised with average capital adequacy and tier 1 ratios of 23.7% and 20.6% as at end of September 2016, respectively.

92. Banking sector aggregate core capital increased from US$0.9 billion as at end of September last year to US$1.1 billion in September 2016.
93. Non-performing loans had presented vulnerabilities related to quality of capitalisation, particularly against the background of the adverse effects of challenges posed by liquidity and cash shortages.

94. Developments in the banking sector show a continued upward trend in both deposits and domestic credit.
95. Total banking sector deposits went up by 11.4% to US$6.1 billion by 30 September 2016.

96. Similar growth was also experienced in domestic credit which grew by 16% to US$5.8 billion over the same period.
Cost of Credit

97. The issue of 15% lending rates from banks, coupled with shorter lending periods, also continues to negatively impact on the competitiveness of borrower businesses.

98. Hence, the Reserve Bank will continue to monitor the levels of lending rates
being charged by banking institutions through their on-going supervisory activities in liaison with the Bankers Association of Zimbabwe.

Financial Inclusion

99. Financial literacy is one of the pillars of the National Financial Inclusion Strategy, which is key in ensuring that financial inclusion initiatives result in the desired positive impact on economic growth and development.

100. A National Financial Literacy Strategy will be unveiled in 2017, which will pave way for the implementation of tailored financial literacy programmes aimed at increasing financial capability levels among the various population groups in the country. There will be need to embed financial literacy in the country’s entire education system.

Inflation

101. Deflationary conditions persisted throughout 2016, with inflation registering –2% for the year to October 2016.
Inflation

Source: ZIMSTAT

102. The decline in domestic prices during 2016 was driven by a combination of continued weakening in domestic demand, depreciation of the South African rand against the US dollar, and subdued international oil prices.

103. On balance, marginal deflation is expected in 2017, with prices responding to the anticipated improved level of domestic production and, hence, the prevailing liquidity situation in the country.
CHAPTER 3: FISCAL FRAMEWORK

Revenue Outlook

104. Slower growth undermined overall performance of the public finances, with cumulative revenues from January to October 2016 performing 1.5% below previous year levels, but 9.8% lower than budgeted estimates.

![Revenue Performance Chart]

106. Resultantly, a budget revenue shortfall of US$282.5 million was experienced.

107. The detailed breakdown of revenue collections by revenue head for January-October 2016 are contained in Annexure 5.

108. The spill-over of some of the prevailing challenges in the economy into the first part of 2017 will constrain the outlook for Budget revenue collections during the coming year, with only moderate growth to US$3.7 billion anticipated.

109. Projections for the 2017 Fiscal Framework, including anticipated revenues and grants, are contained in Annexure 6.

*Overall Expenditures*

110. Budget expenditure performance during 2016 has, however, been inconsistent with the revenue collection shortfalls being experienced.

111. Cumulative expenditures for January-October 2016 amounted to US$3.84 billion, against a target of US$3.32 billion, giving a variance of US$520 million.

112. This was on the back of unbudgeted expenditures related to:
• Drought related grain importation for vulnerable communities, US$253.5 million;
• December 2015 salary payment arrears, US$119.4 million; and
• Debt servicing, US$100.9 million.

113. The above expenditures on salary arrears, coupled with bonus payments for 2015 of US$177.8 million, further exerted pressure on employment costs and continue to pose challenges on the National Budget.

114. This left employment costs of US$2.63 billion for January-October 2016 consuming 91% of total revenues, at the cost of shelving implementation of a large number of Zim Asset programmed development projects.

115. The negative effects of this on the economy’s growth trajectory require that this not be repeated into 2017.

116. To guard against this, the Fiscal Framework for the coming year proposes to restrict Budget Expenditures to US$4.1 billion, which represents 28.2% of GDP.
117. Of the total 2017 Budget of US$4.1 billion, employment costs will take up US$3 billion, leaving only US$400 million for current operations, and US$180 million for debt service, out of the overall proposal for recurrent expenditures of US$3.58 billion.

**Employment Costs**

118. The 2017 Budget provision of US$3 billion for employment costs represents decline from the estimated outturn of US$3.14 billion to year end 2016.

119. The anticipated lower provision on employment costs by an estimated US$140 million is reflective of financial savings arising from the implementation of the Public Service Wage Bill rationalisation measures.

120. Chapter 5 on proposed Budget allocations reflects the cluster breakdown of the expenditures on employment costs, including those towards health and education delivery under the *Social Services and*
Poverty Reduction Cluster.

Development Budget

121. The above expenditure level on employment costs, however, still leaves only US$520 million (14% of total revenues) for capital development programmes.

122. The desired levels of annual expenditure on the capital budget, supportive of effective implementation of Zim Asset projects, are US$5.4billion.

Fiscal Deficit

123. The Fiscal Framework of revenue collections of US$3.7billion and projected expenditures of US$4.1billion presents a financing gap of about US$400 million, which is 2.7% of GDP, for the proposed 2017 Budget.

124. This would be an improvement on the anticipated 2016 unsustainable financing gap of US$1.18billion outturn, given projected total revenues of US$3.53billion, against anticipated expenditures of US$4.59billion.

125. The original 2016 National Budget target was a more manageable
deficit of US$150 million, representing 1% of GDP.

126. A financing gap of US$1.18 billion represents growth from 3% of GDP for 2015 to an unsustainable 8% of GDP.

Financing

127. Increased recourse to the domestic financial system for financing of the Budget deficit would become destabilising, as cash and cash equivalents available to Government force larger reliance on financing modalities that contribute to significant financial sector risks.

128. This is with regard to both financial sector capacity to finance productive sector business activities, as well as the financial health of domestic banking institutions. This is more so, in view of the quantum of Treasury bills already issued.

129. In this regard, the Fiscal Framework for the 2017 Budget discourages the expectation and perceptions that Treasury bill issuances are now a form of surrogate currency to settle Government expenditure, as doing so would only pose challenges of capacity for Government to repay on such obligations.
130. Hence, the mismatch between revenues and expenditures requires that the thrust of Government for the 2017 Budget rationalises expenditures in line with sustainable financing capacity.

131. The target would be to create scope for the Budget to also adequately finance Zim Asset development programmes and social services, while at the same time implementing structural measures to enhance production across the economy’s various sectors in order to grow revenues.

*Fiscal Policy Thrust*

132. Accordingly, the 2017 National Budget proposes the following measures on this matter:

- Gradually reverting back to the cash budgeting framework tenets, through ensuring that all line Ministries adhere to allocations and spend as and when resources are available.
- A moratorium on Treasury bill issuances and confining borrowing at concessional rates from external sources for development programmes.
• Gradually limiting recourse to the Reserve Bank to US$400 million.

133. In tandem with the above, Government will also start addressing the fiscal gap through a number of expenditure management measures backed by revenue increasing interventions anchored on stimulation of production.

134. Further to this, the restrictions on hiring, continuous monitoring and audits for flushing out ghost workers, as well as the restructuring of the Public Service are essential measures which will be maintained in order to manage the wage bill as a key component pushing up expenditures.

135. The Reserve Bank will also be announcing, as part of the new year Monetary Policy Statement, further measures to complement the Fiscal Policy, also cognisant of managing the ZAMCO financial position.

CHAPTER 4: DEBT & EXTERNAL PAYMENT ARREARS

Total Debt

136. Debt sustainability measures to overcome Zimbabwe’s external
indebtedness, as well as contain growth in public domestic debt, including contingent liabilities of quasi Government institutions, are part of the 2017 Budget.

137. As at 31 October 2016, Zimbabwe’s public debt stood at US$11.2 billion or 79% of GDP, of which US$7.5 billion, 53% of GDP, is external debt.

138. Of the US$7.5 billion external debt, US$5.2 billion is in arrears, and this has resulted in deterioration of relations with major creditors, thereby inhibiting access to finance.

139. Resolution to Zimbabwe’s external payment arrears should overcome further growth, particularly on account of penalties on accumulated arrears and open up access to new financing.

Arrears Clearance

140. The Budget proposals for a robust fiscal adjustment, supported by complementary structural reforms, require finalisation to the remaining aspects to addressing the country’s external indebtedness, which is limiting access to critical development finance.

141. Consistent with the Arrears Clearance Strategy agreed with
creditors in Lima in October 2015 towards accelerating re-engagement with the international community, Zimbabwe settled its overdue obligations to the International Monetary Fund (IMF) amounting to US$107.9 million on 20 October 2016.

142. This has seen the IMF Board remove sanctions on Zimbabwe related to remedial measures applied on account of overdue financial obligations to the Poverty Reduction and Growth Trust (PRGT).

143. The remedial measures removed related to:

- Declaration of non-cooperation with the IMF;
- Suspension of technical assistance; and
- Removal of Zimbabwe on the list of PRGT-eligible countries.

144. The next step is resolving early in 2017 arrears to the other multilateral creditors, i.e. the African Development Bank, US$610 million; the World Bank, US$1.16 billion; the European Investment Bank, US$212 million; and other multilateral institutions, as well as bilateral official creditors.

145. Clearance of arrears that allows for access to concessional
development finance, as well as investment flows will also assist in the implementation of the Interim Poverty Reduction Strategy Paper for 2016-2018.

146. Hence, any delays would serve to only accelerate deterioration in Zimbabwe’s macro-economic environment, that way further incapacitating the country’s ability to honour its obligations to all its other creditors.

**Domestic Debt**

147. Domestic resource mobilisation remains the major source of budgetary financing in the absence of access to external funding.

148. This has seen increased reliance on the domestic market to finance some of the challenges related to fiscal imbalances.

149. As at 31 October 2016, domestic debt stood at US$3.7 billion, representing 26% of GDP.
150. The increase in domestic debt, post 2013, reflects Government’s assumption of Reserve Bank debt, securitisation of suppliers’ arrears and, recapitalisation of the Reserve Bank, IDBZ, POSB, Agribank and other public institutions.

151. The breakdown of domestic debt as at end October 2016 is reflected in the Chart below:

Domestic Debt Breakdown
Government will focus on containing the growth in domestic debt in order to ensure fiscal sustainability, as well as providing fiscal space for capital expenditure.

The Chart below shows the debt service ratio to Government revenue dynamics between 2012 and 2016.
154. Future issuances of domestic securities will take into account current maturity profiles, as well as Government’s capacity to repay, whilst not compromising the provision of the country’s critical needs.

**Contingent Liabilities**

155. Most public enterprises are failing to service their debt resulting in Government guarantees being called up.

156. As at end of October 2016, called up guarantees represented 15.8% of total external debt stock.

157. Hence, strengthening public debt management by increasing oversight on contingent liabilities, both explicit and implicit, becomes imperative.

158. Credit risk analysis of public enterprises before issuing a guarantee or providing on-lent resources will become critical going forward to reduce default by these institutions.
Commitments Outside the Budget

159. There are also payment arrears arising out of Ministries’ incurring commitments outside the Budget, increasing the obligations of Government in violation of the Public Finance Management Act.

160. In this regard, penalties will be imposed on those individuals responsible for creating such obligations outside the ambit of Treasury Budget processes, in accordance with Public Finance Management Regulations developed by the Accountant General.

161. Furthermore, private sector entities that entice Ministries and Departments to incur liabilities on the Budget outside Treasury guidelines will also be held accountable for consequences of such practices.

162. Any commitments made outside the system will not be honoured, and a Public Statement will be made to alert service providers of this arrangement.

163. Furthermore, in order to address continued and uncontrolled accumulation of arrears, all budget commitments for 2017 will be made through the Public Finance Management System.

CHAPTER 5: EXPENDITURE PROPOSALS


165. Constitutional and Statutory Appropriations have been allocated US$673.7 million, resulting in overall Budget Expenditures of US$4.1billion.

166. Allocations under the 2017 Budget are primarily directed at priority areas, drawing from Zim Asset clusters namely:

---

3 Excludes Pension benefits of US$477.6 million allocated under Constitutional and Statutory Appropriations.
• Food Security and Nutrition;
• Value Addition and Beneficiation;
• Infrastructure and Utilities; and
• Social Services and Poverty Eradication.

167. Line Ministries and Departments will, therefore, be required to design implementation of their projects and programmes in line with Zim Asset clusters, to create synergies, necessary for optimising on the little resources available, for the achievement of Zim Asset.

168. Prioritised Zim Asset cluster based projects and programmes include those identified under the Interim Poverty Reduction Strategy Paper (IPRSP) for 2016-2018, which was formulated with support from development partners, including the World Bank and the European Union.

Overall Allocations

169. The 2017 National Budget proposes an allocation of US$1.37 billion towards health, social welfare and education Ministries under the Social Services and Poverty Eradication cluster.

170. Social safety nets have been allocated US$78 million in order to cushion the vulnerable groups of our population in terms of health, education and social welfare programmes.

171. Given the centrality of agriculture in terms of food security and support to
other sectors, an allocation of US$291.6 million is being proposed under this Budget.

172. With regards to the infrastructure and utility cluster, the 2017 Budget sets aside US$260.2 million, which will be complemented by resources from statutory funds, respective state owned enterprises, development partners and loan financing.

173. Estimates of Expenditure and the proposed Vote Appropriations for the 2017 Budget are highlighted in Annexure 7.

    Development Partners Support

174. Budgetary resources are being complemented by development partners, who continue to play a significant role in the financing of various IPRSP projects and programmes under the Zim Asset.

175. Total development partner support for 2017 is projected at US$450.4 million, against US$493.7 million availed in 2016. Of this amount, US$233.7 is from bilateral, whilst US$216.7 million is from multilateral partners as indicated in Annexure 8.

176. Targeted sectors from this support include health, education and other basic social services, agriculture, water and sanitation, governance, capacity building across sectors, as well as transport and energy as indicated in Annexure 9.

    Agriculture & Food Security Cluster

177. The 2017 National Budget prioritises agriculture with a total allocation of US$291.6 million proposed, covering key activities related to the following:

    • strategic grain reserve, US$112.5 million;
    • inputs schemes, US$102 million;
    • supportive personnel/employment costs, US$47.3 million;
    • operations, US$8 million;
• irrigation development, US$6.1 million;
• extension services, US$3.385 million; and
• veterinary services, US$2.68 million, among others.

178. The above allocation together with other agriculture related expenditures incurred during 2016 amounting to US$148.8 million, translates into total agricultural support towards the 2016/17 season of US$440.4 million.

179. The level of support is in line with the 2003 Maputo Declaration by African Heads and Governments on committing at least 10% of national budgetary resources to the sector.

Special Maize Production Programme

180. Prioritisation of maize production has been scaled up following two successive droughts which drained the fiscus through grain importation to provide for the national grain requirement shortfall.

181. Consequently, starting with the 2016/2017 agricultural season, Government has taken a deliberate stance to increase grain production to levels sufficient to meet national requirements. This is being implemented through the Special Maize Production Programme.

182. The Programme is progressing well, with 33,931 farmers contracted having received 76% of their maize seed supply, 38% of compound D, 3% of lime and 20% of fuel as at 6 December 2016.

183. With regards to tillage, as of 6 December 2016, 135,260 ha had been tilled, with 33,932 ha planted.

184. In terms of financing, a total of US$160 million has already been mobilised for the programme, with US$85.5 million going towards irrigable land and US$75 million for dry land. In 2017, US$87.5 million is provided for both irrigable and dry land activities.
185. In order to sustain the implementation of this programme on a revolving basis, beneficiaries under this Programme will be monitored to produce in line with their contract obligations.

*Cotton*

186. Cotton production sustains livelihoods for a significant number of small scale commercial and communal farmers in the drier regions of the country, in addition to its contribution to export earnings and economic growth.

187. However, of late, cotton farmers have been shunning production of cotton, citing high costs of production, against cotton prices of as low as US$30 cents a kg. This led to collapse in production, with decline in cotton output to 30 000 tons in 2016, from 84 000 tons in 2015 and 143 000 tons in 2014.

188. The drop in cotton output by over 79% over the last three years has also forced the clothing sector to rely more on cotton imports for over 50% of their fabric requirements.

189. Government, through the Vulnerable Households Inputs Scheme has, therefore, availed US$42 million worth of cotton inputs in support of 400 000 communal cotton farmers, to boost cotton production during the 2016/17 season.

190. The support comprises of 20 kgs of seed, 2 bags of basal and a bag of top dressing fertilizer, pesticides and herbicides.

191. As at end of November 2016, 4 000 tons of seed, enough to cover over 200 000 ha, had been distributed to farmers, while an additional 2 000 tons is being procured, and the required fertilizer also being sourced.

192. This initiative has potential to recover cotton production to over 100 000 tons
for the coming 2017 season. In the medium term, the objective is to attain the 353,000 tons which was achieved in the year 2000.

193. Increased cotton production will consolidate the Zim Asset programme to strengthen the *Cotton to Clothing* value chain linkage.

*Capacity and Resilience Building Programme*

194. Development partners, including the European Union, Food and Agriculture Organisation, and the United Nations Development Programme, are also supporting agriculture production through increasing the absorptive, adaptive and transformative capacities of households and communities in the face of climate related shocks.

195. In support of this programme, development partners have allocated US$6.1 million.

*Livestock Production*

196. Livestock production remains an integral part of agricultural development.

197. Government, in conjunction with development partners, is working to support rebuilding of the national herd, comprising beef cattle and other smaller domestic animals.

198. The programme seeks to grow the national cattle herd from the current 5.5 million to 5.8 million by end of 2017.

199. In this regard, support will target the following areas:

- Hay cutting, to ensure food availability in dry periods;
- Increased water points, to reduce livestock deaths during drought and dry times;
- Cross breeding support through artificial insemination to improve quality of breeds;
• Irrigation of pastures, especially for A2 and commercial farmers; and
• Market access linkages, also targeting external markets.

200. To this end, the Budget is setting aside US$3.385 million for extension services, and US$2.684 million for the Veterinary Department for purposes of enhancing monitoring of livestock movement for disease control.

_Horticulture_

201. Horticulture remains one of the quick wins in terms of foreign currency generation, employment creation and revenue generation, especially in view of the prevailing under-production.

202. As a result, Government will continue to engage players in the industry to find ways of reviving the once vibrant sector.

_Anchor Farms_

203. Cooperation between anchor farms and new farmers through sharing of best practices, and transfer of expertise stands to benefit both parties in terms of supporting linkages in agricultural production.

204. A number of anchor farms are supporting small scale farmers through sub-contracting production, among other supportive measures.

205. Government is supportive of these arrangements which empower new farmers through diffusion of farming knowledge and is, therefore, working to develop proposals of incentives for anchor farms who sub-contract small scale farmers.

_Certainty of Landholding_

206. Agriculture production requires long term investment, which is compensated for by long pay-back periods.

207. Success is, therefore, a function of an environment conducive to attraction of
meaningful investment to anchor increased agriculture productivity and production.

208. With the Fast Track Land Reform Programme having been concluded, there is need to cease further farm invasions to allow existing farmers to focus on production.

209. Continuous land invasions threaten existing farmers and scare away potential on-farm investment, that way undermining the restoration of the country’s Bread Basket status.

210. The 2017 Budget, therefore, calls for farmer certainty with respect to access to and security of tenure over farming land.

Compensation for Acquired Land

211. Government remains committed to honouring its obligations with regards to farms acquired under the Land Reform Programme.

212. In this regard, since the adoption of the multi-currency system, Government has paid a total of US$56.8 million.

Utilisation of Idle Institutional Land

213. There is disappointment on non-utilisation of the vast tracts of land under most Government institutions, which requires urgent attention, given food security concerns.

214. In this regard, responsible Ministries and such respective institutions as CSC are now required to institute measures towards full utilisation of the available land, through joint venture partnerships.

215. Already, the requirement for increased utilisation of idle agriculture land has seen ARDA targeting to increase utilisation from 15 832 ha to 43 547 ha for both crop and livestock production during 2017, through joint venture partnerships.
216. Similarly, with regards to other institutional farms belonging to Prisons, the Defence Forces and the Police, a total of 5,410 hectares have been contracted to produce maize under the Special Maize Production Programme. This is over and above other initiatives being implemented in conjunction with selected partners.

**Irrigation**

217. A key component of our agrarian reform strategy is the need for investments in irrigation infrastructure which reduce the uncertainties farmers face from dependence on rain fed agriculture, assuring them of uninterrupted production of crops throughout the year.

218. To take advantage of existing water bodies, the 2017 Budget proposes to mobilise US$24.8 million for irrigation, prioritising rehabilitation and construction at smallholder irrigation schemes.

219. The irrigation schemes where works are targeted from year 2017 are the following:

- 800 irrigable hectares at 11 irrigation schemes, allocated US$4.9 million from the fiscus.

- 20 smallholder irrigation schemes in Manicaland and Matabeleland South Provinces, supported by US$1.7 million funding under the EU Smallholder Irrigation Support Programme.

- 545 hectares for rehabilitation of smallholder schemes in Bikita, Gutu, Masvingo, and Zaka districts at a cost of US$1.5 million with funding from the Swiss Agency for Development Cooperation.
• irrigable land for 15 000 households, as well as adjacent rain-fed land for 12 500 households in Manicaland, Masvingo, Midlands and Matabeleland South Provinces, funded by the International Fund for Agricultural Development (IFAD) to the tune of US$4 million.

• 674 hectares at Nyakomba Irrigation Scheme, funded by the Japanese International Cooperation Agency (JICA) at a cost of US$5 million.

• irrigation schemes in Manicaland, Midlands and Mashonaland Central, funded by the United Kingdom’s Department for International Development (DFID) to the tune of US$6.5 million.

• The Kuwait Fund for Arab and Economic Development has committed US$35.7 million to support 2 520 ha of land at Zhove irrigation project in Beitbridge for intensive citrus production, to benefit 5 000 households.

220. The 2017 Budget also has a provision of US$1.2 million for operations and maintenance for existing irrigation schemes around the country.

Mechanisation

221. Government continues to promote agricultural mechanisation as an essential strategy for modernising agriculture and increasing productivity.

222. Already, the distribution of equipment under Phase I of the More Food Africa International Programme, valued at US$38.7 million has been completed and is benefiting A1 and communal irrigation schemes throughout the country.

223. Further disbursements under the facility are conditional upon utilisation and
repayments by benefiting farmers. Currently, benefiting farmers are making loan repayments according to schedule, and this is facilitating negotiations for Phase II of the programme, valued at US$30 million.

224. Equipment under Phase II is earmarked for delivery in 2017 and will further benefit A1 and communal irrigation farmers.

**Environment and Climate Change**

*Climate Change*

225. Climate change continues to pose uncertainties to the weather patterns, necessitating adequate mitigatory measures in order to sustain agricultural and other economic activities.

226. The 2016 El-Nino induced drought directly impacted negatively on our agriculture and energy sectors as has been indicated in the respective sections above.

227. However, the impact of climate change effectively cuts across all sectors.

228. Government will, therefore, be scaling up allocations on mitigation of climate change impact.

229. In view of the magnitude of this task in terms of resource requirement, Government is forging strategic partnerships with the private sector and civil society in implementing climate change adaptation and mitigation strategies.

230. On its part, Government, through the 2017 National Budget, is appropriating US$5 million for the procurement and installation of two weather radars at the Meteorological stations in Harare and Bulawayo.

*Environment*

231. Furthermore, the country continues to face multiple environmental
management challenges that include:

- pollution;
- poor waste management in urban and mining centres;
- deforestation and land degradation, exacerbated by artisanal mining and sand extraction;
- cultivation in wetlands and stream bank cultivation;
- veld fires, against the background of poor land management practices;
- poaching, also threatening endangerment of species; and
- loss of bio-diversity.

232. This is against the increasing level of over-reliance on the environment as a source of livelihood.

233. A capacitated Environmental Management Agency (EMA), therefore, remains a priority to ensure proper management practices of forests and pasture lands, particularly in the dry livestock regions, as well as encouraging the use of alternative sources of energy, given the increase in the use of firewood for curing tobacco and cooking.

**Infrastructure and Utilities Cluster**

234. In line with the Zim Asset development thrust, the 2017 Budget has an allocation of US$188.5 million, inclusive of employment costs and operations, under the Infrastructure and Utilities Cluster.

235. The above allocation will be complemented by resources from the following sources:

- Loans and Public Private Partnership arrangements, US$251.3 million;
- Statutory funds, US$179 million;
• Public entities, US$150.7 million; and
• Development partners, US$69.8 million.

236. This gives a total of US$839.9 million directed at funding of infrastructure projects.

237. Earmarked projects are in energy, transport, water and sanitation, ICT, as well as housing development, among others, as indicated in the Chart above.

Energy

238. The energy sector accounts for US$291.55 million of the above overall resources mobilised towards infrastructure, to be channelled towards electricity generation and transmission infrastructure.

Electricity Generation

239. The Zimbabwe Power Company will channel US$35.5 million of own
resources, complemented by US$91 million from China EximBank, towards ongoing works at Kariba South Extension Project.

240. The project remains on schedule, with the first unit expected to be commissioned by end December 2017, and consequently, contribute an additional 150 MW to the national grid.

241. Upgrading of the Bulawayo Thermal Power Plant will also commence in 2017 with funding of US$30 million from India Exim Bank. These resources will meet mobilisation costs, as well as design and procurement of equipment.

242. An additional US$4 million from the Budget will cover project development costs.

Transmission and Distribution

243. The Zimbabwe Electricity Transmission and Distribution Company (ZETDC) will invest US$45.6 million of own resources towards procurement of transformers and other accessories.

244. Extension of the electricity grid to new settlements will be funded at a cost of US$29.5 million, while US$13.4 million will be for development costs for the Alaska–Karoi transmission line.

245. In addition, the Zim-Fund Phase II of the Emergency Power Rehabilitation Project will avail US$9.1 million towards:

- procurement and installation of grid transformers for the Marvel and Chatsey transmission line, US$5.6 million.
- rehabilitation of the Prince Edward sub-Station, US$2.6 million; and
- the Orange Groove – Sherwood transmission line, US$0.9 million.

246. Other projects prioritised for implementation in 2017 include:
• US$36.9 million for procurement of prepaid meters for 44,000 large consumers and 50,331 ordinary customers under the prepayment system.

• US$36.8 million towards extending the grid to 450 institutions under the Rural Electrification Agency programme, with a further US$0.3 million for construction of 41 stand-alone solar micro-grid plants for identified public institutions.

• US$1 million budgetary resources targeting construction of 48 biogas digesters at public institutions.

247. The sustainability of the above projects, however, hinges on cost recovery tariffs and ensuring that every consumer pays for electricity consumed.

Water Supply & Sanitation

248. The drought conditions experienced during the past two years have seen most urban and rural households’ water supply sources drying up, making it imperative for Government to invest in water infrastructure.

249. In this regard, a total of US$100.3 million, comprising of US$45.3 million from the Budget and US$55 million from development partners will be mobilised towards investment in water supply and sanitation projects in 2017.

Dams

250. Of the total water sector planned investments, an appropriation of US$25.8 million is earmarked for the following construction and maintenance works:

• Causeway Dam, US$5 million;
• resumption of works at Marovanyati Dam, US$8.6 million;
• upgrading of the access road to Tokwe Mukorsi Dam, US$4.5 million; and
• site running costs for Gwayi Shangani Dam, US$3.7 million.

251. Furthermore, the US$2 million allocated for Mutange Dam will enable construction of a pump house, upstream and downstream gauging weirs, which will facilitate use of the water for irrigation of 105 hectares at Mutange Irrigation Scheme.

252. In addition, US$2 million has been set aside to enable ZINWA repair and maintain some of the 2 000 small dams in communal areas and 680 dams in resettled areas, as part of drought mitigation measures.

253. Efforts are also underway to mobilise resources for construction of other critical dams, particularly Gwayi-Shangani and Kunzwi Dams, which provide long term water supply security for Bulawayo and Harare, respectively.

Water Supply and Sanitation Projects

254. The Budget proposes US$16.4 million towards water and sanitation programmes, of which US$10.4 million will target urban and rural local authorities, and US$6 million for procurement of drilling rigs for ZINWA and the District Development Fund.

255. Development partners are also complementing Government efforts through the following interventions:

• US$27 million under the Zim-Fund Phase II Urgent Water Supply and Sanitation Rehabilitation Project, in support of water and sanitation projects for Harare, Chitungwiza, Ruwa and Redcliff.
• US$2.1 million under the 13th African Development Fund (ADF), for construction and rehabilitation of outflow sewers and refurbishment of water treatment plants for Bulawayo.

• US$0.3 million under the ADF to Marondera for the rehabilitation of waste stabilisation ponds, replacement of pipes and rehabilitation of water tanks.

• US$4.1 million under the World Bank administered Zimbabwe National Water Project for commencement of sewer and water upgrading works for Guruve, Lupane, and Zimunya.

256. In addition, the Water and Sanitation Programme (WASH), administered by UNICEF, will inject US$8.4 million towards the rehabilitation and renovation of water and sewer systems in Bindura, Chipinge, Chiredzi, Karoi, Plumtree, Rusape and Shurugwi, whilst an additional US$13.1 million will be channelled towards the rehabilitation of boreholes and construction of latrines in rural areas.

Transport


258. Resources to the roads sector amount to US$188.1 million, with US$145.2 million being mobilised through the Road Fund, fiscal resources of US$29.4 million and development partner support of US$5.7 million.

Roads Fund

259. While resources amounting to US$54.7 million have been earmarked for
repayment of the Plumtree-Mutare loan facility from DBSA, the balance of resources set aside by the Road Fund in 2017 is for the following roads related expenditures:

- Road Authorities for road rehabilitation and maintenance, US$64.4 million;
- Outstanding certificates on road projects; US$9.7 million;
- Emergency road projects; US$6 million;
- Road construction equipment US$5.8 million;
- Weigh-bridge installation and maintenance, US$1.5 million;
- Construction of toll gates; US$1 million; and
- VID yard maintenance, US$0.9 million.

260. The detailed breakdown of the Road Fund allocations has been included in the Estimates of Expenditure Book.

Other Upgrade Works

261. Of the Budget resources of US$29.4 million, the following road upgrade works have been prioritised for 2017:

- Harare-Mutare road section between the Goromonzi turnoff/28.5 km peg to the Jamaica Inn Toll Plaza/34km peg, US$6.3 million towards dualisation works for the in-between 5.5 km;
- Harare-Bulawayo road section between the Norton Service Centre/38 km peg to the Norton Toll Plaza/47km peg, US$8.6 million for the dualisation of the in-between 9km; and
- Other road works, with an allocation of US$14.5 million spread across the country, including Mvurwi-Kanyemba road, Kapota-Zimuto road,
targeting 2km of the remaining 5.5km, Bindura-Matepatepa road, among others.

262. The Government of Japan is also supporting road improvements in the country through a grant amounting to ¥600 million (approximately US$5.7 million), for the procurement of bitumen, to be delivered in 2017.

263. Furthermore, discussions are also underway with JICA, who have shown interest in financing the upgrading of 13 road sections between Karoi and Chirundu, through construction of climbing lanes and renovating sharp curves in order to improve traffic flow.

**Beitbridge-Chirundu Road Dualisation**

264. With regards to the Beitbridge-Chirundu Road Dualisation Project, Government and Geiger International signed the Engineering and Procurement Contract and Concession Agreements on the Beitbridge–Harare Road section on 30 November 2016.

265. This project, estimated to cost US$984 million, is being implemented under the BOT arrangement and work is now underway to conclude on the conditions precedent, critical for achievement of financial close and commencement of works on the project.

**Rail**

266. A comprehensive capitalisation programme for the National Railways of Zimbabwe (NRZ) has remained elusive. Government will, however, continue to scout for a strategic partner for this project.

267. The NRZ has since appointed a financial advisor to assist in this process, including developing a well packaged and bankable project proposal for engagement with potential financiers.
268. Meanwhile, an allocation of US$3 million has been set aside for the rehabilitation of locomotives and wagons, track infrastructure as well as procurement of workshop equipment.

**Airports**

269. The upgrading of international airports will be further pursued in 2017. The Budget has allocated US$4.9 million for the construction of the Air Traffic Control Tower at J. M. Nkomo International Airport, with an additional US$1 million of Civil Aviation Authority of Zimbabwe (CAAZ’s) internal resources being channelled towards upgrading the sewer system at the airport.

270. The CAAZ will further invest US$4.6 million towards upgrading of equipment at Harare International Airport.

**Weather Equipment**

271. The Meteorological Department has also been allocated US$5.5 million for procurement of weather equipment to be installed at Harare, J. M. Nkomo and Victoria Falls international airports in order to improve safety in aviation operations.

272. Information gathered using this equipment will also be availed to other users, especially in agriculture.

**Housing**

273. The ongoing various Government and private sector residential housing programmes being spearheaded by such institutions as CABS, Old Mutual, IDBZ, Fidelity Life Assurance, CFI Holdings, NICOZ Diamond, ZIMRE Property Investments, as well as individual churches, among others, are expected to reduce the housing backlog, which currently stands at 1.2 million housing units.

274. Government will provide State land to Local Authorities to enable them to
offer schemes that are affordable to the generality of the population in order to reduce the national housing backlog.

275. An amount of US$88.3 million will be earmarked for the sector with US$71.8 million in fiscal resources and US$14.6 million in statutory funds.

*Housing Programme for Civil Servants*

276. On account of the difficulties civil servants are facing in accessing decent accommodation, Government has come up with a non-monetary benefit for its workers, with the State offering stands to public servants for development of own houses. This is a benefit being availed to every Government employee, irrespective of status.

277. Under the Scheme, beneficiaries identify the location and residential area of preference.

278. Using the information collated from workers, the Ministry of Lands and Rural Resettlement will identify suitable State land in and around settlements that responds to densities required. Where necessary, consideration will also be given to densification by promoting construction of flats which will reduce the cost of servicing.

279. The identified land will be allocated to the Ministries of Local Government, Public Works and National Housing and Rural Development, Preservation and Promotion of National Culture and Heritage for allocation under their respective jurisdictions.

280. The Ministry of Local Government, Public Works and National Housing will coordinate provision of critical services such as electricity, roads, water and sewer services as well as development of lay out plans and servicing of the land.
281. Furthermore, Treasury and the Reserve Bank will facilitate mobilisation of resources from the domestic financial market, including resuscitation of issuance of Municipal bonds through local authorities and UDCORP in order to deepen and broaden the existing housing finance options.

282. The Urban Development Corporation (UDCORP), will be central in coordinating all implementing partners such as surveyors, design engineers and contractors who will undertake the servicing of the stands.

283. The Service Commissions, comprising of the Public Service Commission, Health Service Board and the Judicial Service Commission will evaluate the suitability of every beneficiary under the programme.

Financing of the Programme

284. This is a self-financing scheme where beneficiaries are expected to contribute towards the cost of land and servicing, with deductions being made through the Salary Services Bureau.

285. The contributions to the Fund could comprise of the following:

- A minimal monthly deduction of say US$50 that will be dedicated towards servicing costs of the land;
- Payment for the intrinsic value of the land of US$4 per square meter and US$1 for administration costs through the 13th cheque whose modalities of implementation are to be negotiated, discussed and agreed among the Ministries of Local Government, Public Works and National Housing; Finance and Economic Development; Public Service, Labour and Social Welfare; Ministry of Lands and Rural Resettlement as well as the Apex Council, UDCORP, the National Building Society and Homelink.

286. The Fund, including the monthly remittances, will then be leveraged to
mobilise additional funding from the private sector such as the building societies, pension funds and the banking sector.

287. Once the land has been serviced and fully paid for, the beneficiary will get title deeds as per area.

288. The Ministry of Local Government, Public Works and National Housing; representing Government, Apex Council and UDCORP signed a Memorandum of Understanding (MoU), reflecting commitment by the parties to the implementation of the non-monetary benefit scheme.

**Information Communication Technology**

289. The rapid spread of digital devices and greater internet access in both urban and rural areas is enabling dissemination of critical information and knowledge that empowers households and other institutions in various activities.

290. The Budget allocation of US$17.1 million targets interventions in the sector, with US$12.8 million targeting e-Government programmes, whilst US$4.3 has been set aside for employment costs and operations.

291. The above allocations will be complemented by resources mobilised from statutory funds, US$11.7 million; parastatal’s own resources of US$26.9 million and US$87.4 million from loan financing.

**E-Government Services**

292. Taking advantage of developments in the ICT sector, Government will establish an E-Government platform that will enhance access to Government information and services, that way promoting transparency and efficiency in public services delivery.

293. In this regard, fiscal resources amounting to US$6.9 million will be used to
set up the National Data Centre to support the rollout and use of E-Government services by citizens, which should contribute towards the easing the cost of doing business in the country.

294. Furthermore, the Universal Services Fund will earmark US$11.7 million towards the setting up of 70 Community Information centres in rural service centres, roll out of computerisation and E-learning facilities to 1 300 schools, and introduction of tele-medicine facilities in 20 rural health centres.

**Network Expansion & Upgrading Projects**

295. Under the US$98 million National Backbone and Broadband Access Project, already underway, TelOne will expend US$47.4 million in 2017 on extending the fibre optic network to unserved areas, including upgrading the data centre and Centralised National Operations Centre, among others.

296. Using own resources, TelOne will also avail US$26.8 million towards last mile connectivity, value added services equipment and facilities, all aimed at ensuring better services to clients and business growth.

297. This intervention is in addition to the NetOne Network Expansion Phase II project where NetOne is expected to drawdown US$40 million from a China Eximbank loan to cover all the remaining works on the project.

**Joint Ventures**

298. Following the promulgation of the Joint Venture Act, Government is strengthening public entities’ project development capacity and improving existing institutional and regulatory frameworks for efficient selection and execution of joint venture projects.

299. Already, the Public Service Commission is finalising on the structure and
composition of the Joint Ventures Unit, which is expected to become operational in 2017.

300. The Unit will streamline mechanisms for speedy appraisal of joint venture projects, including, where necessary, fiscal support for projects deemed economically justified but commercially unviable.

301. The Unit will also work with project owners, investors and the supply chain to ensure effective and timely delivery of Government projects and programmes.

*Project Preparation Development Fund*

302. An allocation of US$7 million has been set aside for the establishment of the Project Preparation Development Facility, which should play a catalytic role in developing bankable projects which enable investors to make appropriate investment decisions.

303. The Fund will finance such project development costs as feasibility, environmental and social impact assessments and design studies, among others, that will guide investment decisions by private investors.

304. Some of the priority projects requiring feasibility studies include the following:

- Kunzwi Water Project.
- Tokwe-Mukorsi Irrigation development.
- Osborne Dam Irrigation development.
- Harare–Nyamapanda Road.
- Bulawayo–Victoria Falls Road.
- Victoria Falls Development.
Social Services and Poverty Reduction Cluster

Health

305. In health, the thrust of the 2017 Budget allocation proposals responds to community appeals for prioritisation of the following challenges raised during the consultative process for the development of the IPRSP:

- limited access to health services;
- burden of communicable diseases, that is malaria, TB and HIV/AIDS; and
- burden of non-communicable diseases, i.e. diabetes, cancer, hypertension, and oral health.

306. Accordingly, US$281.9 million has been appropriated for the health sector under the 2017 Budget, inclusive of remuneration of public health care personnel which accounts for US$223 million, operations and maintenance of US$29.6 million and capital expenditures of US$29.5 million.

307. Of the capital expenditure appropriation, US$17.9 million is earmarked for the construction and refurbishment of infrastructure, while US$10 million is allocated for procurement of medical and diagnostic equipment as indicated in Annexure 10.

308. Beyond the US$29.6 million available for operations and maintenance, public health facilities should also benefit from collection of user fees. These are estimated to raise US$36.5 million during 2017, to the benefit of improved clinical care services.

Capitalisation of Natpharm

309. In order to enhance supply of medicines and pharmaceuticals to public health facilities, the 2017 Budget proposes an allocation of US$1 million towards improving the capacity of the National Pharmaceutical Company.
310. Over and above this, the People’s Republic of China is complementing Government efforts and availing Renminbi Yuan 90 million (approximately US$13 million) for preparatory works for the construction of the National Pharmaceutical Warehouse.

Health Development Fund

311. Other development partners are also contributing US$48.5 million towards the health sector, through the Health Development Fund.

312. In 2017, development partners will contribute an amount of $48.5 million through the Health Development Fund, of which $22 million is from the EU, with the other balance being availed by other development partners who include DFID, Sweden, Irish Aid, Swiss, Gavi, among others.

Global Fund

313. The Global Fund will also disburse US$177 million under the HIV/AIDS Grant for procurement of anti-retroviral drugs, medicines and training of health sector staff.

314. Furthermore, an additional US$4.3 million will also be disbursed by the Global Fund in support of the malaria control programme.

2014 Malaria Incidences by District
315. With regards to tuberculosis, US$11.5 million will be disbursed for procurement of category I & II of first line anti-tuberculosis medicines, as well as towards the refurbishment of 27 storage facilities across health institutions.

316. Over the medium term, strengthening of the public health delivery system and improvement of service quality will be anchored on preventing communicable diseases through improving surveillance and responsiveness to epidemic disease outbreaks and strengthening the expanded programme on immunisation, among other strategies.

317. Prevention of non-communicable diseases will also focus on improving the
capacity of health facilities to screen, diagnose and follow up on cases, training of health personnel, and advocacy towards healthy lifestyles.

318. Other prioritised areas relate to family health and primary health care, as well as hospital care, entailing improving the availability of medicines and pharmaceuticals, capacity of health workers, health infrastructure refurbishment and construction of seven standard rural health centres.

**Education**

319. Investment in education is a key poverty reduction strategy, as well as a vehicle for producing a skilled and capable workforce, also supportive of the 2017 Budget theme of ‘*Pushing Production Frontiers across all Sectors of the Economy*’.

**Primary and Secondary Education**

320. The 2017 Budget, therefore, prioritises provision of teaching and learning materials, investment in Early Childhood Development, developing education facilities, including infrastructure, strengthening the education curricula, as well as reducing the skills and competency gaps.

321. In this regard, the 2017 Budget proposes an allocation of US$803.8 million towards primary and secondary education.

322. Given that the teacher is central to education delivery, US$789 million of the above Budget appropriation will support the payment of remuneration to the 122,756 strong education labour-force.

323. The balance of US$14.8 million will be expended towards schools’ operational requirements during 2017. This Appropriation will be complemented by community contributions through school development levies.

**Teaching and Learning Materials**

324. With regards to learning aids, US$1.7 million has been set aside for the
procurement of teaching and learning materials, including assistive learning devices for learners with disabilities.

*Early Childhood Development*

325. An amount of US$0.58 million has been earmarked for the construction of appropriate infrastructure to facilitate increased enrolment at the ECD level.

*Education Infrastructure*

326. To promote inclusive learning, the 2017 Budget proposes to allocate US$3.58 million towards infrastructural development across satellite schools, as indicated in Annexure 11.

327. An additional US$5 million will be disbursed from the US$20 million Loan Facility from the OPEC Fund for International Development (OFID) for commencement of works for the construction of 12 primary and 5 secondary schools in the eight rural Provinces.

*Curriculum Review*

328. The 2017 Budget proposes to allocate US$0.44 million to facilitate the phased implementation of the new curriculum for ECD ‘A’, Grade 1, Grade 3, Form 1, Form 3 and Form 5 by the Ministry of Primary and Secondary Education.

329. In this regard, the recently reviewed curriculum framework put more emphasis on maths and science, as well as technical vocational disciplines, across all primary and secondary education levels.

330. Government will, therefore, support the implementation of this curriculum through Budget support for teacher capacitation and building of appropriate facilities.

*School Feeding Programme*

331. In order to mitigate against learners dropping out of school on account of
hunger, US$0.12 million has been allocated in support of the school feeding programme.

332. This modest Government support complements efforts in place by parents and school authorities through the establishment of nutrition gardens.

Teacher Capacity Development

333. The 2017 Budget is also proposing an allocation of US$1 million towards the Teacher Capacity Development programme.

334. This appropriation is being complemented by interventions under the UNICEF administered Education Development Fund (EDF).

335. In 2017, the EDF will avail US$31.8 million in support of the in-service teacher training programme, procurement of learner materials, ECD and science kits and provision of development grants for under-developed and financially constrained schools.

Higher and Tertiary Education


Institutional Accommodation and Halls of Residence

337. Of the overall Budget appropriation, US$23.2 million is being appropriated towards the completion of on-going construction works to alleviate shortage of institutional accommodation, as indicated in Annexure 12.

338. Government will also continue to pursue initiatives for mobilising additional financial resources for the construction of halls of residence through joint ventures and issuance of infrastructure bonds.
New State Universities

339. Furthermore, the 2017 Budget proposes to allocate US$1.75 million towards the development of master plans and designs for the three new State universities in Manicaland, Mashonaland East and Matabeleland South, as well as for rehabilitation of existing infrastructure at Epoch Mine for Gwanda State University.

Social Protection

340. The 2017 Budget proposes to allocate US$193.8 million under the Ministry of Public Service, Labour and Social Welfare, with US$156 million being set aside to cover employer contributions to the Premier Service Medical Aid Society, US$121.2 million; and National Social Security Authority, US$34.8 million.

341. Flagship social protection programmes have been allocated US$21.4 million from the operations budget of US$27.8 million. This was guided by the 2015 National Social Protection Framework, as well as Phase III of the National Action Plan for Orphans and Vulnerable Children for 2016-2020.

342. The breakdown of the US$21.4 million allocation is as follows:

- US$10 million to fund the BEAM programme, which enables learners from poor and vulnerable households to access education;
- US$7 million for the Harmonised Social Cash Transfer programmes in support of vulnerable households to meet basic needs;
- US$1.1 million for the drought mitigation programme, targeting distribution of grain to the ward level;
- US$1 million to facilitate access to basic health services by poor and vulnerable households under the Health Assistance programme;
- US$1.35 million for child protection services; and
• US$800 000 in support of the elderly and people living with disabilities.

343. UNICEF, through the Child Protection Fund, will also avail US$9.8 million in support of orphans and vulnerable children.

**Humanitarian Response for the Drought Response**

344. Government is fully appreciative of the bilateral and multilateral response to appeals for humanitarian assistance.

345. The Humanitarian Response Plan for the period 2016–2017, with a budget of US$352 million, has so far disbursed US$212.5 million, leaving a balance of US$139.5 million.

346. Government is, therefore, appealing to development partners to mobilise the balance in order to fully support vulnerable communities.

**Empowerment and Small & Medium Enterprises**

347. The 2017 Budget is appropriating US$31.7 million under the Ministries of Youth, Indigenisation and Economic Empowerment, Small & Medium Enterprises and Cooperative Development and Women Affairs, Gender & Community Development.

348. Of the combined Budget appropriation, US$22.1 million is being allocated for the payment of remuneration.

349. From the balance of US$9.6 million, empowerment programmes are being allocated US$4 million as follows:

- US$2 million for capitalisation and transformation of the Small and Medium Enterprises Development Corporation into a microfinance bank;
- US$1 million towards the Youth Development Fund in support of community outreach training services and establishment of agricultural, manufacturing and service production hubs;
• US$0.5 million in support of MSMEs as counterpart funding for the establishment of Common Facility Centres in conjunction with the Indian Government⁴; and
• US$0.5 million as a first tranche towards the modernisation and re-tooling of machinery and equipment in our Vocational Training Centres.

350. In support of women empowerment, the 2017 Budget proposes to allocate US$10 million for capitalisation of the Women’s Micro-Finance Bank.

351. Complementary to Government support, development partners are also supporting various youth and women empowerment projects, with the African Development Bank availing US$7 million in support of youth and women income generating activities.

352. The private sector is being called upon to provide complementary financing which allows transfer of business skills, knowledge and technology from bigger businesses to SMEs, thereby enhancing the quality of their products and nurturing development of value chains.

Youth Engagement

353. Going into 2017, it is critical that both public and private institutions engage the Youth through initiatives targeted at ensuring innovative and enterprising young people feed into and contribute towards the transformation and growth of the economy across the various sectors.

354. Integrating the Youth into mainstream business activities is consistent with the 2017 African Union theme for ‘Harnessing the Demographic Dividend by Investing in the Youth’.

---

⁴ For funded Common Facility Centres, please refer to Annexure 13
ZIMSTAT

355. The 2017 Budget proposes to allocate US$1 million towards funding of ZIMSTAT to carry out timely industrial surveys in order to promote evidence based policy making.

Prepaid Metering

356. In line with the thrust of the 2017 Budget to contain expenditures, line Ministries and Departments, as well as all public entities, will be required to enforce introduction of instalment of pre-paid metering for such utilities as telecommunications, water and electricity.

CHAPTER 6: REVENUE MEASURES

357. The revenue measures that I am proposing seek to enhance the support that has already been availed to industry through tax relief and modest protection enhance revenue and efficiency in tax administration.

Support to Industry

358. In an effort to boost domestic production and value addition against declining exports, Government has supported industry through prioritisation of critical raw material imports and levelling the playing field using such temporary import prioritisation instruments that include tariffs and SI 64 of 2016.

359. Consequently, industry capacity utilisation has increased significantly from 34% in 2015 to the current level of 47%.

360. Government measures to support the resuscitation of industry will have to be complemented by manufacturers playing their part with regards to guaranteeing quality of goods, as well as competitiveness of prices.

Milling Industry
361. Despite support measures availed by Government to the milling industry, the number of producers continue to shrink, from 368 in 2007 to 37 in 2016 due to competition from wheat flour imported from the region under bilateral trade arrangements.

362. The Graph below shows imports of flour over the period 2009 to 2016:

![Flour Imports 2009 to 2016](chart.png)

**Source:** ZIMSTAT

363. Notwithstanding threats to the viability of the milling industry, the industry continues to receive new investment. Blue Ribbon Foods has been revived by a new investor, which has increased the level of capacity utilisation and competition, resulting in prices of flour declining from US$32 to US$27 per 50 kg.

364. Such investments need to be nurtured, in order to enhance value addition and linkages with the agro-processing and packaging industry.

365. It is, thus, proposed to amend bilateral rules of origin on flour, to the effect
that the preferential treatment is granted to flour milled from wheat grown in the country of export.

366. It is, further, proposed that wheat flour be removed from the Open General Import Licence.

367. The above measures take effect from 1 January 2017.

Dairy Industry

368. Government has since 2013 supported the growth and development of the dairy industry through duty free importation of inputs and levelling the playing field with regards to imports of finished dairy products.

369. The industry has also benefited from removal of dairy products such as yoghurts, flavoured milk, ice cream and cheese, among others, from the Open General Import Licence through SI 64 of 2016.

370. Capacity utilisation for the dairy industry, has, thus, increased from 25% in 2015 to the current levels of 45-55% in 2016.

371. The dairy industry has also set up a Dairy Revitalisation Fund to finance initiatives aimed at promoting sustainable milk production.

372. The Fund has already been used to import dairy calf heifers for distribution to beneficiaries, which are mainly comprised of smallholder dairy farmers.

373. Products that include ice cream, fermented milk, yoghurts, butter milk, cheese, are thus, now being produced locally in quantities sufficient to meet local demand.

374. Supply of raw milk, however, remains inadequate, hence, the need to augment through importation of milk powder. It is, thus proposed to review the ring-fenced milk powder requirements for the year 2017. Details are shown in Annexure 14.
Textiles

375. Textile manufacturers are currently operating at capacity utilisation levels of between 30-35%.

376. Growth of the sector has been hampered by competition from imported fabrics as the retail sector exploits loopholes in the tariff structure in order to avoid duty and tax.

377. This has been exacerbated by the administrative complexity to identify various types of fabrics which are fraudulently imported under tariff codes that attract lower rates of duty.

378. As a consequence, local companies are facing challenges in selling their stock, despite the decline in imports, as shown in the graph below:

![Textiles Imports 2009-2016](Source: ZIMSTAT, Reserve Bank)

379. Manufacturers of blankets have particularly been negatively affected by
imports of semi-finished blankets, whose process of manufacture involves minimal value addition of cutting and trimming.

380. It is, therefore, proposed to increase customs duty on selected fabric, in order to level the playing field for the local industry.

381. Clothing and furniture manufactures will, however, continue to access fabrics duty free, under the clothing manufacturers rebate.

382. Furthermore, it is proposed to avail additional raw materials under a rebate of duty on selected fabrics.

383. The list of additional raw materials to be imported under rebate of duty, as well as selected fabrics that will attract increased customs duty are shown on Annexure 15.

384. It is also proposed to remove luggage ware that includes bags and suitcases from the Open General Import Licence.

385. The above measures take effect from 1 January 2017.

Clothing

386. Significant progress has been made in the clothing sector, especially on export of finished articles. However, imports of clothing items, in particular, school uniforms, continue to threaten the existence of small enterprises.

387. Manufacture of uniforms has, for a number of years, provided income for small enterprises that operate as cooperatives.

388. It is, therefore, proposed that school uniforms be removed from the Open General Import Licence, in order to promote local production, with effect from 1 January 2017.

Printing and Packaging Industry

389. The printing industry has begun to make inroads into production, as a result of
support measures that have been put in place by Government.

390. However, imports of printed and packaging material continue to increase, hence the need to support the industry through reduction in the cost of production. 391. It is, therefore, proposed to increase the list of raw materials that are used in the printing and packaging industry that are eligible for importation under manufacturers’ rebate.

392. The above measure, which takes effect from 1 January 2017, are provided on Annexure 16.

*Soap Manufacturers*

393. In order to level the playing field between imported and locally produced soap, Government, introduced a specific duty of US$0.50 per kg of soap. 394. In order to further reduce the cost of production, thereby enhancing competitiveness of locally manufactured soaps, it is proposed to avail additional raw materials which include fatty acids, palm stearine and palm kernel oil under a manufacturers’ rebate.

395. This measure takes effect from 1 January 2017.

*Sanitary Wear*

396. In order to enable the less privileged to access affordable products, whilst allowing local companies ample time to invest, customs duty on sanitary wear was suspended.

397. Following the entry of new local sanitary wear manufacturers, the suspension of duty was lifted and substituted by modest duty rates of 15-20%.

398. Whereas local companies have potential to grow and meet local demand, the industry still faces challenges such as high cost of raw materials and loyalty of consumers to international brands.
399. Imports of sanitary wear, thus, continue to grow, as shown in the graph below:

![Sanitary Wear Imports 2009-2016](image)

*Source: ZIMSTAT, Reserve Bank*

400. In order to enhance competitiveness of locally produced sanitary wear products, thereby promoting growth of the industry, it is proposed to avail duty free importation of raw materials, which include pulp, glue and virgin tissue, under manufacturers’ rebate, with effect from 1 January 2017, as shown in Annexure 17.

**Excise Duty: Wines**

401. Wine distillers import raw wine in order to augment local production which is currently subdued.

402. Imported raw wine, however, attracts customs and excise duty at the point of importation. After processing into potable wine, it is, further, subject to excise duty at wholesale price. There is, thus, an element of double taxation on raw wine, which discourages value addition.
403. Imported wines, on the other hand, attract customs and excise duty at the point of importation, thus, creating an uneven playing field between imported and locally produced wines.

404. It is, therefore, proposed to suspend excise duty on importation of 30 000 litres of raw wine under a ring-fenced facility for approved manufactures for a period of one year beginning 1 January 2017.

405. Excise duty on potable wine will, however, remain due and payable at wholesale level.

406. The wine manufacturers will be closely monitored, in order to ensure that they continue to support the growth of vineyard farmers, through contract farming and local purchases of raw wine.

Revenue Enhancing Measures

VAT Fiscalised Recording of Taxable Transactions

Procurement of Advanced Fiscal Devices

407. Government introduced the fiscalisation programme in 2010, with a view to plug loopholes in the VAT system, thereby enhancing revenue collections. The programme was anchored on the use of approved devices.

408. Most of the devices that were approved at the commencement of the fiscalisation programme are now outdated.

409. It is, therefore, proposed to authorise suppliers of fiscalised devices to procure advanced fiscal devices.

Licencing of Additional Suppliers

410. Currently, ten companies are licenced to supply fiscalised devices, of which four are no longer operational.
411. This has constrained the supply of fiscalised devices, thereby undermining progress of the programme.

412. It is, therefore, proposed to licence additional suppliers of fiscalised devices. These will complement existing suppliers in meeting the anticipated demand for fiscal devices that will arise from extension of the fiscalisation programme to operators in categories A, B and D.

**Penalty for Failure to Connect to the ZIMRA Server**

413. Whereas about 90% of category C operators have already acquired fiscalised devices, connection to the ZIMRA server has, however, been slow, due to resistance by operators.

414. Non-compliance has undermined the ability of ZIMRA to monitor vatable transactions in real time.

415. In order to ensure compliance by category C operators, non-compliant operators will not be issued with Tax Clearance Certificates. This implies that operators will be subject to a withholding tax of 10% of the gross value of sales.

416. This measure takes effect from 1 January 2017.

**Capital Gains Tax on Intangibles**

417. Capital Gains Tax is levied on amounts accruing from the sale of specified assets which include immovable property or any marketable security such as equity shares, debentures and bonds capable of being sold in a share market, among others.

418. Other amounts of a capital nature accruing from the sale of assets that are not deemed as specified assets are generally not subject to tax.

419. The limited coverage of the definition of specified assets has undermined the tax base and created an opportunity for tax avoidance, particularly on income accruing from the sale of intangible assets such as trademarks, patents, and brands.
420. In order to minimise tax avoidance, thereby enhancing revenue collections, it is proposed to amend the definition of specified assets to include income accruing from the disposal of property of any description, whether tangible or intangible, including whatever nature of rights to such property.

421. The above measure takes effect from 1 January 2017.

*General Administration and Management Fees*

422. General administration and management expenses incurred by a subsidiary or local branch of a foreign company are deductible against taxable income, subject to a formula based limit.

423. The limit on deductible expenditure is, however, restricted to transactions between the parent company and its subsidiary or branch. Consequently, transactions between associated companies are not subject to the limit on tax deductible expenditure. This presents an opportunity for base erosion and profit shifting to lower tax jurisdictions.

424. It is, therefore, proposed to amend the Income Tax Legislation in order to extend the limit on tax deductible expenditure to apply to transactions between associated companies, with effect from 1 January 2017.

*Exemption of Dividends from Income Tax*

425. Interest incurred on any domestic loan that is used to generate income is allowed as a deduction against taxable income.

426. In order to minimise tax planning initiatives that reduce the tax liability, interest on the portion of the loan that results in the company exceeding the debt to equity ratio of three to one is disallowed as a deduction against taxable income.

427. In such circumstances, the disallowed interest expense is deemed as a
dividend, which is subject to resident shareholders’ tax of 20%.

428. However, the same dividend is exempt from income tax when paid by a company which is incorporated in Zimbabwe.

429. It is, therefore, proposed to exclude deemed dividends arising from disallowed interest expenses from the income tax exemption, with effect from 1 January 2017.

Permanent Establishment

430. A significant number of foreign companies have established business operations in Zimbabwe, in order to take advantage of the existing market opportunities that have been availed by the increased globalisation of commerce.

431. However, current legislation does not contain provisions that deem the activities of a non-resident business in Zimbabwe substantial so as to allow for the taxation of attributable profits. This undermines the tax base and revenue flows to the fiscus.

432. This is further compounded by the absence of Tax Treaties with the foreign company’s country of residence, since such Treaties embrace the concept of Permanent Establishment.

433. The concept of Permanent Establishment is necessary in establishing the right of the host country to tax the profits of a foreign company.

434. In order to protect the tax base and eliminate non-taxation of income accruing to some foreign business enterprises, it is proposed to introduce the definition of “Permanent Establishment”, in the Income Tax Act.

Rationalisation of VAT Zero Rated Products

435. Rationalisation of the schedule of VAT zero-rated and exempt goods and services remains one of the priority areas with focus on broadening the tax base and minimising the cost of administration.
Already, measures instituted through the 2016 National Budget are yielding positive results, with VAT refunds for the period January to October having drastically declined from US$230.5 million in 2015 to US$177.8 million in 2016. The process to identify goods and services that may be zero-rated or exempt for VAT purposes is ongoing, mindful of the need to cushion low income households from price escalation, as well as promote value chains within the various sectors.

It is, therefore, proposed to standard rate products shown in Annexure 18. This measure takes effect from 1 January 2017.

Health Fund Levy

Government aims to attain the highest possible level of health and quality of life for all citizens as this allows full participation in the economic development of the economy.

In order to attain this vision, every citizen has to access comprehensive and effective health services.

However, the shrinking tax base has constrained Government’s capacity to invest in the public health delivery system, which is now being augmented with resources from development partners.

This situation is not sustainable as development partners are also experiencing budget constraints, hence, have reduced their support.

This has been compounded by medical practitioners who now demand cash payments before providing the required services, due to the non or delayed remittances by medical aid schemes.

Consequently, the majority of the patients fail to access health services.

The continued reliance on a shrinking formal tax base to fund critical sectors
such as health is no longer sustainable, for both the taxpayer and Government.

447. It is, therefore, critical that all economically active individuals contribute towards funding health services.

448. It is, thus, proposed to introduce a health fund levy of 5 cents for every dollar of airtime and mobile data, under the theme, ‘Talk-Surf and Save a Life’.

449. The resources raised will be ring-fenced for the purchase of drugs and equipment for public hospitals and clinics.

450. The above measure takes effect from 1 January 2017.

**Tax Relief Measures**

*Tax Incentives for Special Economic Zones*

451. Government enacted the Special Economic Zones legislation in order to attract foreign direct investment and enhance the economy’s capacity to produce goods and services competitively.

452. In order to enhance the attractiveness of the Special Economic Zones, it is proposed to provide tax incentives as follows:

<table>
<thead>
<tr>
<th>Special Economic Zones Incentives</th>
<th>Proposed Incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tax Head</strong></td>
<td><strong>Proposed Incentive</strong></td>
</tr>
<tr>
<td>Corporate Tax</td>
<td>Exemption from Corporate Income Tax for the first 5 years of operation. Thereafter, a corporate tax rate of 15% applies.</td>
</tr>
<tr>
<td>Special Initial Allowance</td>
<td>Special Initial allowance on capital equipment to be allowed at the rate of 50% of cost from year one and 25% in the subsequent two years.</td>
</tr>
<tr>
<td>Employees’ Tax</td>
<td>Specialised expatriate staff will be taxed at a flat rate of 15%.</td>
</tr>
<tr>
<td>Non-Residents Withholding Tax on Fees</td>
<td>Exemption from Non-residents tax on Fees on services that are not locally available.</td>
</tr>
<tr>
<td>Non-Residents Withholding Tax on Royalties</td>
<td>Exemption from Non-residents tax on Royalties.</td>
</tr>
<tr>
<td>Royalties</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------------------------</td>
</tr>
<tr>
<td>Non-Residents Withholding Tax on Dividends</td>
<td>Exemption from Non-residents tax on Dividends.</td>
</tr>
<tr>
<td>Customs Duty on Capital Equipment</td>
<td>Capital equipment for Special Economic Zones will be imported duty free.</td>
</tr>
<tr>
<td>Customs Duty on Raw Materials</td>
<td>Inputs which include raw materials and intermediate products imported for use by companies set up in the Special Economic Zones will be imported duty free. &lt;br&gt;The duty exemption will, however, not apply where such raw materials are produced locally.</td>
</tr>
</tbody>
</table>

453. The tax incentives will apply in demarcated geographical areas and are restricted to production for export.

454. This measure takes effect from 1 January 2017.

*Capital Gains Tax on Donated Houses*

455. As part of their Corporate Social Responsibility Programmes targeted at providing decent shelter to employees and local communities, some companies, particularly those in the mining sector, construct housing units, whose ownership they cede to local authorities or community trusts.

456. This act of ceding or donating ownership is, however, deemed a sale and is liable to capital gains tax, payable on the fair market value of the property. This is, notwithstanding, the fact that no gain would have accrued to the seller.

457. In support of the continued participation of private sector in the provision of shelter, it is proposed to exempt donations of housing units to any local authority, employee share ownership scheme or community development trust from Capital Gains Tax.

458. This measure takes effect from 1 January 2017.
Small to Medium Enterprises (SMEs) play a critical role in the economy, hence, account for a significant portion of the gross domestic product and employment creation. Initiatives by SMEs have, thus, greatly assisted in poverty alleviation and economic empowerment.

In support of this important sector of the economy, Government has already committed to implementing policies, programmes and strategies aimed at resolving the perennial challenges experienced by SMEs. These challenges include inadequate financing, improper infrastructure and lack of requisite entrepreneurial, marketing and management skills, among others.

In order to further enhance the growth of SMEs, thereby creating an environment conducive for their participation as anchors of economic development, it is necessary to provide additional support measures:

Registration for Value Added Tax

In order for SMEs to transact with private and public sector entities as corporate suppliers within the value chain, they must be registered for VAT. This will enable the established corporates to claim input tax on goods and services supplied by the SMEs.

However, most SMEs are not registered for VAT, hence they cannot take advantage of existing market opportunities as corporate suppliers. In addition, they miss out on benefits such as improved quality control and technology and skills transfer that are derived from dealing with large businesses.

Most SMEs are, however, reluctant to register for VAT, due to the massive backdated taxes and penalties that they are likely to incur upon registration.

In order to facilitate VAT registration for SMEs that qualify on account of
their gross turnover exceeding the threshold of US$60 000 per annum, it is proposed to waive the requirement to account for output tax from the deemed date of qualification for registration.

466. Eligible SMEs will, thus, account for VAT from the date of registration.

467. This incentive will apply to SMEs whose turnover does not exceed US$240 000 per annum and also voluntarily register for VAT with the Zimbabwe Revenue Authority.

468. This amnesty will be effective over a period of six months beginning 1 January 2017.

Provisional Tax

469. Furthermore, SMEs that voluntarily register with the Zimbabwe Revenue Authority will only account for provisional tax during the first year of registration, when the Fourth Quarterly Payment Date falls due.

470. Alternatively, qualifying SMEs may account for provisional tax on a monthly basis.

471. However, SMEs that are compelled to register for tax after an audit by ZIMRA, will not benefit from the above incentives.

472. This measure takes effect from 1 January 2017.

Presumptive Tax

473. In view of the increase in unregistered businesses, Government introduced presumptive taxes on selected sectors of the economy such as restaurants, bottle stores, the cottage industry, hair salons, and commuter omnibus operators, among others, in order to broaden the tax base.

474. However, despite measures instituted to capture the revenue inflows from the
informal sector, revenue contribution to the fiscus remains insignificant, due to low compliance.

475. The informal sector largely view taxes as an additional cost to business. This is despite the expectation that Government should provide quality social services.

476. Furthermore, due to the liquidity constrains that are currently being experienced, business operations in the informal sector are generally low.

477. It is, therefore, proposed to review downwards, presumptive taxes and the payment period from quarterly to monthly basis, with effect from 1 January 2017, as shown in Annexure 19.

478. The Ministry of Small and Medium Enterprises Development and approved SME Associations, will work together, in order to ensure compliance.

Revenue Collected from SMEs

479. I have already identified inadequate working capital as one of the hindrances to the growth of SMEs.

480. It is, therefore, proposed to ring fence revenue generated from presumptive taxes towards capitalisation of the Small and Medium Enterprises Development Corporation (SMEDCO) for on-lending to SMEs.

Taxpayer Education

481. In order to sustain efforts to formalise SMEs and enhance taxpayer compliance, particularly with regards to registration, filing of tax returns and payment of tax, the Zimbabwe Revenue Authority will intensify training programmes in collaboration with the responsible Ministry.

482. The level of education received by taxpayers is an important factor that contributes to their understanding of their tax obligations.
**VAT Exemption on Banking Services**

483. Technological advancement has resulted in the adoption of new methods of banking, which include mobile banking. This has brought convenience to the banking public and assisted in resolving some of the payment challenges arising from the current cash shortages. In some areas this has promoted financial inclusion for the unbanked population.

484. Such innovative services are, however, subject to VAT. This is in contrast to the VAT exemption on services offered by the traditional financial institutions.

485. In order to support the growth of these innovative banking and payment solutions, thereby enhancing financial inclusion, it is essential that we level the playing field within the financial services sector.

486. It is, therefore, proposed to exempt banking and payment solutions offered by any person registered under the National Payments Systems Act from VAT.

487. It is my legitimate expectation that the benefit of the exemption will be passed to the consumer.

488. This measure takes effect from 1 January 2017.

**Non-Executive Directors’ Fees**

489. Non-Executive Directors receive board fees as remuneration for services rendered. This income is subject to a withholding tax of 20%.

490. However, the same fees, when paid to non-resident directors, may also be liable to non-residents’ tax on fees which are payable on any amount from a source within Zimbabwe for any services of a technical, managerial, administrative or consultative nature, resulting in double taxation of the same income.

491. In order to eliminate double taxation of the same income, it is proposed to
amend the Income Tax Act to explicitly exempt board fees accruing to non-executive directors from non-residents tax on fees, with effect from 1 January 2017.

 Custums Duty on Luxury Buses

492. In order to boost capacity utilisation of local assemblers, resuscitate downstream industries, as well as create employment, Government, in 2014, introduced customs duty of 40% on imported buses.

493. Importation of buses has declined after implementation of the above policy thrust, as shown on the graph below:

![Graph: Imports of Buses 2009-2016](source: ZIMSTAT, Reserve Bank)

494. Notwithstanding the noble intention of the policy thrust, local assemblers, however, produce buses that service mainly urban, rural and inter-city commuters.

495. This has disadvantaged operators that use luxury buses to service cross border routes, hence have resorted to registering imported buses in neighbouring countries, thereby resulting in loss of revenue to the fiscus.

496. It is, therefore, proposed to ring-fence importation of 30 luxury buses at a reduced rate of 5% for the period of twelve months beginning 1 January 2017.
497. Value Added Tax, however, remains due and payable.

498. In order to ensure equity in the management of the facility, beneficiaries will be limited to a maximum of two units.

499. The Ministry of Transport and Infrastructural Development, in consultation with the Coach and Bus Operators Association, will recommend the list of beneficiaries to Treasury, in order to ensure accountability and effective monitoring.

500. Furthermore, operators that intend to benefit from this facility will be required to provide a valid Tax Clearance Certificate and proof of registration with ZIMRA.

Standard Scale of Fines

501. The current standard scale of fines was last reviewed in February 2009, when the country migrated to the use of multi-currencies.

502. Whereas the fines are supposed to be deterrent, this, however, is not being achieved due to the low level of some of the fines as shown on the Table below:

<table>
<thead>
<tr>
<th>Level</th>
<th>Offense</th>
<th>Fine US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>• Driving a vehicle without windscreen wiper;</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>• Driving without head or side lights;</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>• Cutting corners when turning right;</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>• Failure to signal when slowing down, stopping or turning;</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>• Proceeding against a red robot;</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>• Overtaking over solid line;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Non-functional foot brake;</td>
<td></td>
</tr>
</tbody>
</table>

503. Most of the carnage that is witnessed on the country’s roads are a result of
human error arising from failure to observe road traffic regulations. This is exacerbated by non-deterrent fines.

504. It is, therefore, proposed to increase the standard scale of fines of level 1 to 3, with effect from 1 January 2017, as follows:

<table>
<thead>
<tr>
<th>Proposed Level of Fines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
</tbody>
</table>

**Efficiency in Tax Administration**

*Excise Duty on Paraffin*

505. In order to cushion low income households, Government provided for duty free importation of paraffin.

506. However, due to availability of alternative and competitively priced sources of energy, intended beneficiaries now prefer to use solar and LPG gas energy for lighting and cooking.

507. Furthermore, paraffin is being used by unscrupulous traders for blending with diesel, in order to achieve higher profit margins, thereby prejudicing revenue to the fiscus and causing mechanical damage to motor vehicle engines.

508. The surge in import volumes of paraffin, as shown in the graph below, is clear testimony of the abuse of the duty free facility for purposes other than the needs of low income households.
509. It is, thus, proposed to align excise duty on paraffin with diesel at a rate of 40 cents per litre, with effect from 1 January 2017.

*Duty Free Certificates*

510. The Customs and Excise legislation provides for duty free importation of goods for the exclusive use of Government. This provision is, however, subject to the condition that a certificate under the hand of a responsible officer is furnished to the Commissioner General of ZIMRA.

511. There are, however, circumstances where duty free certificates have been abused, thereby defrauding the fiscus, as well prejudicing local producers.

512. In order to enhance compliance and also secure an effective audit trail, it is proposed to introduce an Electronic Duty Free Certificate.

513. Duty Free Certificates issued by Accounting Officers will, thus, be lodged into the ZIMRA ASYCUDA system.
**Regulation of Clearing Agents**

514. The Customs and Excise legislation provides that any person who wishes to be licenced as a clearing agent should be of good reputation and not have been convicted of any contravention of the Customs and Excise legislation within a period of five years prior to application for licencing, among others.

515. Furthermore, in order to qualify for registration as a clearing agent, every director, manager, partner and employee of the clearing agent should be sufficiently knowledgeable in minimum customs law and procedures.

516. However, no specific academic qualification is required, hence the industry has embraced some unqualified clearing agencies, thereby undermining the credibility and integrity of the shipping and forwarding industry.

517. Regulation of the clearing and forwarding industry is necessary, in order to enhance professionalism. Managers and employees of aspiring clearing agents should, thus, possess at least a diploma from a recognised academic institution or professional body. The company should also have a valid tax clearance certificate.

518. In addition, clearing companies should be members of a recognised Clearing, Shipping and Forwarding Association. This requirement, however, will not apply to companies with in-house clearing facilities.

519. The above qualifications will be submitted to the Zimbabwe Revenue Authority on application for new licences, with effect from 1 January 2017.

520. Clearing agents that are already operating should, however, ensure that managers and employees work towards meeting the above minimum qualifications over a three year period beginning 1 January 2017.
Regulation of Tax Consultants

521. Tax fraud and non-adherence to taxation laws continues to be a threat to fiscal revenues, hence undermines Government’s ability to undertake its mandate and responsibilities, which are crucial in uplifting the wellbeing of citizens.

522. Some taxpayers, with the assistance of tax practitioners, continue to engage in practices that suppress or eliminate their tax liability.

523. The VAT legislation recognises the authority of voluntary and statutory associations to control the professional conduct of their members. The legislation further empowers the Commissioner General of ZIMRA to lodge a complaint with the associations against members who engage in tax fraud or unethical tax practices that contravene their rules or code of conduct. This enables the association to take disciplinary action against members found guilty of alleged misconduct.

524. However, such remedial action, which is crucial in promoting ethical practices by tax practitioners and ultimately taxpayer compliance, has not been legislated for in the other tax Statutes.

525. It is, therefore, proposed to extend to other tax statutes, the authority of the Commissioner General to report any unethical conduct by a taxpayer or tax practitioner to their controlling association.

526. This will be complemented by the requirement for all tax practitioners to be registered with a recognised controlling body or association that regulates their conduct as well as the Zimbabwe Revenue Authority.

527. Registration with ZIMRA will be subject to attainment of specified minimum educational qualifications among other requirements.

528. These measures are with effect from 1 January 2017.
**Remission of Penalties**

*Penalty Loading Model*

529. Taxpayers continue to lament over the arbitrary and inconsistent application of the discretionary power enshrined in the Commissioner General of ZIMRA to impose and remit penalties chargeable for failure to comply with tax legislation.

530. Work on the penalty loading model, which is envisaged to promote transparency in the administration of the penalty regime for various tax offences has been finalised.

531. It is, therefore, proposed to publish, through a gazette, a penalty loading model which informs taxpayers on the level of penalties, with effect from 1 January 2017.

*Temporary Importation Permits for Visitors’ Vehicles*

532. Foreign registered private motor vehicles temporarily imported into the country by visitors and residents living in other countries may be issued with a Temporary Import Permit by ZIMRA upon entry.

533. Whereas beneficiaries of Temporary Import Permits should abide by set conditions, which include, an undertaking to remove the vehicle at the expiry of the Temporary Import Permit and non-disposal of the vehicle within the country, among others, this, however, has not been adhered to.

534. Consequently, a significant number of motor vehicles under Temporary Import Permits have not been acquitted, and some end up being disposed onto the local market, resulting in loss of revenue to the fiscus.

535. In order to curtail abuse of vehicles imported under Temporary Import
Privileges, it is proposed to reduce the maximum period under which the Commissioner may permit the temporary importation of motor vehicles by visitors and residents living abroad from the current twelve to three months, with effect from 1 January 2017.

536. It is further proposed that ZIMRA develops a system that links motor vehicles issued with Temporary Import Permits to the Central Vehicle Registry and the Zimbabwe National Roads Administration Agency, in order to deter registration of such motor vehicles.

**ZIMRA Corporate Governance**

*Tenure of Office for Commissioner-General*

537. Under the current legislation, the ZIMRA Board, with the authority of the Minister, appoints, on such terms and conditions as it may fix, a person to be the Commissioner-General of the Zimbabwe Revenue Authority.

538. The tenure of office is, however, open-ended, hence can be renewed continuously. This, however, breeds corruption due to over-familiarisation with taxpayers and does not give room for innovative ideas required for the strategic and policy leadership of the Authority’s operations.

539. It is, therefore, proposed that the tenure of office for the Commissioner General be fixed to a maximum of two, five year terms.

540. It is, further, proposed that the Board appoints to the service of the Authority, such Commissioners, as maybe deemed necessary, a fixed tenure of office not exceeding three, four year terms.

541. In addition, the Commissioner General, with the approval of the Board, shall also appoint such Heads of Departments, as maybe required, for the efficient performance of the functions of the authority.
Electronic Cargo Tracking System

542. In order to mitigate the adverse effects of transit fraud, Government, with the assistance of the African Development Bank, has put in place an Electronic Cargo Tracking System. The facility allows for tracking of transit cargo from point of entry to point of exit.

543. The Electronic Cargo Tracking System will enhance efficiency in clearance and management of transit cargo and also minimise transit fraud.

544. The facility is currently on a trial phase along the Beitbridge to Chirundu, and Forbes to Chirundu routes.

CCTV

545. In an effort to curb corruption and smuggling, Government implemented the CCTV systems at Beitbridge Border Post. The system, which has been running for the past four months has begun to bear fruit, with some corrupt elements now being apprehended.

Legislative Amendments

• Reduce debt redemption levy on petrol by 1 cent per litre, with effect from 1 January 2017;

• Exempt Government from Carbon Tax Debt Redemption and Strategic Reserve Levies;

• Provide for exemption of VAT on Radiation Protection Service for the period 2011 to 2015, in order to cover the legacy debt of the Authority;

• Extend VAT zero rating to the supply of pipeline transportation, storage and handling services for purposes of delivery of fuel through the pipeline, with effect from 1 January 2017;

• Extend deferment of export tax on un-beneficiated platinum to 1 January 2018;
- Include supply of gold to Fidelity Printers and Refineries on the list of VAT zero rating.
- Eliminate double taxation on presumptive taxes payable under informal traders’ tax;
- Amend the carbon tax rates charged on foreign registered motor vehicles to a uniform rate of US$10 per month, with effect from 1 January 2017;
- Amend the Revenue Authority Act to allow the Board to appoint the Commissioner General of ZIMRA with the approval of the Minister;
- Income tax exemption on Investor Protection Fund, which no longer falls under the Securities and Exchange Commission Act;
- Tax Exemption for Zimbabwe Asset Management Company with effect from 15 July 2014 instead of 1 January 2016;

CHAPTER 7: STRUCTURAL POLICY INITIATIVES

546. The thrust of this and future Budgets is also to overcome all arising structural bottlenecks to business activity and the investment environment, targeting both domestic as well as foreign investors.

547. For the coming fiscal year, focus is on lowering the cost of doing business by further implementation of reforms to improve:

- Competitiveness;
- Ease of doing business;
- Policy consistency;
- Public entities’ performance;
- Public finance management;
- Public procurement; and
- Corporate governance and accountability.
**Competitiveness**

548. The country’s investment and growth prospects are being weighed down by low competitiveness emanating from a number of areas as indicated in the World Bank’s Doing Business Index.

549. These include unreliable supply of utilities, limited access to affordable financing, delays at ports of entry, as well as multiplicity of licences and fees, among other business and investment constraints that raise the cost of doing business.

550. As a result of the above weaknesses, the recent 2016 World Bank Doing Business Index Report ranked Zimbabwe at 161 out of 191 countries from 157 of 2015.

**Zimbabwe Ranking**

<table>
<thead>
<tr>
<th>Year</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>160</td>
</tr>
<tr>
<td>2009</td>
<td>159</td>
</tr>
<tr>
<td>2010</td>
<td>168</td>
</tr>
<tr>
<td>2011</td>
<td>171</td>
</tr>
<tr>
<td>2012</td>
<td>168</td>
</tr>
<tr>
<td>2013</td>
<td>170</td>
</tr>
<tr>
<td>2014</td>
<td>153</td>
</tr>
<tr>
<td>2015</td>
<td>157</td>
</tr>
<tr>
<td>2016</td>
<td>161</td>
</tr>
</tbody>
</table>

*Source: World Bank, 2016*

551. The identified shortcomings provide useful lessons and information for improvement on those areas with weaknesses, and in this regard Government is doubling efforts on furthering the necessary reforms.
552. To that end, Government will be launching another 100 day cycle under the Rapid Results Based Approach being spearheaded by the Office of the President and Cabinet to improve the competitiveness of domestic companies.

**Ease of Doing Business**

553. His Excellency, the President, outlined during his State of the Nation address last year the Rapid Results Initiative to significantly improve Zimbabwe’s Doing Business rankings.

554. Pursuant to this, Government has since undertaken an extensive review of the bottlenecks and challenges that have stalled progress in the advancement of Zim Asset objectives to generate both domestic and foreign direct investment into the economy.

555. This review has informed a raft of policy, institutional, legal and regulatory reforms that are expected to significantly improve the business environment, considerably enhance access to finance for SMEs and entrepreneurs, and contribute to making Zimbabwe an investment destination of choice.

556. Some of the imminent legislative reforms are the introduction of:

   (i) a Movable Property Security Interest Bill to permit creation of a Collateral Registry and, thereby improve access to finance for SMEs by allowing them to use movable assets as collateral.

   (ii) a Companies Amendment Bill to modernise the legal regime and enhance, amongst others, processes for business entry, business administration and protection of minority investors.

   (iii) an Insolvency Bill to ensure accountability and efficient insolvency
proceedings that permit unsalvageable companies to be quickly liquidated and viable firms to be revived, thus preserving jobs.

(iv) a Judicial Laws (Ease of Settling Commercial and other Disputes) Amendment Bill, to ensure expeditious resolution of commercial disputes.

(v) a Deeds Amendment Bill to allow for electronic management of the Deeds Registry.

(vi) a Procurement Bill.

557. The 2017 Budget will, therefore, make available the resources that will ensure effective implementation of the laws and the development of the institutions required to ensure consistent improvement of Zimbabwe’s business environment.

558. Over the next year, Government will:

(i) overhaul the business registration process, in order to offer entrepreneurs prompt formal business entry.

(ii) introduce financial sector infrastructure, that will permit the use of movable assets as collateral.

(iii) reform the insolvency regime, in order to permit the rescue of viable businesses and the prompt and efficient liquidation of unviable businesses.

(iv) improve access to the Courts of Law, in order to permit the expeditious resolution of commercial disputes, and,

(v) simplify the payment of taxes and trading across borders, which will contribute to making the country a preferred investment destination for citizens and foreigners alike.

Country Policy Institutional Assessment

559. In tandem with our progress on re-engagement, Government has also been
implementing reforms to improve ratings that are used for accessing resources from the World Bank and the African Development Bank.

560. The rating for the World Bank improved from 2.3 in 2013 to 2.9 in 2015, and that for the African Development Bank improved from 2.1 to 2.7, respectively.

<table>
<thead>
<tr>
<th>Year</th>
<th>AfDB</th>
<th>World Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2.1</td>
<td>2.3</td>
</tr>
<tr>
<td>2014</td>
<td>2.2</td>
<td>2.7</td>
</tr>
<tr>
<td>2015</td>
<td>2.7</td>
<td>2.9</td>
</tr>
</tbody>
</table>

Source: World Bank, African Development Bank

561. Government continues to make efforts to improve these ratings as they are still below the average of 3.2 for countries in our category. The highest possible score for the CPIA is 6.

E-Government

562. Embracing developments in information and technology systems shall form a priority area for Government during the 2017 Budget year in order to reduce the regulatory compliance burden.

563. The focus will be to streamline some of the bureaucratic requirements, harmonise some of the unnecessary processes, as well as the multiplicity of licencing and fee requirements.

Cost Drivers

564. Furthermore, review of relatively high cost of such utilities as water and
energy chargeable to companies will be undertaken to lower cost inhibitions to
development of new businesses, with many existing small ventures left facing
hardships.
565. The hardships are being compounded by the prevailing multiplicity of start-up
and entrenched fees and charges imposed by various Government Departments,
local authorities and Parastatals, over and above the regular taxes.
566. Annexure 20 contains a range of fees and charges levied on businesses by
various arms of Government.
567. The multiplicity of charges are making operations of small upcoming
businesses unviable, thereby discouraging formalisation of the informal sector.
568. Sadly, the fees and charges are driven more by the need to sustain salaries for
bloated establishments, at the expense of service delivery and operational budgets.
569. Accordingly, the Office of the President and Cabinet, under the Ease of Doing
Business Framework will lead the rationalisation, streamlining and harmonisation
of business licencing, fees and charges, on a lower level scale, sector by sector,
business by business, with effect from 2017.
570. Such a move will complement such other initiatives as the Buy Zimbabwe
Campaign, and the Bond note export incentive scheme, all geared towards
increasing domestic production.

Policy Consistency
571. Policy inconsistencies have serious negative impacts on the performance of
our economy, as well as on the outcomes of the on-going re-engagement process.
572. It is, therefore, critical that Government remains speaking with one voice on
any policy direction so as to avoid any unnecessary misinterpretation by the public
and investors.
573. The Office of the President and Cabinet will be, therefore, coordinating policy pronouncement as well as any required clarifications to avoid conflicting interpretations of policies by different Government Ministries and Departments.

**Public Entities**

*Remuneration and Benefits*

574. The Office of the President and Cabinet is coordinating work towards the development of a consistent Remuneration Framework for boards and executive management at state enterprises, local authorities, and other public entities that make a call on the fiscus.

575. Current remuneration practices, inclusive of salaries, allowances and other perks, bear no relationship to performance across the different entities.

576. In this regard, a freeze on review of all remuneration and benefits is in place with effect from 1 January 2017, pending finalisation of the new Public Sector Remuneration Framework.

577. Once the proposed frameworks have been approved, the Office of the President and Cabinet, and the State Enterprises Restructuring Agency (SERA) will assume the monitoring and evaluation role to ensure effective implementation.

*Pricing*

578. In the spirit of the agreed Social Contract already in place and launched by His Excellency, the President on 26 February 2010, a general freeze on prices, fees and charges by all public sector entities also takes effect from 1 January 2017.

579. Any increase in prices will have to be justified, and considered on its merits.

580. This will include charges on water, power, rates, local taxes, environmental requirements, among others.

581. This is necessary to allow for economic recovery as such other recent reform
measures by Government to recover the economy take effect.
582. These include support for the Buy Zimbabwe Campaign through SI 64, prioritisation of imports in favour of raw materials and intermediate goods as well as capital and equipment.

Performance Measures
583. Where Cabinet has made specific decisions on the restructuring of a parastatal, all respective responsible Ministers will be required to develop implementation Plans, with specific set targets.
584. Approval of such Plans, and monitoring their implementation, will be by the Office of the President and Cabinet.

GMB Commercial Maize Milling
585. Currently, Government pays for maize delivered to GMB. In 2014/15 marketing season, a total of US$26.5 million was paid for 68 000 tons delivered, while a total of US$83 million was paid this year.
586. While, Government is paying for this grain, GMB is utilising part of this for their commercial milling without any corresponding payment to Treasury.
587. This practice has created an uneven playing field in the milling industry from the perspective of millers who now bemoan that they are being driven out of business.
588. The unfair competition hurts more where some millers would have gone into contract farming in the value chain.
589. It should also be noted that GMB continues to claim storage and handling charges for Strategic Grain Reserve operations which Government is meeting.
590. Even with this level of subsidy, GMB still expects Government financial
support, thus, implying some inefficiency which is entrenched across all parastatals.

591. Furthermore, the price of US$390 per ton has ended up being distortionary to contract farming arrangements, hence, affecting availability of such private sector financing for agriculture.

592. Accordingly, Government will require GMB to fully pay for the grain drawn from the Strategic Grain Reserve for its commercial purposes in order to capacitate continued support for farmers.

**Strengthening Public Finance Management**

593. The computerised Public Financial Management System currently available in all the Provinces is being extended to district level for Government institutions in 2017.

594. With regards to local authorities, the Ministry of Local Government, Public Works and National Housing with responsibility for urban councils and that for Rural Development, Promotion and Preservation of National Culture and Heritage, responsible for rural councils, are establishing Computerised Accounting Systems that are compatible with the main Government SAP system, such that information on resource availability at local authority level can be accessed and effectively monitored.

**Regulations & Treasury Instructions**

595. To ensure that there is clarity in the requirements of the Public Finance Management Act, the Accountant General is developing a set of Public Finance Management Regulations, as well as the necessary Treasury Instructions by the first quarter of 2017.

596. These Regulations and Instructions will cover Central Government, Statutory
Funds, State Enterprises and Parastatals as well as Local Authorities.

**PFM Act Alignment**

597. Furthermore, the Public Finance Management Act will be amended to align it with the Constitution.

**Reporting and Responses to Audit Reports**

598. The Accountant General will submit monthly a Public Financial Statement to the Secretary for Finance during the month following the period of the report.

599. The Accountant General will also submit to Parliament quarterly financial statements within 60 days of the end of the quarter being reported on.

600. In addition, the Accountant General will monitor the submission of monthly financial statements to my Ministry and to Parliament.

**Statutory Funds**

601. The Auditor General’s financial audits and recent media reports have highlighted areas of concern with respect to the application of and accountability for public resources in statutory and retention funds.

602. That situation has arisen due to the inadequacy of the governing legal framework, together with the opaqueness of our accountability system where statutory funds are governed by both the statutes that establish them and the Public Finance Management Act.

603. To address the above concerns, the Public Finance Management Amendment Act 2016 was enacted to enhance transparency and accountability in the management of public resources, ensure that resources collected by Statutory Funds and other Public Funds established by Government in terms of the respective Acts of Parliament are used for delivering vital public services efficiently.
In that respect, the amendment empowers and confers on each Accounting Officer the responsibility to:

- Ensure that each public entity or Statutory Fund under his or her Ministry’s purview has systems in place for planning, allocating, budgeting and reporting on the use of public resources and that public resources are safeguarded against loss;
- Review the recurrent and capital budgets of a public entity and/or Statutory Fund and make recommendations to the appropriate Minister and the Minister on whether the budgets should be varied, approved or not be approved;
- Order an investigation to be conducted into the affairs of a public entity and/or statutory Fund under the accounting officer’s Ministry;
- Call upon an accounting authority to provide an explanation on an issue affecting the public entity or Statutory Fund; and
- Give direction which the Accounting Officer thinks is necessary for the efficient running of the public entity or Fund.

Both income and expenditure estimates for funds have over the past two years been included in the Blue Book to provide a more comprehensive picture on the resources available to the various sector Ministries.

The above cited amendments to the Public Finance Management Act will put Fund resources under the same control system with respect to Treasury scrutiny as Government expenditure appropriated by Parliament.

Further enhancements to the Act to improve on effectiveness of resource use
and accountability arrangements will be proposed in the context of the on-going alignment of the statute to the new Constitution of Zimbabwe.

Public Procurement

608. The Public Procurement and Disposal of Public Assets Bill, prepared in line with section 315 of the Constitution, is now before Parliament and is expected to become law by the end of March 2017.

609. The Bill seeks to transfer the responsibility of awarding tenders to procuring individual entities, with the new Procurement Regulatory Authority of Zimbabwe assuming a regulatory role.

610. In preparation for the decentralisation of procurement to public entities, initial capacity building to prepare public entities for their new role of conducting their own procurement proceedings as envisaged in the Bill will be completed by March 2017.

611. The capacity building will be based on the findings of a baseline survey, being funded by the African Development Bank, to assess the capacity requirements of staff assuming procurement responsibility in public entities’ sector.

612. Furthermore, the survey will also target enhancing provision of appropriate skills training in procurement at such local training institutions as universities and polytechnics and other training centres.

613. As a support measure, Government will implement a training/capacity building plan over a period of two years.

614. In order to ensure the integrity of the new procurement system, procuring entities will be required to apply for authorisation to conduct procurement proceedings to enable the Authority to assess each procuring entity’s capacity to conduct procurement proceedings.
615. Where the Authority finds a public entity does not have procurement capacity, the Authority will have power to appoint another public entity to conduct procurement proceedings on behalf of such an entity.

Corporate Governance and Accountability

616. The implementation of the 2017 Budget will benefit from the proposed introduction of the Public Sector Corporate Governance Bill, which, among others issues, seeks to promote sound corporate governance, ethical leadership and professionalism.

617. The Bill seeks to amend and align a number of statutes to provisions of the National Code of Corporate Governance launched by Government in 2015 to provide a framework for corporate conduct across all sectors and in all Government institutions, including public enterprises and local authorities.

618. Key elements in the Code relate to dealing with corruption, corporate disclosure, communication and transparency, as mechanisms for creating accountability, efficiency and confidence among stakeholders.

Anti-Money Laundering

619. Pursuant to the adoption of the Anti-Money Laundering second round Mutual Evaluation Report on Zimbabwe in September 2016, Government is developing a comprehensive Post Mutual Evaluation Implementation Plan that seeks to consolidate reforms instituted over the past 3 years and addressing deficiencies.

620. Further to this, Government is undertaking a capacity building and institutional strengthening process, targeted at law enforcement agents, the Financial Intelligence Unit and other related Anti-Money Laundering and Combating the Financing of Terrorism reporting institutions.
CONCLUSION

621. This Budget marks a turning point towards a developing economy through fiscal consolidation and stimulation of production.

622. The success of the proposed measures can only be meaningfully realised through the collective responsibility of all stakeholders, through sustained implementation, anchored by policy consistency, credibility, predictability and coherence, which by and large we have now been able to achieve through sustained effort.

623. Robust fiscal adjustment and structural reforms, as well as arrears clearance, are also crucial to the promotion of a business environment conducive for sustainable production and entrepreneurship.

ANNEXURES

Annexure 1: IPRSP Objectives

624. The IPRSP, deriving from the Zim Asset, seeks to empower the society through inclusive growth strategies, which also protect our vulnerable communities and individuals.

625. Specifically, the IPRSP focuses on improving the investment climate, diversifying the economy, creating employment, improving public finances, strengthening service delivery and dealing with other poverty related issues, under the following six pillars:

- **Pillar I:** Agriculture Productivity, Growth and Rural Food Security, focusing on agriculture productivity, irrigation rehabilitation and development, financing of agriculture, marketing of agricultural commodities, land use planning and restructuring of agricultural parastatals.
• **Pillar II:** Social Sector Policies and Expenditures, focusing on health, education water and sanitation, social protection, gender, women and youth development.

• **Pillar III:** Private Sector Development, focusing on manufacturing, micro, small and medium enterprise development, mining, tourism and inclusive banking.

• **Pillar IV:** Infrastructure Development, relating to energy, information and communication technology, housing and transport.

• **Pillar V:** Environment and Climate Change, focussing on climate and the environment.

• **Pillar VI:** Strengthening Governance and Institutional Capacity, to strengthen our laws and effective service delivery and combating corruption.

### Annexure 2: Sectoral Economic Performance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Estimate</td>
<td>Initial</td>
<td>Rev. Prj</td>
<td>Prj</td>
</tr>
<tr>
<td>Agriculture, hunting and fishing (%)</td>
<td>1.4</td>
<td>7.8</td>
<td>-2.6</td>
<td>23.0</td>
<td>-4.7</td>
<td>-9.9</td>
<td>-3.7</td>
<td>12.0</td>
</tr>
<tr>
<td>Mining and quarrying (%)</td>
<td>24.4</td>
<td>8.0</td>
<td>11.7</td>
<td>-3.4</td>
<td>0.4</td>
<td>14.0</td>
<td>6.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Manufacturing (%)</td>
<td>13.8</td>
<td>5.3</td>
<td>-0.6</td>
<td>-5.1</td>
<td>0.2</td>
<td>0.5</td>
<td>0.3</td>
<td>0.1</td>
</tr>
<tr>
<td>Electricity and water (%)</td>
<td>6.4</td>
<td>0.3</td>
<td>5.0</td>
<td>5.4</td>
<td>-5.5</td>
<td>-21.8</td>
<td>-19.0</td>
<td>2.5</td>
</tr>
<tr>
<td>Construction (%)</td>
<td>65.1</td>
<td>23.5</td>
<td>3.9</td>
<td>6.9</td>
<td>4.0</td>
<td>4.5</td>
<td>3.5</td>
<td>-2.0</td>
</tr>
<tr>
<td>Finance and insurance (%)</td>
<td>8.3</td>
<td>28.0</td>
<td>11.3</td>
<td>7.7</td>
<td>4.6</td>
<td>6.4</td>
<td>2.0</td>
<td>-1.0</td>
</tr>
<tr>
<td>Real estate (%)</td>
<td>48.9</td>
<td>59.0</td>
<td>0.7</td>
<td>4.7</td>
<td>3.5</td>
<td>3.4</td>
<td>2.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Distribution, hotels and restaurants (%)</td>
<td>4.3</td>
<td>4.3</td>
<td>3.9</td>
<td>2.5</td>
<td>3.7</td>
<td>2.4</td>
<td>1.7</td>
<td>0.8</td>
</tr>
<tr>
<td>Transport and communication (%)</td>
<td>0.0</td>
<td>6.7</td>
<td>7.0</td>
<td>1.1</td>
<td>1.9</td>
<td>3.0</td>
<td>1.5</td>
<td>-1.1</td>
</tr>
<tr>
<td>Public administration (%)</td>
<td>19.6</td>
<td>19.1</td>
<td>3.4</td>
<td>6.3</td>
<td>1.2</td>
<td>0.0</td>
<td>-5.0</td>
<td>-0.6</td>
</tr>
<tr>
<td>----------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Education (%)</td>
<td>63.9</td>
<td>38.1</td>
<td>2.9</td>
<td>3.9</td>
<td>4.2</td>
<td>2.6</td>
<td>2.6</td>
<td>0.8</td>
</tr>
<tr>
<td>Health (%)</td>
<td>7.7</td>
<td>7.7</td>
<td>0.5</td>
<td>1.8</td>
<td>-0.7</td>
<td>0.4</td>
<td>0.4</td>
<td>0.1</td>
</tr>
<tr>
<td>Domestic services (%)</td>
<td>1.0</td>
<td>-3.5</td>
<td>6.0</td>
<td>2.2</td>
<td>2.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.5</td>
</tr>
<tr>
<td>Other services (%)</td>
<td>11.3</td>
<td>-10.7</td>
<td>-4.7</td>
<td>-3.3</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td>GDP at market prices (%)</td>
<td>11.9</td>
<td>10.6</td>
<td>4.5</td>
<td>3.8</td>
<td>1.1</td>
<td>1.4</td>
<td>0.6</td>
<td>1.7</td>
</tr>
</tbody>
</table>

*Source: Ministry of Finance and Economic Development*

### Annexure 3: Crop and Livestock Production

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture Growth (%)</td>
<td>23.0</td>
<td>-4.7</td>
<td>-3.7</td>
<td>12.0</td>
</tr>
<tr>
<td>Tobacco (flue cured) (‘000’ tons)</td>
<td>216.0</td>
<td>198.9</td>
<td>202.3</td>
<td>205</td>
</tr>
<tr>
<td>Maize (‘000’ tons)</td>
<td>1 456.0</td>
<td>742.2</td>
<td>511.0</td>
<td>1 550</td>
</tr>
<tr>
<td>Beef (‘000’ tons)</td>
<td>74.0</td>
<td>84.0</td>
<td>96.0</td>
<td>90</td>
</tr>
<tr>
<td>Cotton (‘000’ tons)</td>
<td>143.8</td>
<td>105.0</td>
<td>30.0</td>
<td>100</td>
</tr>
<tr>
<td>Sugar cane (‘000’ tons)</td>
<td>4 400.8</td>
<td>4 399.0</td>
<td>4 400.0</td>
<td>4 400</td>
</tr>
<tr>
<td>Horticulture (‘000’ tons)</td>
<td>59.0</td>
<td>69.4</td>
<td>65.0</td>
<td>67</td>
</tr>
<tr>
<td>Poultry (‘000’ tons)</td>
<td>138.1</td>
<td>151.0</td>
<td>154.0</td>
<td>165.0</td>
</tr>
<tr>
<td>Groundnuts (‘000’ tons)</td>
<td>135.0</td>
<td>88.9</td>
<td>47.2</td>
<td>75.0</td>
</tr>
<tr>
<td>Wheat (‘000’ tons)</td>
<td>58.7</td>
<td>62.3</td>
<td>60.0</td>
<td>60.0</td>
</tr>
<tr>
<td>Dairy (m lt)</td>
<td>66.7</td>
<td>71.9</td>
<td>75.0</td>
<td>82.0</td>
</tr>
<tr>
<td>Coffee (‘000’ tons)</td>
<td>0.5</td>
<td>0.7</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Soya beans (‘000’ tons)</td>
<td>84.7</td>
<td>57.9</td>
<td>47.7</td>
<td>90</td>
</tr>
<tr>
<td>Tea (‘000’ tons)</td>
<td>24.5</td>
<td>14.0</td>
<td>17.7</td>
<td>19</td>
</tr>
<tr>
<td>Paprika (‘000’ tons)</td>
<td>5.0</td>
<td>5.5</td>
<td>7.0</td>
<td>8</td>
</tr>
<tr>
<td>Pork (‘000’ tons)</td>
<td>8.4</td>
<td>8.9</td>
<td>10.8</td>
<td>10.0</td>
</tr>
<tr>
<td>Wildlife (‘000’ tons)</td>
<td>49.0</td>
<td>51.0</td>
<td>30.0</td>
<td>30</td>
</tr>
<tr>
<td>----------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>----</td>
</tr>
<tr>
<td>Sorghum (‘000’ tons)</td>
<td>136.5</td>
<td>39.7</td>
<td>36.3</td>
<td>50.0</td>
</tr>
<tr>
<td>Barley (‘000’ tons)</td>
<td>19.5</td>
<td>18.0</td>
<td>13.0</td>
<td>25</td>
</tr>
<tr>
<td>Sheep &amp; goats (‘000’ tons)</td>
<td>8.0</td>
<td>10.3</td>
<td>10.6</td>
<td>10.6</td>
</tr>
<tr>
<td>Sunflower seeds (‘000’ tons)</td>
<td>21.0</td>
<td>21.0</td>
<td>25.0</td>
<td>25.0</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance, RBZ, Ministry of Macro-Economic Planning, Ministry of Agriculture

Annexure 4: Mining Sector Growth Rates

<table>
<thead>
<tr>
<th>Growth Rate</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black Granite \t</td>
<td>44.5</td>
<td>9.0</td>
<td>10.1</td>
<td>-3.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Chrome \t</td>
<td>3.1</td>
<td>15.9</td>
<td>-31.9</td>
<td>10.3</td>
<td>13.6</td>
</tr>
<tr>
<td>Coal \t</td>
<td>4.9</td>
<td>9.5</td>
<td>-12.3</td>
<td>94.2</td>
<td>27.4</td>
</tr>
<tr>
<td>Cobalt \t</td>
<td>0.2</td>
<td>201.9</td>
<td>11.8</td>
<td>64.2</td>
<td>12.0</td>
</tr>
<tr>
<td>Copper \t</td>
<td>2.1</td>
<td>41.6</td>
<td>1.7</td>
<td>24.2</td>
<td>-0.2</td>
</tr>
<tr>
<td>Gold \kg</td>
<td>27.5</td>
<td>34.6</td>
<td>13.9</td>
<td>-4.6</td>
<td>9.1</td>
</tr>
<tr>
<td>Graphite \t</td>
<td>0.2</td>
<td>878.7</td>
<td>-3.2</td>
<td>-1.3</td>
<td>-1.2</td>
</tr>
<tr>
<td>Iridium \t</td>
<td>0.3</td>
<td>56.8</td>
<td>3.4</td>
<td>27.1</td>
<td>4.0</td>
</tr>
<tr>
<td>Nickel \t</td>
<td>7.3</td>
<td>30.3</td>
<td>-1.2</td>
<td>78.0</td>
<td>18.3</td>
</tr>
<tr>
<td>Palladium \kg</td>
<td>7.4</td>
<td>21.8</td>
<td>-3.4</td>
<td>24.8</td>
<td>-0.2</td>
</tr>
<tr>
<td>Phosphate \t</td>
<td>0.2</td>
<td>-18.7</td>
<td>-26.7</td>
<td>-81.9</td>
<td>0.0</td>
</tr>
<tr>
<td>Platinum \kg</td>
<td>22.5</td>
<td>25.3</td>
<td>-2.8</td>
<td>24.2</td>
<td>-4.5</td>
</tr>
<tr>
<td>Rhodium \kg</td>
<td>2.2</td>
<td>29.4</td>
<td>-5.3</td>
<td>28.7</td>
<td>-0.5</td>
</tr>
<tr>
<td>------------------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td>Ruthenium (\text{kg})</td>
<td>0.1</td>
<td>48.3</td>
<td>-4.4</td>
<td>28.5</td>
<td>-2.9</td>
</tr>
<tr>
<td>Diamonds</td>
<td>20.9</td>
<td>190.6</td>
<td>37.8</td>
<td>-20.2</td>
<td>-50.2</td>
</tr>
</tbody>
</table>

*Source: Ministry of Mines*

### Annexure 5: 2016 Revenue Collections

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>273.1</td>
<td>249.2</td>
<td>286.0</td>
<td>288.1</td>
<td>249.3</td>
<td>346.5</td>
<td>264.9</td>
<td>273.0</td>
<td>369.3</td>
<td>276.1</td>
<td>2,875.8</td>
</tr>
<tr>
<td><strong>Tax Revenue</strong></td>
<td>238.3</td>
<td>230.4</td>
<td>257.6</td>
<td>274.7</td>
<td>229.8</td>
<td>320.8</td>
<td>245.7</td>
<td>252.8</td>
<td>346.3</td>
<td>257.5</td>
<td>2,654.3</td>
</tr>
<tr>
<td><strong>Personal Income Tax</strong></td>
<td>58.41</td>
<td>54.30</td>
<td>53.66</td>
<td>69.91</td>
<td>56.54</td>
<td>62.11</td>
<td>61.00</td>
<td>51.17</td>
<td>92.37</td>
<td>53.70</td>
<td>613.17</td>
</tr>
<tr>
<td><strong>Corporate Income Tax</strong></td>
<td>6.60</td>
<td>7.01</td>
<td>38.42</td>
<td>26.39</td>
<td>6.26</td>
<td>58.27</td>
<td>15.56</td>
<td>26.01</td>
<td>60.57</td>
<td>8.71</td>
<td>253.80</td>
</tr>
<tr>
<td><strong>Other Direct Taxes</strong></td>
<td>11.92</td>
<td>14.00</td>
<td>15.35</td>
<td>13.92</td>
<td>19.70</td>
<td>22.85</td>
<td>13.59</td>
<td>19.98</td>
<td>12.86</td>
<td>15.08</td>
<td>159.25</td>
</tr>
<tr>
<td><strong>Customs</strong></td>
<td>22.65</td>
<td>22.58</td>
<td>22.55</td>
<td>23.39</td>
<td>21.80</td>
<td>23.65</td>
<td>20.56</td>
<td>20.59</td>
<td>22.52</td>
<td>24.11</td>
<td>224.40</td>
</tr>
<tr>
<td><strong>Excise</strong></td>
<td>50.41</td>
<td>49.14</td>
<td>60.90</td>
<td>44.34</td>
<td>51.22</td>
<td>59.25</td>
<td>46.01</td>
<td>58.73</td>
<td>53.25</td>
<td>52.17</td>
<td>525.41</td>
</tr>
<tr>
<td><strong>VAT</strong></td>
<td>80.05</td>
<td>75.20</td>
<td>59.36</td>
<td>85.21</td>
<td>67.32</td>
<td>86.97</td>
<td>80.34</td>
<td>70.72</td>
<td>95.28</td>
<td>96.18</td>
<td>796.61</td>
</tr>
<tr>
<td><strong>Other Indirect Taxes</strong></td>
<td>8.28</td>
<td>8.22</td>
<td>7.39</td>
<td>11.59</td>
<td>7.04</td>
<td>7.73</td>
<td>8.65</td>
<td>5.68</td>
<td>9.48</td>
<td>7.63</td>
<td>81.70</td>
</tr>
<tr>
<td><strong>Non-Tax Revenue</strong></td>
<td>34.82</td>
<td>18.75</td>
<td>28.38</td>
<td>13.39</td>
<td>19.50</td>
<td>25.70</td>
<td>19.23</td>
<td>20.20</td>
<td>23.01</td>
<td>18.56</td>
<td>221.53</td>
</tr>
</tbody>
</table>

### Annexure 6: Macro-Economic and Fiscal Framework

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>National Accounts (Real Sector)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real GDP at market prices (million US$)</td>
<td>12 197</td>
<td>12 328.8</td>
<td>12 398.0</td>
<td>12 604.6</td>
</tr>
<tr>
<td>Nominal GDP at market prices (million US$)</td>
<td>14 197</td>
<td>14 059</td>
<td>14 165</td>
<td>14 525</td>
</tr>
<tr>
<td>Real GDP Growth (%)</td>
<td>3.8</td>
<td>1.1</td>
<td>0.6</td>
<td>1.7</td>
</tr>
<tr>
<td>Inflation (Annual Average) %</td>
<td>-0.2</td>
<td>-2.4</td>
<td>-1.5</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Government Accounts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues &amp; Grants (million US$)</td>
<td>3 770</td>
<td>3 737</td>
<td>3 528</td>
<td>3 700</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>% of GDP</td>
<td>26.6</td>
<td>26.6</td>
<td>24.9</td>
<td>25.5</td>
</tr>
<tr>
<td>Expenditures &amp; Net Lending (million US$)</td>
<td>3 912</td>
<td>4 119.6</td>
<td>4 593</td>
<td>4 100</td>
</tr>
<tr>
<td>% of GDP</td>
<td>27.6</td>
<td>29.3</td>
<td>32.4</td>
<td>28.2</td>
</tr>
<tr>
<td>Recurrent Expenditures (million US$)</td>
<td>3 565</td>
<td>3 583</td>
<td>3 762</td>
<td>3 630</td>
</tr>
<tr>
<td>% of GDP</td>
<td>25.1</td>
<td>25</td>
<td>26</td>
<td>25</td>
</tr>
<tr>
<td>Current Operations (million US$)</td>
<td>325.3</td>
<td>329.9</td>
<td>497.1</td>
<td>394.4</td>
</tr>
<tr>
<td>% of GDP</td>
<td>2.3</td>
<td>2.3</td>
<td>3.3</td>
<td>2.7</td>
</tr>
<tr>
<td>Employment Costs (million US$)</td>
<td>2 583</td>
<td>2 574.9</td>
<td>3 137.9</td>
<td>3 000</td>
</tr>
<tr>
<td>% of GDP</td>
<td>18.2</td>
<td>18</td>
<td>22</td>
<td>20</td>
</tr>
<tr>
<td>Capital Expenditure &amp; Net lending (million US$)</td>
<td>310</td>
<td>536.8</td>
<td>831.5</td>
<td>520.0</td>
</tr>
<tr>
<td>% of GDP</td>
<td>2.2</td>
<td>4</td>
<td>6</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance, Ministry of Macro-Economic Planning, ZIMSTAT, Reserve Bank

### Annexure 7: Estimates of Expenditure and Vote Appropriations

<table>
<thead>
<tr>
<th>Vote Appropriations</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of the President and Cabinet</td>
<td>187 289 000</td>
</tr>
<tr>
<td>Parliament of Zimbabwe</td>
<td>30 304 000</td>
</tr>
<tr>
<td>Public Service, Labour and Social Services</td>
<td>193 610 000</td>
</tr>
<tr>
<td>Defence</td>
<td>357 975 000</td>
</tr>
<tr>
<td>Finance and Economic Development</td>
<td>209 805 000</td>
</tr>
<tr>
<td>Audit Office</td>
<td>3 215 000</td>
</tr>
<tr>
<td>Industry and Commerce</td>
<td>18 534 000</td>
</tr>
<tr>
<td>Agriculture, Mechanisation and Irrigation Development</td>
<td>291 564 000</td>
</tr>
<tr>
<td>Mines &amp; Mining Development</td>
<td>5 308 000</td>
</tr>
<tr>
<td>Government Ministry/Commission</td>
<td>Budget</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>Environment, Water and Climate</td>
<td>39 985 000</td>
</tr>
<tr>
<td>Transport and Infrastructural Development</td>
<td>55 651 000</td>
</tr>
<tr>
<td>Foreign Affairs</td>
<td>32 787 000</td>
</tr>
<tr>
<td>Local Government, Public Works and National Housing</td>
<td>49 400 000</td>
</tr>
<tr>
<td>Health and Child Care</td>
<td>301 660 000</td>
</tr>
<tr>
<td>Primary and Secondary Education</td>
<td>783 300 000</td>
</tr>
<tr>
<td>Youth, Indigenisation and Economic Empowerment</td>
<td>16 974 000</td>
</tr>
<tr>
<td>Home Affairs</td>
<td>384 321 000</td>
</tr>
<tr>
<td>Justice, Legal and Parliamentary Affairs</td>
<td>95 516 000</td>
</tr>
<tr>
<td>Information, Media and Broadcasting Services</td>
<td>3 366 000</td>
</tr>
<tr>
<td>Small and Medium Enterprises and Cooperative Development</td>
<td>6 467 000</td>
</tr>
<tr>
<td>Energy and Power Development</td>
<td>6 267 000</td>
</tr>
<tr>
<td>Women Affairs, Gender and Community Development</td>
<td>8 286 000</td>
</tr>
<tr>
<td>Tourism and Hospitality Industry</td>
<td>2 657 000</td>
</tr>
<tr>
<td>Information Communication Technology, Postal and Courier Services</td>
<td>6 340 000</td>
</tr>
<tr>
<td>Lands and Rural Resettlement</td>
<td>7 558 000</td>
</tr>
<tr>
<td>Judicial Services Commission</td>
<td>13 865 000</td>
</tr>
<tr>
<td>Public Service Commission</td>
<td>18 020 000</td>
</tr>
<tr>
<td>Sport and Recreation</td>
<td>4 326 000</td>
</tr>
<tr>
<td>Macro-Economic Planning and Investment Promotion</td>
<td>6 203 000</td>
</tr>
<tr>
<td>Welfare Services for War Veterans, Former Political Detainees, Restrictees and War Collaborators</td>
<td>22 060 000</td>
</tr>
<tr>
<td>Rural Development, Promotion and Preservation of Culture and Heritage</td>
<td>15 875 000</td>
</tr>
<tr>
<td>Council of Chiefs</td>
<td>3 130 000</td>
</tr>
<tr>
<td>Human Rights Commission</td>
<td>1 908 000</td>
</tr>
<tr>
<td>National Peace and Reconciliation Commission</td>
<td>1 123 000</td>
</tr>
<tr>
<td>Development Partners</td>
<td>Jan-Sep 2016 Actual (US$)</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Australia</td>
<td>5 016 201</td>
</tr>
<tr>
<td>China</td>
<td>62 955 096</td>
</tr>
<tr>
<td>Denmark</td>
<td>9 012 802</td>
</tr>
<tr>
<td>European Union</td>
<td>24 480 746</td>
</tr>
<tr>
<td>Sweden</td>
<td>16 350 739</td>
</tr>
<tr>
<td>Germany/GIZ</td>
<td>3 828 502</td>
</tr>
<tr>
<td>Country</td>
<td>Amount 1</td>
</tr>
<tr>
<td>-----------</td>
<td>----------</td>
</tr>
<tr>
<td>Japan</td>
<td>11 049 973</td>
</tr>
<tr>
<td>Netherlands</td>
<td>10 156 360</td>
</tr>
<tr>
<td>India</td>
<td>1 000 000</td>
</tr>
<tr>
<td>Switzerland</td>
<td>5 721 710</td>
</tr>
<tr>
<td>UKAID</td>
<td>68 332 637</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>217 904 766</strong></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Multilateral</td>
<td></td>
</tr>
<tr>
<td>AfDB</td>
<td>2 720 000</td>
</tr>
<tr>
<td>ACBF</td>
<td>300 000</td>
</tr>
<tr>
<td>FAO</td>
<td>613 242</td>
</tr>
<tr>
<td>Global Fund</td>
<td>114 423 435</td>
</tr>
<tr>
<td>ILO</td>
<td>324 655</td>
</tr>
<tr>
<td>ITU</td>
<td>149 170</td>
</tr>
<tr>
<td>UNDP</td>
<td>4 079 116</td>
</tr>
<tr>
<td>UNESCO</td>
<td>40 003</td>
</tr>
<tr>
<td>UNFPA</td>
<td>1 720 409</td>
</tr>
<tr>
<td>IAEA</td>
<td>268 298</td>
</tr>
<tr>
<td>UNICEF</td>
<td>7 553 648</td>
</tr>
<tr>
<td>UNODC</td>
<td>237 611</td>
</tr>
<tr>
<td>UNIDO</td>
<td>250 000</td>
</tr>
<tr>
<td>WHO</td>
<td>1 916 957</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>134 596 544</strong></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>352 501 310</strong></td>
</tr>
</tbody>
</table>

*Source: Ministry of Finance and Economic Development*
### Annexure 9: Sectoral Disbursements

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jan - Sept 2016 Disbursements (US$)</th>
<th>2016 Projection (US$)</th>
<th>2017 Projection (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>37 840 520</td>
<td>120 175 451</td>
<td>51 372 945</td>
</tr>
<tr>
<td>Transport</td>
<td>6 540 000</td>
<td>1 680 000</td>
<td>595 147</td>
</tr>
<tr>
<td>Power/Energy</td>
<td>4 160 406</td>
<td>13 090 000</td>
<td>706 200</td>
</tr>
<tr>
<td>Water Supply &amp; Sanitation</td>
<td>18 033 556</td>
<td>25 094 614</td>
<td>5 475 777</td>
</tr>
<tr>
<td>Health</td>
<td>179 045 824</td>
<td>162 579 824</td>
<td>200 352 665</td>
</tr>
<tr>
<td>Education</td>
<td>11 567 002</td>
<td>45 380 000</td>
<td>945 000</td>
</tr>
<tr>
<td>Governance</td>
<td>27 255 795</td>
<td>66 393 940</td>
<td>31 212 080</td>
</tr>
<tr>
<td>Tourism</td>
<td>458 391</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Multi-Sector/Cross Cutting</td>
<td>36 049 740</td>
<td>749 270</td>
<td>25 073 725</td>
</tr>
<tr>
<td>Capacity Building</td>
<td>9 672 056</td>
<td>32 414 556</td>
<td>3 956 146</td>
</tr>
<tr>
<td>Other Basic Social Services</td>
<td>21 447 039</td>
<td>25 573 581</td>
<td>2 949 000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>352 501 310</strong></td>
<td><strong>493 703 236</strong></td>
<td><strong>319 689 685</strong></td>
</tr>
</tbody>
</table>

*Source: Ministry of Finance and Economic Development*

*Note: The 2017 projections for Germany and UKAID could not be split by sectors*

### Annexure 10: Health Sector Interventions

<table>
<thead>
<tr>
<th></th>
<th>Targeted Works</th>
<th>US$</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Central Hospitals</td>
<td></td>
<td>7 790 000</td>
</tr>
<tr>
<td></td>
<td>Mpilo Central Hospital</td>
<td></td>
<td>1 350 000</td>
</tr>
<tr>
<td></td>
<td>Rehabilitation of infrastructure</td>
<td>Annual overhaul of boilers, repair and re-decororation of all the interior and exterior of the hospital including Student Nurses Home.</td>
<td>700 000</td>
</tr>
<tr>
<td></td>
<td>Upgrading of gas piping &amp; Incinerator</td>
<td>Provision piped gas to all key areas and installation and commissioning of an Incinerator.</td>
<td>650 000</td>
</tr>
<tr>
<td></td>
<td>Harare Central Hospital</td>
<td></td>
<td>1 235 000</td>
</tr>
<tr>
<td></td>
<td>Installation of Lifts</td>
<td>Supply, delivery and installation and commission of new lifts</td>
<td>135 000</td>
</tr>
<tr>
<td>Targeted Works</td>
<td>US$</td>
<td>US$</td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------</td>
<td>---------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td>Water Reservoir and Reticulation</td>
<td>Ventilation and Air conditioning System, Incinerator, Lifts and rehabilitation of Psychiatric Unit.</td>
<td>400 000</td>
<td>400 000</td>
</tr>
<tr>
<td>Rehabilitation of infrastructure</td>
<td>Painting and re-decoration of all hospital.</td>
<td>700 000</td>
<td>700 000</td>
</tr>
<tr>
<td>Chitungwiza Central Hospital</td>
<td></td>
<td>800 000</td>
<td></td>
</tr>
<tr>
<td>Rehabilitation of infrastructure</td>
<td>Maintenance workshop, mortuary public toilets and refurbishment of wards and staff accommodation.</td>
<td>500 000</td>
<td>500 000</td>
</tr>
<tr>
<td>Water Reservoir</td>
<td>Construction of 0.6 Mega Litre Water Reservoir</td>
<td>250 000</td>
<td>250 000</td>
</tr>
<tr>
<td>Extension of Laundry building</td>
<td>Doing finishes and installation of equipment.</td>
<td>50 000</td>
<td>50 000</td>
</tr>
<tr>
<td>United Bulawayo Hospital</td>
<td></td>
<td>1 600 000</td>
<td></td>
</tr>
<tr>
<td>Rehabilitation of infrastructure</td>
<td>700 000</td>
<td>700 000</td>
<td></td>
</tr>
<tr>
<td>Laboratory</td>
<td>Commencement of construction works.</td>
<td>700 000</td>
<td>700 000</td>
</tr>
<tr>
<td>Upgrading of Gas Piping</td>
<td>External reticulation systems, plant establishment systems, internal works for Richard Morris and Main Hospital theatre wards, theatre gas pendants, low pressure air paediatric systems.</td>
<td>200 000</td>
<td>200 000</td>
</tr>
<tr>
<td>Ingutsheni Central Hospital</td>
<td></td>
<td>805 000</td>
<td></td>
</tr>
<tr>
<td>Rehabilitation of infrastructure</td>
<td>Refurbishment and re-decoration of the interior and exterior of the hospital</td>
<td>500 000</td>
<td>500 000</td>
</tr>
<tr>
<td>Laundry Equipment</td>
<td>Installation of delivered laundry equipment and delivery of Phase II laundry equipment and its installation.</td>
<td>305 000</td>
<td>305 000</td>
</tr>
<tr>
<td>Parirenyatwa Group of Hospitals</td>
<td></td>
<td>2 000 000</td>
<td></td>
</tr>
<tr>
<td>Completion of the theatre Heating Ventilation &amp; Air Conditioning (HVAC) installation</td>
<td>Procurement and installation of the theatre HVAC system to ensure that there is adequate ventilation and temperature control in the operating rooms.</td>
<td>500 000</td>
<td>500 000</td>
</tr>
<tr>
<td>Upgrade of the radiology equipment unit</td>
<td>Computerisation of the radiography system and procure an additional mobile x-ray machine.</td>
<td>300 000</td>
<td>300 000</td>
</tr>
<tr>
<td>Installation of Lifts</td>
<td>Procurement and installation of lifts</td>
<td>300 000</td>
<td>300 000</td>
</tr>
<tr>
<td>Water reservoirs</td>
<td>Complete construction of a central water reservoir that will service the hospital whenever the municipality fails to provide the service.</td>
<td>160 000</td>
<td>160 000</td>
</tr>
<tr>
<td>Intensive Care/ High Dependency Units expansion</td>
<td>Expand the ICU/HDU facilities to meet the increased demand for this critical care bed.</td>
<td>720 000</td>
<td>720 000</td>
</tr>
<tr>
<td>Drilling and installation of borehole equipment</td>
<td>Drilling and installation of boreholes</td>
<td>20 000</td>
<td>20 000</td>
</tr>
<tr>
<td>II Provincial &amp; District Hospitals</td>
<td></td>
<td>1 100 000</td>
<td></td>
</tr>
<tr>
<td>Targeted Works</td>
<td>US$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------------</td>
<td>---------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refurbishment of Provincial &amp; District Hospitals</td>
<td>1 100 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repairs and Replacement of Incinerator</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>III District Hospitals</td>
<td>741 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mahusekwa District Hospital</td>
<td>400 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hwange</td>
<td>2 000 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dental Department</td>
<td>100 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Instite of Health Research</td>
<td>100 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procurement of Laundry Equipment</td>
<td>1 400 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incinerators</td>
<td>1 410 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refurbishment of District Hospitals</td>
<td>2 000 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IV Rural Health Centres</td>
<td>1 175 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction of Dongamuzi RHC</td>
<td>250 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Munemo RHC</td>
<td>150 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mbuya Maswa RHC</td>
<td>250 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Matututu RHC</td>
<td>75 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction of Siyabuwa Rural Health Centre</td>
<td>100 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chiromo Rural Health Centre</td>
<td>250 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction of Chibila RHC</td>
<td>100 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>V Mission Hospitals</td>
<td>500 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zhombe Mission Hospital</td>
<td>62 500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tshelanyemba Mission Hospital</td>
<td>62 500</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Targeted Works

<table>
<thead>
<tr>
<th>Hospital</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morgenister Mission Hospital</td>
<td>62,500</td>
</tr>
<tr>
<td>All Souls Mission Hospital</td>
<td>62,500</td>
</tr>
<tr>
<td>Rusitu Mission Hospital</td>
<td>62,500</td>
</tr>
<tr>
<td>St Mikel's Mission Hospital</td>
<td>62,500</td>
</tr>
<tr>
<td>Mary Mount Mission Hospital</td>
<td>62,500</td>
</tr>
<tr>
<td>St Lukes Mission Hospital</td>
<td>62,500</td>
</tr>
</tbody>
</table>

**VI** Medical & Fixed Equipment

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement of new medical equipment.</td>
<td>10,000,000</td>
</tr>
</tbody>
</table>

**Total** 27,975,000

*Source: Ministry of Finance*

### Annexure 11: Primary and Secondary Education Interventions

<table>
<thead>
<tr>
<th>Province</th>
<th>Name of School</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulawayo</td>
<td>Cowdray Park 2 Secondary</td>
<td>160,000</td>
</tr>
<tr>
<td></td>
<td>Cowdray Park Primary</td>
<td>50,000</td>
</tr>
<tr>
<td>Harare</td>
<td>Caledonia Secondary</td>
<td>160,000</td>
</tr>
<tr>
<td></td>
<td>Budiriro 6 Primary</td>
<td>185,000</td>
</tr>
<tr>
<td></td>
<td>St Marys’ Early Learning Centre</td>
<td>50,000</td>
</tr>
<tr>
<td>Manicaland</td>
<td>Nyangani 2 Secondary</td>
<td>150,000</td>
</tr>
<tr>
<td></td>
<td>Magamba Primary</td>
<td>210,000</td>
</tr>
<tr>
<td>Mashonaland Central</td>
<td>Murongwe Secondary</td>
<td>160,000</td>
</tr>
<tr>
<td></td>
<td>Mariga Primary</td>
<td>400,000</td>
</tr>
<tr>
<td>Mashonaland East</td>
<td>Machekera Secondary</td>
<td>150,000</td>
</tr>
<tr>
<td></td>
<td>Kotwa Primary</td>
<td>210,000</td>
</tr>
<tr>
<td></td>
<td>Chitubu Primary</td>
<td>210,000</td>
</tr>
<tr>
<td>Mashonaland West</td>
<td>Norton Govt Secondary</td>
<td>150,000</td>
</tr>
<tr>
<td></td>
<td>Whitecliff Primary</td>
<td>210,000</td>
</tr>
<tr>
<td></td>
<td>Cheuchi Primary</td>
<td>210,000</td>
</tr>
<tr>
<td>Masvingo</td>
<td>Mupandawana Secondary</td>
<td>150,000</td>
</tr>
<tr>
<td></td>
<td>Mutimurefu Govt Primary</td>
<td>30,000</td>
</tr>
<tr>
<td>Matabeleland North</td>
<td>Mathambo Secondary</td>
<td>150,000</td>
</tr>
<tr>
<td></td>
<td>Chamabondo Primary</td>
<td>210,000</td>
</tr>
<tr>
<td></td>
<td>St Joseph’s Secondary</td>
<td>100,000</td>
</tr>
<tr>
<td>Province</td>
<td>Name of School</td>
<td>Amount</td>
</tr>
<tr>
<td>-------------------</td>
<td>---------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Matabeleland South</td>
<td>Matshiloni Secondary</td>
<td>160 000</td>
</tr>
<tr>
<td></td>
<td>Vhalukhalo Secondary</td>
<td>150 000</td>
</tr>
<tr>
<td></td>
<td>Ntabende Primary</td>
<td>185 000</td>
</tr>
<tr>
<td>Midlands</td>
<td>Kushinga Primary</td>
<td>210 000</td>
</tr>
<tr>
<td></td>
<td>Mapfungautsi Secondary</td>
<td>150 000</td>
</tr>
<tr>
<td><strong>Total [I]</strong></td>
<td></td>
<td><strong>4 160 000</strong></td>
</tr>
</tbody>
</table>

*Source: Ministry of Finance*
## Annexure 12: Upgrading and Rehabilitation of Higher Learning Infrastructure

<table>
<thead>
<tr>
<th>REF</th>
<th>UNIVERSITY/COLLEGE</th>
<th>PROJECT</th>
<th>(US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. On-going projects</td>
<td></td>
<td></td>
<td>21 430 000</td>
</tr>
<tr>
<td></td>
<td>Lupane State University</td>
<td>Completion Kitchen and dining hall and male hostel</td>
<td>2 900 000</td>
</tr>
<tr>
<td></td>
<td>Lupane State University</td>
<td>Completion of satf houses</td>
<td>2 000 000</td>
</tr>
<tr>
<td></td>
<td>Chinhoyi University of Technology</td>
<td>Completion of Engineering workshop phase 1</td>
<td>1 875 000</td>
</tr>
<tr>
<td></td>
<td>Chinhoyi University of Technology</td>
<td>Canteen extension</td>
<td>400 000</td>
</tr>
<tr>
<td></td>
<td>University of Zimbabwe</td>
<td>Bachelor of Education Building</td>
<td>1 500 000</td>
</tr>
<tr>
<td></td>
<td>Bindura University of Science Education</td>
<td>Halls of residence</td>
<td>2 600 000</td>
</tr>
<tr>
<td></td>
<td>Midlands State University</td>
<td>Halls of residence</td>
<td>2 900 000</td>
</tr>
<tr>
<td></td>
<td>National University of Science and Technology</td>
<td>Central Library</td>
<td>2 423 000</td>
</tr>
<tr>
<td></td>
<td>J.M. Nkomo Polytechnic</td>
<td>Home Economics block</td>
<td>1 475 000</td>
</tr>
<tr>
<td></td>
<td>Kushinga Phikelela Poytechnic</td>
<td>Female hostel</td>
<td>1 027 000</td>
</tr>
<tr>
<td></td>
<td>Polytechnic colleges</td>
<td>Procurement of workshop equipment</td>
<td>1 500 000</td>
</tr>
<tr>
<td></td>
<td>Polytechnic, Teachers’ colleges and other research institutions.</td>
<td>Rehabilitation of infrastructure</td>
<td>830 000</td>
</tr>
<tr>
<td>II. New projects</td>
<td></td>
<td></td>
<td>1 750 000</td>
</tr>
<tr>
<td></td>
<td>Gwanda State University</td>
<td>Rehabilitation infrastructure</td>
<td>400 000</td>
</tr>
<tr>
<td></td>
<td>Marondera University of Agric Sciences &amp; Technology</td>
<td>Master plan</td>
<td>100 000</td>
</tr>
<tr>
<td></td>
<td>Manicaland University of Applied Sciences</td>
<td>Master plan and construction of computer laboratory</td>
<td>450 000</td>
</tr>
<tr>
<td></td>
<td>Pan African Minerals University of Science and Technology (PAMUST)</td>
<td>Construction works</td>
<td>800 000</td>
</tr>
<tr>
<td></td>
<td>GRAND TOTAL</td>
<td></td>
<td>23 180 000</td>
</tr>
</tbody>
</table>

*Source: Ministry of Finance*
### Annexure 13: Common Facility Centres

<table>
<thead>
<tr>
<th>Name of Centre</th>
<th>Province</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indo-Zim Technology Centre</td>
<td>Harare</td>
</tr>
<tr>
<td>India Technology Centre</td>
<td>Bulawayo</td>
</tr>
<tr>
<td>Chimanimani Common Facility Centre</td>
<td>Manicaland</td>
</tr>
<tr>
<td>Lupane Common Facility Centre</td>
<td>Matebeleland North</td>
</tr>
<tr>
<td>Plumtree Common Facility Centre</td>
<td>Matebeleland South</td>
</tr>
<tr>
<td>Mvuma Common Facility Centre</td>
<td>Midlands</td>
</tr>
<tr>
<td>Gokwe Common Facility Centre</td>
<td>Midlands</td>
</tr>
<tr>
<td>Magamba Common Facility Centre</td>
<td>Manicaland</td>
</tr>
<tr>
<td>Marondera Common Facility Centre</td>
<td>Mashonaland East</td>
</tr>
<tr>
<td>Chinhoyi Common Facility Centre</td>
<td>Mashonaland West</td>
</tr>
<tr>
<td>Bindura Common Facility Centre</td>
<td>Mashonaland Central</td>
</tr>
<tr>
<td>Chitungwiza SEDCO Centre</td>
<td>Harare</td>
</tr>
<tr>
<td>Gwelutshena Common Facility Centre</td>
<td>Matebeleland North</td>
</tr>
<tr>
<td>Gutu Common Facility Centre</td>
<td>Masvingo</td>
</tr>
</tbody>
</table>

*Source: Ministry of Small and Medium Enterprises and Cooperative Development*

### Annexure 14: Ring-Fenced Milk Powder Requirements

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Full Cream Milk Powder (kgs)</th>
<th>Skimmed Milk Powder (kgs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha Omega Dairy</td>
<td>50 000</td>
<td>100 000</td>
</tr>
<tr>
<td>Competitive Brand Shapers, T/A CBS</td>
<td>40 000</td>
<td>-</td>
</tr>
<tr>
<td>Dairibord Zimbabwe (Pvt) Ltd.</td>
<td>1 200 000</td>
<td>1 250 000</td>
</tr>
<tr>
<td>Dendairy (Pvt) Ltd.</td>
<td>1 200 000</td>
<td>440 000</td>
</tr>
<tr>
<td>Gouda Gold T/A Yomilk</td>
<td>60 000</td>
<td>-</td>
</tr>
<tr>
<td>Kefalos Cheese Products</td>
<td>40 000</td>
<td>75 000</td>
</tr>
<tr>
<td>Kershelmar Dairies</td>
<td>20 000</td>
<td>-</td>
</tr>
<tr>
<td>Milkzim (Pvt) Ltd.</td>
<td>5 000</td>
<td>1 500</td>
</tr>
<tr>
<td>Machireer T/A Mr Brands</td>
<td>48 750</td>
<td>-</td>
</tr>
</tbody>
</table>
## Annexure 15: Textiles Industry: Rebate of Duty on Raw Materials and Customs Duty on Finished Products

### Rebate of Duty on Raw Materials

<table>
<thead>
<tr>
<th>Tariff Code</th>
<th>Description</th>
<th>Rate of Duty (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3215.1100</td>
<td>Printing Ink- Black</td>
<td>10</td>
</tr>
<tr>
<td>3215.1900</td>
<td>Printing Ink- Other</td>
<td>10</td>
</tr>
<tr>
<td>3215.9000</td>
<td>Printing Ink- Other</td>
<td>15</td>
</tr>
<tr>
<td>5401.1090</td>
<td>Sewing thread of man-made filaments, not for retail sale</td>
<td>5</td>
</tr>
<tr>
<td>5402.2000</td>
<td>High tenacity yarn of polyesters</td>
<td>5</td>
</tr>
<tr>
<td>5402.3300</td>
<td>Textured yarn of polyester</td>
<td>5</td>
</tr>
<tr>
<td>5402.3400</td>
<td>Textured yarn of polypropylene</td>
<td>5</td>
</tr>
<tr>
<td>5402.4900</td>
<td>Other yarn, single, untwisted or with a twist not exceeding 50 turns per meter</td>
<td>5</td>
</tr>
<tr>
<td>5402.6900</td>
<td>Other yarn, multiple (folded) or cabled</td>
<td>5</td>
</tr>
<tr>
<td>5503.2000</td>
<td>Synthetic staple fibres not carded, combed or otherwise processed for spinning of polyesters</td>
<td>5</td>
</tr>
<tr>
<td>5507.0000</td>
<td>Artificial staple fibres carded, combed or otherwise processed for spinning</td>
<td>10</td>
</tr>
<tr>
<td>5508.1020</td>
<td>Sewing thread of man-made staple not for resale</td>
<td>5</td>
</tr>
</tbody>
</table>

### Finished Products

<table>
<thead>
<tr>
<th>Tariff Code</th>
<th>Description</th>
<th>Current Duty Rate (%)</th>
<th>Proposed Duty Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>58012300</td>
<td>Other weft pile fabrics</td>
<td>10%</td>
<td>40% + $2.50/kg</td>
</tr>
<tr>
<td>58012700</td>
<td>Warp pile fabrics</td>
<td>10%</td>
<td>40% + $2.50/kg</td>
</tr>
<tr>
<td>58013100</td>
<td>Uncut weft pile fabrics</td>
<td>10%</td>
<td>40% + $2.50/kg</td>
</tr>
<tr>
<td>58013300</td>
<td>Other weft pile fabrics</td>
<td>10%</td>
<td>40% + $2.50/kg</td>
</tr>
<tr>
<td>58013700</td>
<td>Warp pile fabrics</td>
<td>10%</td>
<td>40% + $2.50/kg</td>
</tr>
<tr>
<td>58019000</td>
<td>Of other textile materials</td>
<td>10%</td>
<td>40% + $2.50/kg</td>
</tr>
<tr>
<td>60011000</td>
<td>Long Pile fabrics and terry fabrics, knitted or crocheted</td>
<td>10%</td>
<td>40% + $2.50/kg</td>
</tr>
<tr>
<td>60012100</td>
<td>Looped Pile fabrics of cotton and terry fabrics, knitted or crocheted</td>
<td>10%</td>
<td>40% + $2.50/kg</td>
</tr>
<tr>
<td>60012200</td>
<td>Looped Pile fabrics of man-made fibres and terry fabrics, knitted or crocheted</td>
<td>10%</td>
<td>40% + $2.50/kg</td>
</tr>
<tr>
<td>60012900</td>
<td>Looped Pile fabrics of other textile materials and terry fabrics, knitted or crocheted</td>
<td>10%</td>
<td>40% + $2.50/kg</td>
</tr>
<tr>
<td>60019100</td>
<td>Other Long Pile fabrics of cotton and terry fabrics, knitted or crocheted</td>
<td>10%</td>
<td>40% + $2.50/kg</td>
</tr>
<tr>
<td>60019200</td>
<td>Other Long Pile fabrics of man-made fibres and terry fabrics, knitted or crocheted</td>
<td>10%</td>
<td>40% + $2.50/kg</td>
</tr>
<tr>
<td>Tariff Code</td>
<td>Description</td>
<td>Current Customs Duty (%)</td>
<td></td>
</tr>
<tr>
<td>-------------</td>
<td>--------------------------------------------------</td>
<td>--------------------------</td>
<td></td>
</tr>
<tr>
<td>60019900</td>
<td>Other Long Pile fabrics of other textile materials and terry fabrics, knitted or crocheted</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>40% + $2.50/kg</td>
<td></td>
</tr>
<tr>
<td>60054400</td>
<td>Printed warp knit fabric of artificial fibres</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>40% + $2.50/kg</td>
<td></td>
</tr>
<tr>
<td>60064100</td>
<td>Other bleached and unbleached knitted or crocheted fabrics of artificial fibres</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>40% + $2.50/kg</td>
<td></td>
</tr>
<tr>
<td>60064200</td>
<td>Other dyed knitted or crocheted fabrics of artificial fibres</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>40% + $2.50/kg</td>
<td></td>
</tr>
<tr>
<td>60064300</td>
<td>Other (of yarns of different colour) knitted or crocheted fabrics of artificial fibres</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>40% + $2.50/kg</td>
<td></td>
</tr>
<tr>
<td>60064400</td>
<td>Other printed knitted or crocheted fabrics of artificial fibres</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>40% + $2.50/kg</td>
<td></td>
</tr>
</tbody>
</table>

A comprehensive list of fabric material will be published, after consultations with stakeholders.

**Annexure 16: Printing Industry Raw Materials**

<table>
<thead>
<tr>
<th>Tariff Code</th>
<th>Description</th>
<th>Current Customs Duty (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>35052010</td>
<td>Paper glue</td>
<td>15</td>
</tr>
<tr>
<td>37024400</td>
<td>Graphic film</td>
<td>5</td>
</tr>
<tr>
<td>39199010</td>
<td>Plate mounting taps</td>
<td>15</td>
</tr>
<tr>
<td>40082100</td>
<td>Printing blankets</td>
<td>15</td>
</tr>
<tr>
<td>59069900</td>
<td>Plate mounting tapes</td>
<td>10</td>
</tr>
<tr>
<td>59112000</td>
<td>Dampa covers</td>
<td>5</td>
</tr>
<tr>
<td>39191000</td>
<td>Lamination film</td>
<td>15</td>
</tr>
<tr>
<td>39199010</td>
<td>Clear and printed packaging tape</td>
<td>15</td>
</tr>
<tr>
<td>39204900</td>
<td>PVC &amp; PET shrink film for sleeves</td>
<td>10</td>
</tr>
<tr>
<td>48114110</td>
<td>Self-adhesive paper reel</td>
<td>10</td>
</tr>
<tr>
<td>48092000</td>
<td>NCR paper</td>
<td>40</td>
</tr>
<tr>
<td>3907 6000</td>
<td>Polyethylene Terephthalate (PET)</td>
<td>5</td>
</tr>
<tr>
<td>35069900</td>
<td>Adhesives</td>
<td>10</td>
</tr>
</tbody>
</table>

**Annexure 17: Sanitary Ware Raw Materials**

<table>
<thead>
<tr>
<th>Tariff Code</th>
<th>Description</th>
<th>Current Customs Duty (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4703.2100</td>
<td>Pulp</td>
<td>5</td>
</tr>
<tr>
<td>3506.9900</td>
<td>Hotmelt Glue</td>
<td>10</td>
</tr>
<tr>
<td>4803.0000</td>
<td>Release Paper Special</td>
<td>10</td>
</tr>
<tr>
<td>4803.0000</td>
<td>Tissue Material Special</td>
<td>10</td>
</tr>
<tr>
<td>3921.1200</td>
<td>PE Film</td>
<td>5</td>
</tr>
<tr>
<td>3921.1200</td>
<td>Puncture PE Film</td>
<td>5</td>
</tr>
<tr>
<td>5603.1100</td>
<td>Non-Woven Fabric</td>
<td>5</td>
</tr>
<tr>
<td>3906.9000</td>
<td>Super Absorbent Polymer</td>
<td>5</td>
</tr>
<tr>
<td>3919.1000</td>
<td>Self-adhesive tape</td>
<td>15</td>
</tr>
<tr>
<td>3921.1420</td>
<td>Film, not being printed of a width not less than 10cm</td>
<td>15</td>
</tr>
<tr>
<td>6006.9000</td>
<td>Spandex filament</td>
<td>10</td>
</tr>
</tbody>
</table>
Annexure 18: Standard Rated Products

- Rice;
- Margarine;
- Cereals;
- Maheu;
- Pork;
- Beef;
- Fish;
- Chicken;
- Potatoes, fresh or chilled;

Annexure 19: Proposed Rates Of Presumptive Tax

<table>
<thead>
<tr>
<th>Category</th>
<th>Current Level of Presumptive Tax per Quarter</th>
<th>Proposed Level of Presumptive Tax per Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Omnibuses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 to 14 Passengers</td>
<td>150</td>
<td>40</td>
</tr>
<tr>
<td>15 to 24 Passengers</td>
<td>175</td>
<td>45</td>
</tr>
<tr>
<td>25 to 36 Passengers</td>
<td>300</td>
<td>70</td>
</tr>
<tr>
<td>Above 36 Passengers</td>
<td>450</td>
<td>100</td>
</tr>
<tr>
<td>Taxi Cabs</td>
<td>100</td>
<td>25</td>
</tr>
<tr>
<td>Driving School</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class 4 Vehicles</td>
<td>500</td>
<td>100</td>
</tr>
<tr>
<td>Class 1 and 2 Vehicles</td>
<td>600</td>
<td>130</td>
</tr>
<tr>
<td>Greater than 10 Tonnes but less than 20 Tonnes</td>
<td>1,000</td>
<td>200</td>
</tr>
<tr>
<td>Greater than 20 Tonnes</td>
<td>2,500</td>
<td>500</td>
</tr>
<tr>
<td>Hair Salon Operator</td>
<td>1,500</td>
<td>US$10 per chair</td>
</tr>
</tbody>
</table>

Annexure 20: Levies, Fees and Charges on Business

Mining Registration Fees

Small Scale Gold Mines

<table>
<thead>
<tr>
<th>Fee</th>
<th>Description of fee</th>
<th>Amount Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Description</td>
<td>Description</td>
<td>Fee</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Application for Mining Licence Special Grant</td>
<td>Applicable if an investor intends to carry out mining in a reserved area</td>
<td>US$1,000</td>
</tr>
<tr>
<td>Ordinary Prospecting Licence</td>
<td>The fee is payable for prospecting within a specific District for which the investor applied. A fee of $500 is payable when prospecting the whole country</td>
<td>US$200</td>
</tr>
<tr>
<td>Approved Prospector’s Fee</td>
<td>The fee is payable to an Approved Inspector.</td>
<td>US$400</td>
</tr>
<tr>
<td>Registration of precious metal block of claims</td>
<td>This title enables the investor to start mining.</td>
<td>US$200</td>
</tr>
<tr>
<td>Inspection fee</td>
<td>Annual inspection fee</td>
<td>US$100 per year</td>
</tr>
<tr>
<td>Company Registration</td>
<td></td>
<td>US$145</td>
</tr>
<tr>
<td>EMA</td>
<td>Environmental Impact Assessment Fee</td>
<td>US$210, 0.8% - 1.2% of project cost</td>
</tr>
<tr>
<td>Engineering Council of Zimbabwe (ECZ) levy</td>
<td>The fee is charged by the ECZ to fund its operations (regulating the operations of engineers and engineering companies in Zimbabwe.)</td>
<td>1% of project cost</td>
</tr>
<tr>
<td>RDC</td>
<td>Land Development Levy</td>
<td>US$8,000 per unit.</td>
</tr>
<tr>
<td></td>
<td>Units are based on land size, or number of employees or turnover depending on RDC.</td>
<td></td>
</tr>
<tr>
<td>Radiation Protection Fee</td>
<td>Radiation Protection Licence</td>
<td>Fee is determined by the Authority as empowered by the Act</td>
</tr>
<tr>
<td>Standard Development levy</td>
<td></td>
<td>0.50% of gross salary of employees</td>
</tr>
<tr>
<td>Application for Mining Licence Special Grant</td>
<td>Applicable if an investor intends to carry out mining in a reserved area</td>
<td>US$1,000</td>
</tr>
</tbody>
</table>
### Tourism Registration Fees:

#### 1. Hotel Industry: Four Star Hotel

<table>
<thead>
<tr>
<th>Licensing Authority</th>
<th>Requirements</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registrar of Companies</td>
<td>Company Registration</td>
<td>US$145</td>
</tr>
<tr>
<td>Zimbabwe Tourism Authority</td>
<td>Registration as a designated Tourism Facility (New Applicant)</td>
<td>US$3,000 per annum</td>
</tr>
<tr>
<td></td>
<td>Renewal of Registration as a designated Tourism Facility</td>
<td>US$3,000 per annum</td>
</tr>
<tr>
<td></td>
<td>Grading/Re-grading after 2 years</td>
<td>US$3,000 per annum</td>
</tr>
<tr>
<td>Local Authority</td>
<td>Health registration certificate</td>
<td>US$690 per annum</td>
</tr>
<tr>
<td></td>
<td>TPD 1 Application Fees</td>
<td>US$220 per annum</td>
</tr>
<tr>
<td>Liquor Licensing</td>
<td>Police report on Applicant</td>
<td>US$10</td>
</tr>
<tr>
<td></td>
<td>Liquor Licence Fee</td>
<td>US$610 per annum</td>
</tr>
<tr>
<td></td>
<td>Liquor Licence Renewal fee</td>
<td>US$500 per annum</td>
</tr>
<tr>
<td>ZBC</td>
<td>TV licence</td>
<td>US$100 per room per television set</td>
</tr>
<tr>
<td>ZINWA</td>
<td>Borehole water subscription</td>
<td>US$150 per quarter</td>
</tr>
<tr>
<td>Place of Assembly permit</td>
<td>Fee for inspection of building.</td>
<td>US$230 per point per year</td>
</tr>
<tr>
<td>Zimbabwe Music Rights Association</td>
<td>Based on restaurant sitting capacity</td>
<td>US$10 per sit</td>
</tr>
</tbody>
</table>

#### 2. Safari Industry Operator

<table>
<thead>
<tr>
<th>Licensing Authority</th>
<th>Requirements</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registrar of Companies</td>
<td>Company Registration</td>
<td>US$145</td>
</tr>
<tr>
<td>Zimbabwe Tourism Authority</td>
<td>Annual Operator’s License</td>
<td>US$1,500 per annum</td>
</tr>
<tr>
<td></td>
<td>Camp License fee per annum</td>
<td>US$300 per annum</td>
</tr>
<tr>
<td></td>
<td>Trophy fees to ZTA clients</td>
<td>2% of total daily rates</td>
</tr>
<tr>
<td>Zimbabwe Parks and Trophy fees</td>
<td>Trophy fees</td>
<td>2% of trophy fee</td>
</tr>
<tr>
<td>Wildlife Management</td>
<td>Hunting permit on private land</td>
<td>US$400 per annum</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>--------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td></td>
<td>Hunting permit on State land</td>
<td>US$250 per annum</td>
</tr>
<tr>
<td></td>
<td>Professional hunters Licence</td>
<td>US$200 per annum per PH</td>
</tr>
<tr>
<td></td>
<td>Bow Permits for plains game</td>
<td>US$100 per annum</td>
</tr>
<tr>
<td></td>
<td>Bow permits for Dangerous game</td>
<td>US$1,500 per annum</td>
</tr>
<tr>
<td></td>
<td>Meat permit</td>
<td>US$500 per annum</td>
</tr>
<tr>
<td></td>
<td>Payment of Park Rangers</td>
<td>US$78 per day</td>
</tr>
<tr>
<td>RDCs</td>
<td>Camp Levy</td>
<td>US$1,200 per annum</td>
</tr>
<tr>
<td></td>
<td>Land Tax</td>
<td>From US$0.2 to US$1 per hectare</td>
</tr>
<tr>
<td>ZBC</td>
<td>Radio licence</td>
<td>US$30 per vehicle per annum</td>
</tr>
<tr>
<td></td>
<td>TV licence per room of a lodge</td>
<td>US$50 per annum</td>
</tr>
<tr>
<td>POTRAZ</td>
<td>POTRAZ Licence</td>
<td>US$345 per annum</td>
</tr>
<tr>
<td>CAAZ</td>
<td>Airstrip Annual Inspection fee</td>
<td>US$500 per annum</td>
</tr>
</tbody>
</table>

### 3. Restaurants

<table>
<thead>
<tr>
<th>Licensing Authority</th>
<th>Requirements</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registrar of Companies</td>
<td>Company Registration</td>
<td>US$145</td>
</tr>
<tr>
<td>Zimbabwe Tourism Authority</td>
<td>Registration as a designated Tourist Facility (New Applicant)</td>
<td>US$300</td>
</tr>
<tr>
<td></td>
<td>Recommendation letters</td>
<td>US$50</td>
</tr>
<tr>
<td>Zimbabwe Music Rights Association</td>
<td>License Fee - Based on restaurant sitting capacity</td>
<td>US$100</td>
</tr>
</tbody>
</table>
Transport Registration Fees

**Commuter Omnibus – 18 Seater**

<table>
<thead>
<tr>
<th>Licencing Authority</th>
<th>Requirements</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Transport &amp; Infrastructure Development</td>
<td>Operator’s Licence</td>
<td>US$125 per annum</td>
</tr>
<tr>
<td></td>
<td>Garage Report</td>
<td>US$60 per annum</td>
</tr>
<tr>
<td></td>
<td>Passenger Insurance (18 Seater)</td>
<td>US$225 per annum</td>
</tr>
<tr>
<td></td>
<td>Route Authority</td>
<td>$75 per annum</td>
</tr>
<tr>
<td></td>
<td>VID Inspection Fee</td>
<td>$25 after every 6 months</td>
</tr>
<tr>
<td>Local Authority</td>
<td>Rank Fee</td>
<td>US$100 per month</td>
</tr>
<tr>
<td></td>
<td>Recommendation Letter to operate in a given Local Authority</td>
<td>US$100 per quarter</td>
</tr>
</tbody>
</table>

Retailing Registration Fees

**Liquor Shop – Bottle Store**

<table>
<thead>
<tr>
<th>Licencing Authority</th>
<th>Requirements</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Authority Charges</td>
<td>Liquor Licencing Permit</td>
<td>US$115</td>
</tr>
<tr>
<td></td>
<td>Application for Health Certificate</td>
<td>US$140</td>
</tr>
<tr>
<td></td>
<td>Health Registration</td>
<td>US$400</td>
</tr>
<tr>
<td></td>
<td>Liquor Licencing Fee (Stamping)</td>
<td>US$100</td>
</tr>
<tr>
<td>Liquor Licencing</td>
<td>Application for Liquor License (Bottle Store)</td>
<td>US$220</td>
</tr>
<tr>
<td></td>
<td>Renewal of Liquor Licence Fee</td>
<td>US$110 per annum</td>
</tr>
</tbody>
</table>
HON. DR. MASHAKADA: Thank you Mr. Speaker Sir. I must, upfront, thank you very much for giving us this opportunity to give you our early assessment of the Minister’s budget. In assessing the budget Mr. Speaker Sir, I think there are key planks that we have to look at. Key questions that one has to look at in passing a judgement on whether the budget is a good budget or it is not a good budget, you have to ask yourself the questions, is the budget pro-poor? Is the budget people centred? Is the budget pro-business? Does the budget inspire confidence on the business sector, on labour and on investors? You also have to ask yourself, is the budget realistic and relevant to the situation on the ground?

Mr. Speaker Sir, if you want to examine these questions which I have raised, this side of the House will reach the conclusion that the budget does not answer these rhetoric questions that I have raised. Mr. Speaker Sir, coming to the meat of the debate, this budget is going to be blunted by the following factors and I have just outlined nine factors which are going to blunt the efficacy of this budget.
The first issue that is going to make this budget fail or to doom this budget is the question of the budget deficit. Mr. Speaker Sir, already, we are sitting on a budget deficit of $1 billion. How does the Minister intend to fill this hole? It is a very big hole that he has dug; $1 billion deficit is what the Government is facing. How is Government going to treat this gap? It is really difficult to move from that hole that the Minister created. How is he going to raise sufficient funds to fund the 2017 Budget? We have heard from the Minister that the growth rate for 2016 is 0.6 percent. I shudder to think, from a growth rate of 0.6 percent, how does the Minister intend to raise revenue to fund the fiscus? So, the first thing that is going to make this budget difficult is the high budget deficit which the Government cannot contain.

The second structural issue which is going to fail this budget is the structure of expenditure. Year in, year out, we all know that employment costs consume over 90 percent of the budget. This mischief has not been addressed, even in this current budget. You still have the structure of recurrent expenditure, especially employment costs
consuming a huge chunk of the revenues. That is a structural problem which is going to blunt the efficacy of this budget.

The third issue that is going to be problematic for this budget is the whole issue of the liquidity crisis or the cash crisis. Mr. Speaker Sir, cash is necessary to all economic and business transactions. Cash is necessary to make sure that the economy is boosted but in the context of serious cash shortages and liquidity crunch, how does this budget succeed? It is a multi-million dollar question. Look at the introduction of the bonds and the queues that we are seeing at our banks and financial institutions. Without adequate cash and liquidity, it is very difficult to bankroll the budget.

The fifth problem Mr. Speaker Sir, is the issue of supply response. From the presentation, I have not seen enough measures to stimulate the economy. I have not seen measures to stimulate agriculture, measures to stimulate mining, measures to stimulate the manufacturing sectors. As you know Mr. Speaker, we are facing deindustrialisation in this country. Go to Bulawayo, go to the heavy industries in Harare, Mutare, Gweru
and everywhere, companies are closed. I have not seen those measures that can really resuscitate the opening of these companies.

Mr. Speaker Sir, I would have wanted instead, the Minister to allocate more money to tourism because in the face of a declining manufacturing, mining and agriculture, tourism is only the low-hanging fruit that can give you quick turnaround – [AN HON. MEMBER: Yes, it is the winner.] – So more money should have been given to tourism and boosting commercial sectors because in Africa, our economies are now 80 percent informalised. The key drivers of growth are no longer located in the productive sectors. They are located in tourism, knowledge economy and the financial sectors of the economy.

Mr. Speaker Sir, the other problem which will make this budget difficult is corruption. There is a lot of rent seeking. There is a lot of corruption in the economy which is still unresolved and to pretend that the budget can deal with corruption measures as he attempted to do is being dishonest. It is a deep-seated political problem which requires political will in order to eradicate – [AN HON. MEMBER: Hear, hear.]
– A combination of corruption and elicit financial outflows, the $15 billion that cannot be traced will actually make the budget fail, not mentioning the ZIMDEF funds and other funds which are being looted.

Mr. Speaker Sir, we all know that because of the liquidity crisis, Government has been abusing nostro accounts. Government has been abusing the issuance of the Treasury Bills. As I speak right now, the market is holding in excess of US$5 billion in Treasury Bills. Those people who have taken this commercial paper need to be paid. If this money is paid back, that will improve the general liquidity in the economy.

Mr. Speaker Sir, the other problematic with regard to the budget are the policy measures and matrices which still remain unchanged. One of the key policy problems is still the Indigenisation and Economic Empowerment Act which is stalling the flow of fresh capital, new investment into the country and this budget has not addressed that issue. The ease of doing business, it is all rhetoric and nothing has been done.
There are still a multiplicity of laws, licences and regulations that hamper smooth flow of business.

I now come to public enterprises. Mr. Speaker Sir, the Minister has skirted the key measures which should be addressed to make sure that public enterprises do not continue to drain the fiscus. As long as the Corporate Governance Framework is not adhered to, public enterprises will continue to drain the budget and leave very little resources to finance other operations.

The question of debt and external payment arrears is really a big issue. The Minister thinks he can repay US$1.8bn to IMF, World Bank and African Development Bank but I bet you my last dollar, these institutions are not capable of giving us fresh money because giving fresh loans and money is not a function of repayment alone. It depends on the sovereign risk of the country and other deep rooted factors that will vitiate against the flow of new money. I can only wish him good luck if he thinks he can take coal to Newcastle.
As I have said, these are our own initial or preliminary assessments of the budget. I will now conclude by mentioning that the capital budget of US$520m is just too little. What do you do with shortage of electricity, water, the poor state of the roads and housing deficit? It is not enough.

The other problem is the question of SI 64 of 2016. Ever since that Statutory Instrument was introduced, prices of basic commodities are rocketing in the shops. Finally Mr. Speaker Sir, why do you give US$30m to Parliament? – [HON MEMBERS: Hear, hear] - Mr. Speaker Sir, I am posing this question through you –[HON. MARIDADI: Hon. Mushowe must allow the Minister to listen because your Ministry is being funded and it is badly run]–.

THE HON. SPEAKER: Hon Maridadi, you are an experienced Member. Your colleague is holding the floor. You wait and I recognise you.

HON. DR. MASHAKADA: Thank you Mr. Speaker, you needed to listen to this one…
*HON. CHINOTIMBA*: On a point of order. The procedure for this debate has not been followed. The procedure is that the debate was supposed to be championed by the Chairperson of the Portfolio Committee first with the rest of the Members debating after. If the Chairperson of the Portfolio Committee has not debated, what then is he going to debate on because everything has been said by the Hon. Member holding the floor? –[HON. MEMBER: Inaudible interjection]-

Get lost, that is why you lost the Chamanimani bye-election. I will sit down but keep quiet.

The procedure has not been followed. The Chairman’s report no longer has value because it has already been discussed. What I am saying is that the Hon. Member who is debating should sit down and we hear the Chairperson’s report first. I thank you.

**THE HON. SPEAKER:** Hon. Chinotimba, I hear you but be guided by Standing Order Number 124. If you could refer to it, you will notice that the debate is allowed. Thank you.
HON. DR. MASHAKADA: I was on the point of the US$30m allocated to your institution, Parliament. I think this is really not good enough. It is a mockery of the separation of powers and the independence of Parliament – [HON. MEMBERS: Hear, hear]. I pray that my honourable colleagues from both sides will find it prudent to persuade the Minister to increase the Vote for Parliament before we pass this budget because we represent people.

I am also at a loss why the Minister only allows 30 buses to be imported. Does he have somebody in mind? Why the figure of 30, not 60, 50 or 100. It is a gaffe. Finally, these are mere figures – the CDF has been talked about several times but it is not coming to fruition. I have been a Minister in Government; I know Ministries are not going to access these Votes that have been announced today. It is academic. All the money is going into recurrent expenditure. Government does not have fiscal space to really implement this budget. I thank you.
THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT (HON. CHINAMASA): I move that the debate do now adjourn.

Motion put and agreed to.

Debate to resume: Tuesday, 20th December, 2016.

HON. GONESE: On a point of order Mr. Speaker. Before I raise the point of order, I would like to extent our appreciation for your indulgence in allowing our alternative minister to debate – [HON. MEMBERS: Inaudible interjections.] – Mr. Speaker Sir, this is in line with the Westminster tradition. However, my point of order relates to the provisions of Section 141 of our Constitution which allows for public access to Parliament. Mr. Speaker Sir, what I found disconcerting is that when the alternative minister from this side of the House was making his presentation...

THE HON. SPEAKER: Shadow minister.
**HON. GONESE:** Well, you can use shadow or alternative minister. It is one and the same thing. The shadow minister, we prefer to call him our alternative minister. We have got the Minister of Finance and we have got an alternative from this side of the House.

**THE HON. SPEAKER:** Please get to the point.

**HON. GONESE:** The point I am making Mr. Speaker is that ZTV cameras were covering the Budget presentation. I thought that by the same token, once the Chair has allowed the shadow minister to make his presentation, they are going to be courteous enough to the people of Zimbabwe to cover the presentation which was coming from Hon. Mashakada. I believe that the conduct on the part of the ZTV was not called for.

The second point Mr. Speaker is that, I noticed several members from that side of the House walking out; some of the benches are now empty. Your admonishment was that Members of Parliament should attend to the business of the House. The House had not yet adjourned and I found that conduct to be disturbing.
Lastly, I believe that there was a problem with our air conditioning. I saw that the Hon. Minister of Finance was subjected to a lot of suffering. He had to wipe his head several times because he was sweating. I do not know whether our air conditioning is not working or there is something wrong. It is something that we need to be attended to. That is my point of order Mr. Speaker.

THE HON. SPEAKER: Order, order. Hon. Gonese, your observations are noted, except for the last one. The Chair cannot rule on someone sweating. The air conditioning was working but do not forget it is a heavy task to present a Budget.

MINISTERIAL STATEMENT

2016 GRADE 7 RESULTS AND ENTRY INTO FORM ONE IN 2017

THE MINISTER OF PRIMARY AND SECONDARY EDUCATION (HON. DR. DOKORA): Thank you Hon. Speaker. I wish to make a Ministerial Statement on the 2016 Grade 7 results. I wish to underscore that we wish to make a Statement on the Grade 7 results and entry into Form 1 in 2017.
The Ministry of Primary and Secondary Education would like to inform the august House that the November 2016 Grade 7 national examinations were released and the total candidature for 2016 was 329 549 compared to a 329 217 for 2015. Of the 329 549 candidates who sat for the Grade Seven 2016 examinations, 167 333 (50.78%) were female and 162 183 (49.21%) were male.

The 2016 national pass rate stands at 42.90%. As you may remember, last year’s pass rate stood at 41.61%. In the current season, the highest pass rate was recorded in indigenous languages with General Paper recording the least pass rate at 47.96%.

As a Ministry, we are also proud that ZIMSEC, for the first time, provided for special needs candidates who sat for the Grade 7 national examinations. The categories of these include Braille candidates, enlarged print candidates and candidates with hearing impairment. These categories of learners were previously ignored in the analysis of the results.
The Ministry would like to thank all professionals who were involved in the conduct of these national examinations. Now, let me address the transition into Form 1 for 2017. The National Assembly is invited to note the following realities:

- All Grade 7 graduands, the 329 549 of them, will be able to secure a place for Form 1 for 2017;

- All graduands are already on the e-register of the Ministry and ZIMSEC. The e-registration of candidates began three years ago.

The enrolment process shall be undertaken as follows:

- A total of 305 549 will enroll in day secondary school with effect from Monday, 12th December, 2016;

- Sadly, 4500 of our girls and boys will not be seeking Form 1 places in 2017, having regrettably left school owing to pregnancies and marriages;
The capacity of our boarding schools is 24 000. Our previous experience of enrolment into this sector created huge challenges for the school heads who we must protect as a system in the light of multiple pressures for limited space. The experience of enrolment over one day of last year gave us the evidence that this process can be mediated through harnessing ICTs. Applicants do not have to leave the comfort of their homes. They simply feed into a system at their local school, their local information centre or on their cell phone, if they so choose. The schools in turn will set up admission committees so that the responsibility does not convert into a huge temptation to the school head. In effect, the online solution should be available from tomorrow Friday the 9th of December and the responses to the applications should be available by Monday. An sms will be sent to each applicant for a boarding place.

District schools inspectors will monitor the selection process and the work of the Committees to ensure that schools that have
vacancies after the enrolment date are advised the Provincial Education Director whose contact details will be published.

- Hon. Members, let me reiterate that it is only the entry into boarding that will use the online solution as an aid to transparency.

- Hon. Members will remember as I said before that 15 years ago, His Excellency President R. G. Mugabe began a far sighted policy innovation; computerisation of schools. Three years ago, ZIMSEC went e-Registration, which is why in the online registration, commonplace in universities, can now be performed on a simple smart phone.

- Candidates for boarding places are required to obtain a clearance letter from their Grade 7 School.

The current circumstances demonstrate clearly from the evidence that the national building levy is long overdue. It is that levy which I will come back to this august House to seek concurrence in 2017 so that we can build more boarding schools and more day schools for our people.
I want to thank the dedicated team at the Ministry (ZIMSEC/MOPSE) that has made it possible to produce the software and online solution that will save thousands upon thousands of dollars in travel and fuel expenses that parents incur chasing Form 1 places that are not even there. The school heads who have remained steadfast in the face of temptation are very much appreciated as well. The teachers are sincerely thanked for producing these results alongside the parents with their part payments, support to schools, etcetera. I thank you Hon. Members.

Table A: 2016 Grade 7 National Pass Rate by Gender for Braille Candidates:

<table>
<thead>
<tr>
<th>Category</th>
<th>Candidates who wrote four subjects</th>
<th>Candidates who passed four subjects</th>
<th>Pass Rate for Candidates who passed four subjects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female Candidates</td>
<td>16</td>
<td>14</td>
<td>87.50%</td>
</tr>
<tr>
<td>Male Candidates</td>
<td>24</td>
<td>18</td>
<td>75</td>
</tr>
<tr>
<td>All Candidates</td>
<td>40</td>
<td>32</td>
<td>80%</td>
</tr>
</tbody>
</table>

*(Candidates who passed four subjects with grade six or better)*

Table B: 2016 Grade 7 National Pass Rate by Gender for Enlarged print Candidates:

<table>
<thead>
<tr>
<th>Category</th>
<th>Candidates who wrote four</th>
<th>Candidates who passed four</th>
<th>Pass Rate for Candidates who passed four</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>Candidates who wrote four subjects</td>
<td>Candidates who passed four subjects</td>
<td>Pass Rate for Candidates who passed four subjects</td>
</tr>
<tr>
<td>-------------------------</td>
<td>-----------------------------------</td>
<td>-----------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Female Candidates</td>
<td>45</td>
<td>13</td>
<td>28.89%</td>
</tr>
<tr>
<td>Male Candidates</td>
<td>40</td>
<td>14</td>
<td>35%</td>
</tr>
<tr>
<td>All Candidates</td>
<td>85</td>
<td>27</td>
<td>31.76%</td>
</tr>
</tbody>
</table>

Table C: 2016 Grade 7 National Pass Rate by Gender for Candidates with hearing impairment:

<table>
<thead>
<tr>
<th>Category</th>
<th>Candidates who wrote four subjects</th>
<th>Candidates who passed four subjects</th>
<th>Pass Rate for Candidates who passed four subjects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female Candidates</td>
<td>167 333</td>
<td>75 786</td>
<td>45.29%</td>
</tr>
<tr>
<td>Male Candidates</td>
<td>162.183</td>
<td>65.578</td>
<td>40.43%</td>
</tr>
<tr>
<td>Gender not indicated</td>
<td>33</td>
<td>19</td>
<td>57.58%</td>
</tr>
<tr>
<td>All Candidates</td>
<td>329 549</td>
<td>141 383</td>
<td>42.90%</td>
</tr>
</tbody>
</table>

Table D: 2016 Grade 7 National Pass Rate by Gender:
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Candidature</td>
<td>303 978</td>
<td>288 365</td>
<td>292 375</td>
<td>299 673</td>
<td>306 490</td>
<td>327 191</td>
<td>329 549</td>
</tr>
<tr>
<td>National Pass Rate</td>
<td>265.00%</td>
<td>28.89%</td>
<td>31.5%</td>
<td>32.2%</td>
<td>38.13%</td>
<td>41.87%</td>
<td>42.90%</td>
</tr>
</tbody>
</table>

**Table F: 2016 Subject entry and Pass rate:**

<table>
<thead>
<tr>
<th>Subject</th>
<th>Candidates Examined</th>
<th>Subject Pass Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>English</td>
<td>328 882</td>
<td>56.43%</td>
</tr>
<tr>
<td>Mathematics</td>
<td>329 205</td>
<td>56.47%</td>
</tr>
<tr>
<td>General Paper</td>
<td>329 339</td>
<td>47.96%</td>
</tr>
<tr>
<td>Shona</td>
<td>269 339</td>
<td>86.31%</td>
</tr>
<tr>
<td>Ndebele</td>
<td>49 481</td>
<td>81.90%</td>
</tr>
<tr>
<td>Tonga</td>
<td>4 730</td>
<td>74.95%</td>
</tr>
<tr>
<td>Nambya</td>
<td>824</td>
<td>74.64%</td>
</tr>
<tr>
<td>Tshivenda</td>
<td>2 342</td>
<td>72.2%</td>
</tr>
<tr>
<td>Xichangana</td>
<td>1 504</td>
<td>80.98</td>
</tr>
<tr>
<td>Kalanga</td>
<td>602</td>
<td>75.42%</td>
</tr>
</tbody>
</table>

**THE HON. DEPUTY SPEAKER:** Thank you Hon. Minister. I will allow Hon. Members who may need some clarifications from you.

**HON. GABBUZA:** Thank you Madam Speaker. I wish to appreciate the Ministerial Statement by the Minister of Education and
also thank that he has made a lot of efforts to ensuring that amongst the indigenous languages, Tonga has been one of those best passed. I want to appreciate the Minister’s efforts in that regard. For further clarification, will that real time e-registration not disadvantage the rural school children into entering boarding schools because in most of these areas, network may not be there, if they decide to use the cell phone. If they decide to use the computers, very few...

**THE HON. DEPUTY SPEAKER:** Order, Hon. Member at the back corner, can we have order please.

**HON. GABBUZA:** If they decide to use the computers, very few rural schools are electrified or computerised. Madam Speaker, we appreciate the real time application for the students, but what measures is the Minister putting in place to ensure that there is real time deployment of teachers? This is because we see a situation where the children will in real time, find the places and get to schools but traditionally, we go up to February with these children waiting for the teachers especially the First Term, as teachers are coming from colleges
and the deployment is normally done at District Offices. It really becomes a muddle and whilst the real time getting of places is commendable, are we going to also see a complementary real time deployment of teachers to schools?

*HON. CHIBAYA: Thank you Madam Speaker. Hon. Minister Dokora, you have mentioned that 24 000 children will be able to go to boarding schools and they will apply on line. I applaud the promotion of the use of ICT. My question is that there are parents who have already secured Form 1 places in boarding schools, especially in Midlands. Your communication arrived when I was in the headmaster’s office, in schools like Anderson and Regina Mundi. So, what I am saying is that for those parents who had already secured Form 1 places and who had already bought uniforms and were in the process of paying fees, how are you going to address this issue in order not to burden the parents who had already secured Form 1 places? I thank you.

HON. MANDIPAKA: Thank you Madam Speaker. Allow me to appreciate the stance by the Ministry and the Ministerial Statement but I
have one question. I want to find out from the Hon. Minister that there is a view being shared by those in the rural areas that this policy is rather elitist and it does not cater for those that are disadvantaged because they are not quite enlightened on how to use these computers and smart phones that you are talking about. How are you going to address as a Ministry, the concerns being raised by those in the rural areas in as far as your policy is concerned? I thank you.

**HON. KHANYE:** Thank you Madam Speaker. I want to compliment the Minister on the Ministerial Statement. I also wanted to ask the Minister if he would allow the Committee to conduct public hearings in all the provinces so that we hear what the stakeholders will say on the use of cell phones? Can the Minister put that into consideration? Last year we had a public hearing and we went to three provinces where parents were refusing to have their children use cell phones. I thank you.

**HON. MARIDADI:** I thank the Hon. Minister for the progressive statement that he delivered. So, 329 000 Grade 7 pupils
wrote exams and 42.9% passed that means about 57% failed. The Minister went on to say that all children are proceeding to Form 1. Does it mean that all the 329 000 will also go to Form 1, including those that have failed. I recall a period when we used to say a child that had failed Grade 7 would not proceed to Form 1 before passing Grade 7. If a child fails Form Four, he or she does not proceed to ‘A’ level. That is the first question.

Secondly there are some schools which only take children with four to six units, schools like Goromonzi Secondary and other schools. They produce very good ‘O’ level results and it appears as if they are very good at teaching but it is because they get the cream, whereas those in Mabvuku get the worst of the pupils, which may mean that they were not bright pupils, they were just pushed to Form 1, proceeding to ‘O’ level. What is he going to do to the slow learners so that they can proceed into Form 1, well equipped? I thank you.

**HON. ZVIDZAI:** Thank you very much Madam Speaker. I have got a few anxieties around the Minister’s propagated ideas. The first one
is the celebration of major pass rates around indigenous languages. The incongruence of that with the STERM policy is that the Minister has not sought to talk to us as to the remedial actions moving forward to ensure that there is a relationship between our celebration at that lower level and our intentions around STERM.

My second anxiety Madam Speaker is around the revolutionary approach to this new approach. Normally, if you want policy to succeed, you want to move evolutionarily than revolutionarily. The communities out there, the parents are very anxious as to whether it is very easy to crossover from a person to person discussion with a headmaster to a virtual approach to looking for places. As they visited, yes, it was a bit expensive but it was also an opportunity to create relationships with administrations at the schools. It was also an opportunity to have a look at the facilities there and be able to criticise or proffer developmental solutions for the process.

My third anxiety is around the 4 500 children that might have got pregnant accidently. The girls might have been taken advantage of by
the rich, ‘sugar daddies’ and ‘sugar mummies’ and are they going to be consigned into permanent poverty as a result of having been taken advantage of particularly at that early stage. I would have expected the Minister to talk to us around how he is going to deal with these 4,500 unfortunate cases. I thank.

HON. MLilo: Thank you Madam Speaker. I want to thank Hon. Minister for the statement. I am anxious about this statement in that the internet allows someone who is in Guruve to register in Gwanda, Matobo and so forth. What measures are going to be put in place so that people from other areas will not end up losing out because of this? If we are in Harare and we apply for schools in Gwanda, Gwanda is a rural community and the town is very small, few people have cell phones but they do not have access to the internet. What will happen is that people outside Gwanda will populate schools in Gwanda at the detriment of children in Gwanda. Tell me what you are going to do about that if our children fail to get places in their communities. Government has a
policy that a person should benefit from the community he lives in just like in ZIM ASSET. I believe that is Government policy.

The other thing that also disturbs me is that the ministerial statement is applicable in both Government and private schools in Matebeleland North and South there are mission schools for example Anglican. When these churches create these schools, they want children to learn issues pertaining to religion. You find that in church schools there were members of a certain church. With this new system, you will end up having a Muslim at an Anglican school. So because of the system we will end up having pupils who do not subscribe to that religion. What is important on such schools is to learn about the history of the church and their behaviour. This is one thing that will give me sleepless nights because I am a member of the Anglican Church and we want our Anglican schools to enroll Anglican children. On Wednesdays, such schools have Anglican Mass and children attend Mass services without censoring.
THE HON. DEPUTY SPEAKER: Order, order, Hon. Member, may I please remind you that that we are not supposed to debate but to seek clarifications from the Minister. Please, there are other Hon. Members who need to put across their clarifications.

HON. MLILO: Thank you for the direction Madam Speaker. I have got two questions. How are we going to handle this matter in mission schools? The other question is, what measures are we going to put in place to enable children from the community to benefit from a school which is within their community? I thank you Madam Speaker.

HON. ZINDI: Thank you Madam Speaker. I rise also to seek clarification on the policy enunciation by Hon. Dokora, particularly on the issue of how the communication is going to be facilitated.

I have been to Katerere, kwaFombe. That is almost at the Mozambican Border, Gairezi. Now, they do not even know what a PC or a computer looks like. Since now the application is on line, how are they going to facilitate that in terms of communication and do they know how they are going to get that information because there is no television
there, there are no newspapers in terms of communication for them to get that information? That is the kind of area I am looking at.

I also support the idea of applying online because it eradicates corruption. It also eradicates the issue of Members of Parliament being pestered by parents who think that corruption is rife in colleges or in secondary schools, therefore if they go through the Member of Parliament – *ndirikuda kuti munditererewo*, Madam Speaker. *Ndirikuda kuti mundinzwe*. So I am saying because of the corruption which is so rife in colleges and secondary schools, parents think if they go through the Member of Parliament it is the Member of Parliament who will facilitate their children to be enrolled.

So, in a way, I do support this kind of a new approach, but at the same time I am a bit hesitant, that is where I am seeking clarification in terms of how effective it is going to be without the right gadgets. Are we going to use a text platform for example for other children who are not within the reach of newspapers, or televisions and what have you? I thank you.
HON. DR. LABODE: Thank you Madam Speaker. Minister Dokora, I am actually disheartened…

THE HON. DEPUTY SPEAKER: Order. The Minister is listening so once you make so much noise, I do not think he will hear what is being said.

HON. DR. LABODE: I am very much concerned about the 4 500 pupils that did not get to Form 1. A Form 1 child, for me, is aged around 12 years or 13 years, but what has happened here, these children were indulging in sex and this is confirmed by the Demographic Health Survey. The Demographic Health Survey has just come out and it is confirming what you are saying, that children are engaging in sex as early as 12 years of age and they are dying from illegal abortions, they are dying from HIV, they are dying from early pregnancies, from a lot of things. For me, it raises a policy issue. What should we be doing Hon. Dokora? There is an issue here.

Yesterday I was in a workshop where the youth told me plain and simple that we are having sex, can you get real and save our lives. What
should we be doing? We should allow these children to access health services; everything else that you access from the condom to everything. Let them access it because they are dying. Thank you – [HON. MEMBERS: *Inaudible interjections.*] –

**THE HON. DEPUTY SPEAKER:** Order, Hon. Members. Can we have order please? Hon. Zindi, please.

*HON. CHINOTIMBA:* Hon. Labode, we were quiet when you were debating. Madam Speaker, I wanted to find out from the Hon. Minister. The pupils that are looking for Form 1 places already acquired their places in June this year. Their places were allocated after they had written their entrance examinations. Some of those have failed Grade 7, but they are the ones that the school wants. May you clarify as to what exactly is the position with regards to entrance examinations *vis a vis* the final examinations? What is going to be considered for the allocation of places for Form 1 pupils?

There is a lot of corruption that is said to be around the issue of securing Form 1 places being perpetrated by headmasters. How are you
going to end this menace? We were discussing with others and the debate was that in these schools some children are going to school with cell phones and they are even talking to their boyfriends and girlfriends on these cell phones - 12 year old children. What programme or policy do you have in mind to deal with such an issue that children are allowed to have cell phones in schools?

In the olden days when we were children, we were not allowed to go with such gadgets. When we used to go to school, we would not keep long hair. We used to behave like school children. Although we failed, we emerged there as properly morally guided people. What should the Ministry do to ensure that we uphold our morals? I thank you.

THE HON. DEPUTY SPEAKER: Hon. Members, order please. May we bear in mind that we need clarification from the Minister and not to give him suggestions, but when it comes to debating, we then put forward our propositions.
*HON. PHIRI:  Thank you Madam Speaker. My question is around the issue of a test run of the exercise that you want to carry out in three days time - whether a test run was done? – [HON. MEMBER:  *It was asked.*] It was not asked.

Secondly, there has been a policy change from the old to the new. Why has there been this sudden change? Why was an announcement first made to the people before you came to Parliament? I thank you.

HON. D. TSHUMA: My question to the Minister of Primary and Secondary Education pertains to BEAM students who have sat for their Grade 7 examinations and qualify for form one entry. What mechanism is in place to avert school drop outs in the process for them to…

*Last part of question not recorded due to technical fault.*

HON. R.N.S. MAWERE: I would like to seek clarification from the Minister of Primary and Secondary Education because it is public knowledge that some people got form one places as far back as June. Have you since suspended those places taking into account this new system that you have introduced?
Microphones having gone out of order and Hon. Toffa moving from one microphone to the other.

THE HON. DEPUTY SPEAKER: You can talk from there because the Minister is closer to you. Order! Can we have order? - [HON. CHIBAYA: Enda unoshandisa chaSpeaker]- Hon. Chibaya, you cannot advise the Hon. Member to use this one because she is not a Presiding Officer. Hon. Member, may you please proceed?

HON. TOFFA: My question to the Minister of Primary and Secondary Education is with regards to the 4000 girls who were impregnated. What plans have you put in place to make sure that they go to school after delivery?

Secondly, since Members of Parliament are refusing that these children get sexual reproductive health in schools, what measures are you taking so that children do not get pregnant and that the girl child attains higher education.

THE MINISTER OF PRIMARY AND SECONDARY EDUCATION (HON. DR. DOKORA): Thank you Madam Speaker
and I also thank all the Hon. Members for their interest in following this discussion and seeking clarification or information for us to become more coherent in the way we can switch to this new system to secure Form 1 places that is now in place.

*Part of speech not recorded due to technical fault.*

My Ministry, Treasury and the Public Service Commission or the Ministry of Labour to see what the number of teachers we have put on the table, how many of those we are able to agree in that three-some arrangement.

I cannot stampede appointment without the concurrence of Treasury as well as the employer. We know the consequences. Teachers might then go unpaid and it could cause social disharmony but we are already engaged and ceased with the matter on that.

The fact of the matter, I did say in the statement that all schools registered all their candidates for Grade 7 on-line and we have been doing this for the last three years. This is merely a consequential development from that policy which said we are unable to countenance
schools that say they have failed to get results for their children or wrong subjects appear on their result slips.–[HON. MEMBERS: Inaudible interjections]-

THE HON. DEPUTY SPEAKER: Order Hon. Members.

HON. DR. DOKORA: Madam Speaker, we have eliminated that by using ICT tools and this is since three years ago. The evolution into the future is to say, because now you know that children begin registration into the examination system in Grade 6. As they register into Grade 6 for the cohort for next year, they must be able to indicate as early as that registration to say whether they wish to proceed to boarding or not. We hope when the Grade 7 results come out, they will also indicate that you have found a Form 1 place at such and such a school but the real crunch is that we have limited spaces for boarding but the day school places are available. The elasticity of the system is what I said we are looking at the teacher deployment in order to enable us to carry everybody into Form 1.
Hon. Chibaya raised a question about his area where he thinks there are schools that may have already said they have taken students and so on for Form 1; this is a matter for the administrative system. What is important here is to provide the policy framework in which the administrative issues can then be sorted out but all school heads respond to the same Ministry.

Two weeks ago, I met with all the responsible authority representatives including the church representatives in which we looked at the various options. Should we allow two months of people searching for places? Does that expand our envelope and they felt quite clearly that we are putting school heads at risk because they will be approached today. They will also be approached tomorrow and so on. So we said, let us try and harmonise these efforts and try and use the tools of today to help us achieve a win-win situation but we can continue to tweak the system as we go into 2017. I am grateful for that early indication of what maybe in the system.
Hon. Mandipaka was worried about the rural areas being not in the digital age. As I said, when I talk e-registration, that is being in the digital age. I did not come here to announce that we have said that all schools should go e-registration because we felt that this was really part of our routine work in the education sector. Even the humblest school in the village has a laptop, of course they may not necessarily tell you – [HON. MEMBERS: Inaudible interjections] – Oh, yes! …

THE HON. DEPUTY SPEAKER: Order Hon. Members on my right. Can we have order please? Hon. Minister, order! Hon. Members on my right, I do not think you are treating the Hon. Minister with honour, I am appealing to you. You may proceed Hon. Minister.

HON. DR. DOKORA: I am thankful to the Speaker. Some of those that are making the interjections appear to have their own private schools in fact that are high on the ICT side of things, but I do not know why they are challenging this. All the 329 000 students I spoke about are on the database through an e-registration system. You cannot argue against that because that is a fact.
Hon. Khanye, you say can we have public hearings. I am open to that. I could never say to the National Assembly do not do public hearings because we can all benefit in the process. In the New Year, that can be engaged but more importantly, is to have public hearings that will probably yield the levy for building new schools. This whole thing is about the shortage of space for boarding. In our nation we now know people want boarding places. So, we must build more rather than quibble over what is not elastic. So, I would welcome that.

Hon. Maridadi, you say that 329 000 and I spoke about the 24 000 and 43% pass rate. You are saying, are those that did not pass going through to Form One? The answer is yes because the Grade Seven examination is non-terminal. It is does not satisfy you to say now you are ready to go into industry. It is just a litmus paper test to say, where are we in terms of your understanding in Maths, Arts, languages and so forth so that we can go through with you to Form One.

Yesterday, I spent the day at Machembere Primary School in Muzarabani. They had a zero percent pass rate in the last two years but
this year, they have gone up to 41% from zero. There are five excellent teachers there who have made that transformation possible. So even in the remotest areas, performance and brilliance can be shown and those local kids will be going to Hove Secondary School.

Then Hon. Zvidzai, you made reference to the sciences and you said I celebrated the indigenous languages and the general paper which has not been performed well. Well, the Ministerial Statement which I have given carries with it some of the percentages in the other areas. So, when it is published it is a much longer statement …

**THE HON. DEPUTY SPEAKER:** Order Hon. Members, we asked for clarifications from the Minister. Now he is responding and we are busy talking. What are we doing Hon. Members? Also, respect your House and your Ministers. The Leader of the House is here and has been quiet ever since but you are busy talking and moving in and out of the House.

**HON. DR. DOKORA:** I will not be long, I am trying to summarise. The same Hon. Member who spoke about the sciences and
STEM also made reference to the person to person relationships that are formed in the search for places, which I said in my statement that sometimes those person to person relationships created huge problems for my school heads. Ultimately, we lost some because the temptation is too huge. As to the 4 500 boys and girls that I made reference to, the boys left school to marry and the girls left school on account of pregnancy or to also get married. So, the way you treat that has to be differentiated. We have none formal education stream and in this year, the statistics show that 28 000 have participated in the none formal education sector. They can come back as young mothers and fathers/husbands and continue, not in the full-time programme but in the part-time educational programme. They are welcome.

The question, I think by Hon. Mlilo who feared that the local kids might fail to get places. I think they will not fail to get places. Everyone as I have said will get enrolled. The only question is, is it boarding or day school and therefore, on Monday if you have not found a boarding place, you go to the local school and register. We take everybody. It was
in the media where the confusion arose as if everybody has to worry about the online registration. The mission schools, as I have indicated, we have held meetings with them as the responsible authorities.

On the issue of communication, the Hon. Member spoke about whether the communication will go as effectively as we are wanting. Yes, it will. We have arteries of the Ministry which go right down to the province, district and school level. So, all heads have been alerted as I speak here to be able to take a cue as to how to conform to the new policy thrust.

We have said, what are you doing about the 4 500? We have said in 2017, the Ministry will inaugurate a campaign against early marriages working in conjunction with the Ministry of Women’s Affairs, Gender and Community Development, whose Minister is Hon. Chikwinya. So, we are also mounting a campaign. UNFPA have agreed to work with us and have already been in the field. So, we will heighten that. As to whether this now leads to say give condoms in the schools, I think that is another debate and I would benefit from the wisdom of the House.
Those that have made reference to schools having made arrangements, I have said this is administrative. They will hear from the Permanent Secretary on these matters because they will not just disappear.

On Hon. Phiri’s question on whether there has been a test run of this policy. I did say in my statement that last year we said, looking for a place can be done in one day. Just choose one school you want. Going from school to school does not guarantee you a place because the places are limited. We have said this year, let us now use technology and keep the parent at home, and resolve that challenge. On the issue of the BEAM students, these are welcome to proceed to secondary. There will be no negative repercussions about their status. June admissions, the same thing.

Hon. Toffa on none formal education, I will give the same response that I have given about the 4 500. It is an all stakeholder engagement on what to do with our young people and how to help them
move on in life. Otherwise, I want to thank the Chair and also the Hon. Members that have contributed. Thank you.

ANNOUNCEMENT BY THE HON. DEPUTY SPEAKER

LAUNCH OF THE 16 DAYS OF ACTIVISM AGAINST GENDER BASED VIOLENCE

THE HON. DEPUTY SPEAKER: Notice is hereby given for Hon. Members to note that the national launch of the 16 days of activism against Gender Based Violence (GBV) campaign will now be held in Harare at the City Sports Centre on 10th December, 2016 at 0900 Hours and will no longer be held in Masvingo.

MOTION

RATIFICATION OF A LOAN AGREEMENT BETWEEN THE GOVERNMENT OF ZIMBABWE AND EXPORT-IMPORT BANK OF CHINA ON HWANGE 7 AND 8 THERMAL POWER EXPANSION PROJECT
I move the motion standing in my name;

THAT WHEREAS, Subsection (3) of Section 327 of the Constitution of Zimbabwe provides that an Agreement which is not an international treaty but which has been concluded or executed by the President or under the President’s authority with one or more foreign organisations or entities and imposes fiscal obligations on Zimbabwe does not bind Zimbabwe until it has been approved by Parliament;

AND WHEREAS, the Loan Agreement between the Government of Zimbabwe and Export-Import Bank of China relating to Hwange 7 and 8 Thermal Power Expansion Project being implemented by Hwange Electricity Supply Company (Pvt) Ltd was concluded on the 30th of June, 2016 in Harare, Zimbabwe; and

NOW THEREFORE, in terms of Section 327(3) of the Constitution, this House resolves that the aforesaid Agreement be and is hereby approved.
It is within this context Madam Speaker, that I present the Preferential Buyer-Credit Loan Agreement concluded between the Government of Zimbabwe and the Export and Import Bank of China (CHINA Exim) Bank, which loan will be utilised in the Hwange 7 and 8 Expansion Project as I will outline shortly.

Madam Speaker Ma’am, according to ZIM ASSET, Government attaches great importance to the development of key infrastructure in areas which include energy, water supply and sanitation, transport and Information Communication Technology (ICT). In its efforts to meet current and future power requirements as well as to improve current service delivery in the energy sector, Government has consciously focused on power generation transmission and distribution under its power generation expansion programme.

Madam Speaker Ma’am, some of the major power stations earmarked under the power generation expansion programme include; the Kariba South Hydro-power Extension, which is underway, Hwange Thermal Power Station, which is the subject matter of this loan
agreement, Bulawayo Thermal Power Station, for which we have already secured resources, Batoka Hydro-Power Station, which is a joint project between Zambia and ourselves and for which we are now looking for funding. As this august House is aware, Kariba South Hydro-power Station is under implementation and has recorded significant progress in terms of its completion. It is now over 65% complete and is earmarked to be complete by March, 2018.

Within the context of the power generation initiative, the Government signed a Preferential Buyer-Credit Loan Agreement with China Exim Bank for the expansion of Hwange 7 and 8 and I shall now provide a general overview of the project.

Madam Speaker Ma’am, the expansion of Hwange 7 and 8 Power Station entails the construction of two power generation units, which will provide an additional 600 megawatts of power to the national grid. Currently, there are six units with an installed capacity of 920 megawatts. With the addition of the two units, the total installed power generation capacity will be 1 520 megawatts. Madam Speaker, the
project is being implemented by Sino-Hydro Corporation, Limited of China which shall be the contractor. The special purpose vehicle that has been created for the purposes of overseeing the project development will be the Hwange Electricity Supply Company (HESCo). We shall be a joint venture company between Zimbabwe Power Company (ZPC) and Sino-Hydro Corporation.

In terms of an On-Lending Agreement, it will be concluded between the Government of Zimbabwe and HESCo, it will be HESCo that shall assume the responsibility for the repayment of the principal loan and interest from the proceeds of electricity sales. The project will be implemented over a period of three and half years. Madam Speaker Ma’am, the cost for implementing this project is US$1.48 billion of which, US$1.147 billion is the contract price. Of the contract price, 85% amounting to US$997.7 million has been secured through the Preferential Buyer Credit Loan Agreement concluded with China Exim Bank. In turn, China Exim Bank has requested the contractor, Sino-
Hydro Corporation, to inject US$176 million representing 15% of the contract price as equity into the project.

In addition, Madam Speaker Ma’am, ZPC is required to raise US$307 million to cover the project development costs. Several efforts have been initiated to ensure that ZPC secures these resources. Insurance cover for Sino-sure is also critical for the successful implementation of the project. The loan of US$997.7 million from China Exim Bank will attract an annual interest of 2%, commitment of 0.25% per undrawn amount and a management fee of 0.25% of the loan amount. The loan repayment period is 20 years, including a 70-year grace period. HESCo will enter into a Power Purchase Agreement with ZETDC to off-take electricity from the constructed Hwange 7 and 8 Thermal Power Station.

Madam Speaker Ma’am, I need to emphasise that it is critical that, as Government, we approve tariffs that are viable both to the producer and the consumer, in order to ensure viability at all levels. We need tariffs that produce a win-win situation for both the producer and the consumer.
In this regard, a paper will no doubt be prepared, to see whether we can achieve a viable tariff regime. Madam Speaker Ma’am, Zimbabwe’s current generating capacity stands at 1 200 megawatts per day against a current projected power demand of 1 700 megawatts. However, this represents suppressed demand, considering that industry is operating at below full capacity. This places real demand at around 2 200 megawatts per day.

Madam Speaker, implementation of Hwange 7 and 8 Thermal Power Station is expected to yield the following benefits;

- The expansion will increase our power generation and bring reliability and efficiency;
- The expansion will reduce the supply-demand gap, especially that which we experience during peak hours;
- The expansion also increases power supply which will ensure sustained economic growth and development as energy is a key enabler.
• The project is a lower cost alternative compared to other sources of power such as independent power producers and regional imports.

• The expansion of Hwange 7 and 8 will also allow the country to enhance its power generation foundation and make significant steps to being a net exporter in the future.

Madam Speaker, the implementation of the project will create jobs for skilled and unskilled Zimbabwean personnel; knowledge and skills sharing as it will be imparted also from the Chinese contractor in the construction operation and maintenance of the plant. Also the expansion of the Hwange 7 and 8 will mean that we will have downstream benefits for local industry and related value chains. This will include subcontractors and suppliers to the project such as cement limestone, coal and fuel.

For the above reasons, I commend Hwange 7 and 8 loan agreement between the Government of Zimbabwe and Export-Import Bank of China for approval by this august House. I thank you for your kind attention.
HON. MUKUPE: Thank you Madam Speaker. Mine is more of a clarification and I want to find out if the Minister has put some thought to this. My understanding is that because of the environmental needs, the requirement is that when you are feeding the coal you have to make sure that you mix it with limestone so that you reduce the emissions that have got sulphur. You actually lower the sulphur emissions and at the present moment, given that there is the thrust in terms of ZIM ASSET where we want to enhance capacity within the construction industry, there is going to be so much pressure on the limestone deposits that we have which are really in low supply.

What I just want to understand from the Minister is, given the size of this project has any thought been put into place in terms of making sure that, given the scarcity of the limestone deposits, we are not actually going to have a situation where the price of cement is actually going to go up. Whatever benefit we are going to get from the power generation, we actually end up having a situation that the ordinary
person is going to be affected by the price of cement. That is my point of clarification.

In terms of just the general term sheet, I have gone through the term sheet and I think it is a fair term sheet and the only thing that I would also want the Minister to clarify is the cost of the financing or the cost of the project is about US$1.1b. The amount of money that we were getting is about US$1.4, there is that US$300m and if he can really clarify to us what that US$300m is for? Those are the two things that I am just pointing out but otherwise in terms of the general feeling, this should be a good thing for the country.

HON. CROSS: Madam Speaker just a few things. One of the problems Hon. Minister with projects of this nature which are being financed partly or majority by a supplier, is that we have little control over the actually cost of the equipment. Sometimes you can have inflation of the cost of the equipment that is being supplied or even inferior equipment. Under the new Public Procurement Act which is currently going through the House, I just wonder, have the kind of
limitations which are in the new Act which I think are excellent; have they been applied to this particular tender? Are the interests of Zimbabwe in terms of the quality of the equipment and the cost of the equipment being protected?

The second thing is I think the issue of a tariff; you raised a question of what would be a viable tariff. I think the general tariff talked about within the region of private sectors suppliers from qualified power stations is about US$7.60 per kilowatt per hour. That compares to South Africa’s coal charging of US$0.13 at the moment on power imported from South Africa. I think that we need in fact - if I was in your shoes, I would in fact require that a study be done on this issue of a viable tariff in advance of making a commitment. We need to know what kind of a tariff is going to be needed. I know it can be completely worked out with great accuracy.

The third thing is, I understand this is 2 by 300 megawatts units, that is 600 megawatts units altogether. I just recognise that this when going to the base load production capacity of Zimbabwe run 24/7 days a
week and in conjunction with Kariba and the new production capacity at Kariba, this provides Zimbabwe with a very useful management tool that Kariba will meet our picks with the increase capacity but limited water supplies and the base load requirements of Zimbabwe will be met by this particular project. I think it fits in with our national requirements from that point of view.

Just one question on the creation of the interest rate; I know my colleague has said he has been through the term sheet. I have been through the term sheet myself as well and I noticed that the commitment fee will be charged on a daily basis. Is this compounded? If it is, then in fact it represents much more than 0.25% of the cost of the project. It is in paragraph 2.8 Hon. Minister. Are you satisfied that the clause involving the withdrawal of any unutilised facility will automatically kick in when the first period under the loan has been exhausted? I think you talked about a 3 ½ year production development construction period and I think here it is 7 years before we start capital repayments. I just wanted to know if you are quite satisfied that we will spend all that
money within that period of time; just a question of the compounded matter of the commitment fee because that could increase the cost of borrowing very substantially. I thank you.

THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT (HON. CHINAMASA): I thank the Hon. Members who have made contributions and I will do my best to answer and to give the clarifications that they have requested. Hon. Mukupe, you raised the issue whether this big power plant will not exhaust our limestone supply with the consequence that this will lead to cement prices going up.

I think first we have huge reserves of limestone and before this project was agreed upon, there was a through feasibility study undertaken to basically determine and ensure that there are sufficient supplies of limestone, anything that is need either in the construction of this plant or in the operation of the plant has been studies very thoroughly and the investor, China EXIM Bank and ourselves are satisfied that it is feasible and it is viable. The tariff, if I may come
straight to that point, to Hon. Eddie Cross - the assumption that was taken in arriving at this investment decision is the current tax levels that they should not go up and they should not go down. These are always issues subject to negotiations, generally.

I do not envisage Hon. Khupe that there will be any surge in cement prices at all. We have enough reserves of limestone, just as we have enough reserves of coal to support thermal power stations. I need to point out Madam Speaker, that the fact that we have thermal power stations, have put us in better position to say Zambia which does not have thermal power stations. As a result of the drought, I think Hon. Eddie Cross needs to know that currently, Kariba which should be generating 750 megawatts, is now at 285 megawatts. That mix between thermal and hydro is very important for our own survival.

Hon. Eddie Cross, you raised an issue which is very typical of these EPC agreements. What I think you need to know and the House needs to know is that currently, the only source of capital for infrastructure projects is the People’s Republic of China. Obviously, it
is usually at their own terms and we are desperate for this infrastructure.

Yes, we try to negotiate but at the end of the day, the People’s Republic of China insists on three things. Any loan that we secure from the People’s Republic of China, the contractor must be Chinese and the equipment must also be manufactured in China.

What I want to assure Hon. Cross is that in terms of quality, I think our safeguard is that the contractor SINO Hydro is an equity partner with us in this company, HESCO because China EximBank only grants 85 percent of the loan. It requires the borrower to secure 15 percent. What we did was, of that 15 percent, we gave a percentage to SINO Hydro to bring in as equity and they are going to bring in $176 million. Of course the balance will be from us, ZPC of $309 which is the explanation that I think Hon. Khupe has requested.

All told, we believe this is a fair deal in the circumstances of the case. Given the fact that power projects have a long gestation period, we cannot afford to delay commencement of power projects. When our economy begins taking off, it has to be supported by adequate local
power supply. We need to start the journey now in order to achieve that. With respect to the commitment fee, it is almost like a penalty and I agree but it is for a purpose. It has to speed up implementation of the project because the commitment fee is on the undrawn amount of the loan. The longer you keep it there, of course, the more costly the loan will be and we will not draw down until we have met all the conditions precedent, which is what we are doing now.

You cannot begrudge the lender from charging a commitment fee because by the time we conclude and say we are ready for disbursements, the amount would have been set aside not earning any interest for the lender. Hence the issue about a commitment fee on the undrawn amount. So with those remarks Madam Speaker, I want to plead to the Hon. Chamber to approve the loan agreement,

THAT WHEREAS, Subsection (3) of Section 327 of the Constitution of Zimbabwe provides that an Agreement which is not an international treaty but which has been concluded or executed by the President or under the President’s authority with one or more foreign
organisations or entities and imposes fiscal obligations on Zimbabwe does not bind Zimbabwe until it has been approved by Parliament;

AND WHEREAS, the Loan Agreement between the Government of Zimbabwe and Export-Import Bank of China relating to Hwange 7 and 8 Thermal Power Expansion Project being implemented by Hwange Electricity Supply Company (Pvt) Ltd was concluded on the 30th of June, 2016 in Harare, Zimbabwe; and

NOW THEREFORE, in terms of Section 327(3) of the Constitution, this House resolves that the aforesaid Agreement be and is hereby approved.

Motion put and agreed to.

MOTION

RATIFICATION OF AN AGREEMENT FOR THE ESTABLISHMENT OF THE AFRICAN LEGAL SUPPORT FACILITY

THE MINISTER OF FINANCE AND ECONOMIC
DEVELOPMENT (HON. CHINAMASA): Madam Speaker, I move the motion standing in my name:

THAT WHEREAS, Subsection (2) of Section 327 of the Constitution of Zimbabwe provides that an international treaty which has been concluded or executed by the President or under the President’s authority does not bind Zimbabwe until it has been approved by Parliament and does not form part of the law of Zimbabwe unless it has been incorporated into law through an Act of Parliament;

AND WHEREAS, an Agreement for the establishment of the African Legal Support Facility, an affiliate of the African Development Bank (AfDB) that provides legal technical assistance in the negotiation of contracts and creates synergies between the private sector and African countries, was signed on 14 October 2008;

NOW THEREFORE, in terms of section 327(2) of the Constitution, this House resolves that the aforesaid Agreement be and is hereby approved.

It is my singular honour to move that our membership to the African Legal Support Facility be ratified by this august House. Madam
Speaker, the African Legal Support Facility is an affiliate of the African Development Bank and it provides technical assistance of a legal nature in the negotiation of contracts and it advises on cases concerning sovereign debt litigation and commercial contracts amongst other areas. The concept of establishing the African Legal Support Facility was agreed during the annual meetings of ministers in charge of finance and economic development on 2nd June, 2003 in Addis Ababa, Ethiopia where the ministers recognised the skills gap of African States in negotiating contracts for extractive natural resources.

Madam Speaker, considering Africa’s superior natural resource allocation, the facility offers an opportunity for African countries to train their respective technocrats in how to negotiate more favourable terms for natural resource exploitation and concurrently, to promote growth and poverty alleviation in their respective countries and ultimately, across the continent. This in part, informs the need to subscribe to the African Legal Support Facility. Madam Speaker, in light of the above the African Legal Support Facility assist Governments in the following areas:
They help to advise on terms upon which extraction of resources such as minerals, oil and gas may be undertaken;

They help in debt negotiations and agreements;

The facility helps and advises on fair and equitable investments agreements;

They help mutually beneficial infrastructure and public private partnerships in areas such as transport, water, energy and power; and

They also help in structuring agricultural facilities and also in commercial credit litigation.

Madam Speaker, membership to the African Legal Facility is open to all sovereign nations and international organisations. To date, there are 59 signatories to the facility treaty comprising 52 member countries on the continent and seven international organisations. Some of the international organisations include the African Finance Corporation, the African Union, the West African Development Bank and the Islamic Development Bank.
Madam Speaker, Hon. Members will recall that Zimbabwe signed the membership agreement on 14 October 2008. The Membership agreement has not been ratified by Parliament in accordance with the Constitution of Zimbabwe. In this regard I am submitting the facility agreement to undergo the process of ratification in order for Zimbabwe to become a participating member of the support facility and so as to derive the benefits that accrue as a result of such membership.

Madam Speaker as I briefly mentioned previously, in terms of article 2 of the agreement, the facility is expected to yield the following benefits to Zimbabwe. There will be provision of legal advice and services in creditor litigation where misunderstandings arise. There will be standing offers of technical assistance for strengthening member countries’ legal expertise and negotiating capacity in matters relating to debt management, litigation, natural resources and extractive industries management and contracting, investment agreements as well as related commercial and business transactions.
There will also be a natural bi-product of subscription to this facility which will be to strengthen the legal processes in Zimbabwe through skills transfer. The granting of funds to countries to assist in legal fees where advice from top legal counsel is required in the above mentioned areas and also ensuring fair and balanced negotiations.

Madam Speaker, in terms of article 2 (2) of the agreement, the facility shall carry out the following functions and activities in assisting member countries. It will identify legal expertise within and beyond our borders on creditor litigation, debt management and other legal services specific to extractive industries and natural resources management. It will provide financial assistance to African member countries for actual creditor litigation and negotiations of complex commercial transactions.

It will also invest in and organize the training of legal counsel from member countries to equip them with legal expertise necessary to address creditor and vulture fund litigation. It will establish and maintain a database of specialized law firms and legal experts to represent African member countries in legal matters. Fifthly, it will
promote an understanding of issues concerning identification and resolution of creditor litigation matters involving sovereign debtors against vulture funds and negotiations of complex commercial transactions such as natural resource contracts among other others.

Madam Speaker, in terms of Article 6 (3) of the Agreement, financial resources from the facility are derived from voluntary contributions by participating states, international organisations other than the African Development Bank who are signatories to the agreement, and also from non-participating countries and other private entities. To this end, Zimbabwe will not be obliged to provide any financial support to the facility beyond voluntary contributions which may be made as a goodwill gesture.

In addition, the country will not be responsible for any debts, liabilities or obligations of the facility. Madam Speaker, in terms of article 7, the African Legal Support Facility is overseen by a Governing Council, composed of 12 members who are appointed by the member states. The African Development Bank, international organisations and
parties to the agreement, the powers of the Governing Council are provided for under Article 8.

Furthermore, the Governing Council is assisted by the Management Board composed of five members appointed by the Council and a Director who will be an ex-officio member of the Management Board. Madam Speaker, Each member state shall take all legislative action under its national law and all administrative measures to enable the facility to effectively fulfill its purposes and functions. To this end, the facility shall be accorded the status, the immunities, exemptions, privileges and concessions as set forth in the Agreement under Article 17 to 25.

In this regard, the facility, its property, assets, income, operations and transactions shall be exempt from all taxation and customs duties. Furthermore, it shall be exempt from any obligation relating to the payment withholding or collection of any tax or duty.

In conclusion, Zimbabwe stands to benefit from membership to the facility, given the challenges we have in negotiating contracts for
extractive natural resources, in particular diamond mining. Furthermore, we also have skills gap in resolving creditor litigation matters involving sovereign debtors against vulture funds and in cases of complex commercial contracts within key economic sectors.

In this regard, the African Legal Support Facility will provide specialist legal expertise and experience to the benefit of Government and the private sector. The fact that the facility has to date received 59 signatories from member countries, 52 of whom are member countries, comprising countries and international organisations is a clear sign that the facility has potential to bring economic gains and legal strength to our systems.

Madam Speaker, I commend the Agreement on Zimbabwe’s membership to the African Legal Support Facility for the approval of this august House. I thank you.

HON. MUKUPE: I just want to add my voice to this. This is probably the best thing that has ever happened to this country. I think we have got a situation where people are not actually appreciating what
we have in front of us. I just want to talk from experience where you have a situation where you have got big transactions that are over a billion dollars. You will actually find that the legal expertise that we have got in the Ministries is actually overawed and does not even have the necessary technical skills to be able to go through such transactions. As a result, you find that as Government, we find ourselves being prejudiced. We find ourselves writing and getting into contracts that do not favour the country and do not take the country forward.

I will actually give you an example. We had a situation almost similar to this when I was in the private sector. You were actually negotiating with an entity that is on the side of the Government. The legal expertise that was on the side of the Government, you would find that you have got one legal expert who is negotiating on the side of the Government. When these big corporates are coming, they have lawyers coming from England, New York, Moscow and you will find that the agreements and term sheets that you are putting in front of the
Government lawyers, they have never seen anything like that. They do not even understand the terms that you are putting in front of them.

So, when we have got a situation like this when finally as Government we are able to get technical expertise from outside, that is actually a welcome development. Any of the agreements that you are going to negotiate with Government, you will find that all these Ministries do not have the capacity to be able to bring in consultants to beef up the knowledge that they have. I hope what has happened here with the situation where we can bring in legal consultants has to be extended to a situation where we can even bring in financial consultants when negotiating big deals.

We were having a situation where the Minister was presenting the Hwange term sheet and that is a $1 billion term sheet. I bet you, the people who were negotiating the term sheet on the other side is a Government employee; a lawyer who earns $300 and he is negotiating a multi-billion dollar transaction – [HON. MABUWA: Inaudible]
interjections.] – Please can you protect me from the Deputy Minister of Industry and Commerce and if she can stop making disparaging remarks.

**THE HON. DEPUTY SPEAKER:** Can we have order please.

**HON. MUKUPE:** It is unfortunate that when we are working on the Essar deal, they would actually be found wanting in their Ministry. So, the point that I am putting across is, we end up having a situation where we lose transactions and deals as a country because we do not have the necessary expertise. Let us take this is an example and not end with a situation where we get legal expertise. Let us get all the necessary expertise that we need in Government so that we will be able to have a situation where we close mega deals that come into the country and we will not have a situation like Essar where we let an investor go. I thank you.

**THE HON. DEPUTY SPEAKER:** Hon. Members, I know you want to go home but I think what is being said by Hon. Members here will be of our benefit. If we follow our debates, it will help us in future.
THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT (HON. CHINAMASA): I thank you Madam Speaker and I want to thank Hon. Mukupe for raising very pertinent issues. An acknowledgement that we do not know is the beginning of wisdom. Those who say they know everything will end up fools. I want to say to Hon. Mukupe, the problem of legal capacity is not just in Government but also in the private sector. So, this membership to the African legal support facility is intended to benefit both lawyers and legal practitioners in both the private sector and the public sector.

We hope that we can be able to raise the level of our own legal expertise in this regard. Where basically we feel stretched Madam Speaker, honestly speaking is that we are now beginning to talk more meaningfully about how our minerals should be exploited. Those are very complex legal matters. Like what Hon. Mukupe said, when we engage would-be investors, they come with their lawyers who are so specialized in that particular area that they know from the back of their fingers, every minute area of the law of the aspect of the industry. So, it
is very important that we are also able to train our own people to be specialized in that regard.

Madam Speaker, I am happy to say that my own experience basically negotiating Hwange 7 and 8 and also observing negotiations of independent power producers like Lusulu and Makomo, I am beginning to find enhancement in the skills of local legal practitioners, that is, in the private sector. I have been able to meet some of them and they are quite impressive in terms of their grasp, certainly of the areas which are before them. I want to say to Hon. Mukupe and the august House, please support us and we should be able to benefit. Once we subscribe to membership, we are hoping that we can immediately benefit by way of training our legal expertise.

I also agree with you Hon. Mukupe. Let me assure you that we have been doing this. For instance, in our negotiations for Hwange 7 and 8, we have had financial consultants. In the process, we are trying to build up the expertise at the Infrastructural Bank of Zimbabwe. We are helping them to recruit young men and women who can be trained
and have their expertise grow. I am quite happy that as we are negotiating new deals, we are involving the IDBZ and we are employing financial consultants. With these few remarks, I move that:

WHEREAS, Subsection (2) of Section 327 of the Constitution of Zimbabwe provides that an international treaty which has been concluded or executed by the President or under the President’s authority does not bind Zimbabwe until it has been approved by Parliament and does not form part of the law of Zimbabwe unless it has been incorporated into law through an Act of Parliament;

AND WHEREAS, an Agreement for the establishment of the African Legal Support Facility, an affiliate of the African Development Bank (AfDB) that provides legal technical assistance in the negotiation of contracts and creates synergies between the private sector and African countries, was signed on 14 October 2008;

NOW THEREFORE, in terms of section 327(2) of the Constitution, this House resolves that the aforesaid Agreement be and is hereby approved.
MOTION

RATIFICATION OF AN AGREEMENT OF THE GLOBAL FUND BETWEEN THE GOVERNMENT OF ZIMBABWE AND THE GLOBAL FUND RELATING TO PRIVILEGES AND IMMUNITIES

THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT (HON. CHINAMASA): Thank you Madam Speaker. I move the motion standing in my name;

THAT WHEREAS, Section 327(2)(a) of the Constitution of Zimbabwe provides that an International Treaty which has been concluded or executed by the President or under the President’s authority does not bind Zimbabwe until it has been approved by Parliament;

AND WHEREAS, an Agreement of the Global Fund between the Government of Zimbabwe and the Global Fund relating to Privileges and Immunities was concluded on the 30th day of September 2015 in Harare, Zimbabwe and;
NOW THEREFORE, in terms of Section 327(3) of the Constitution, this House resolves that the aforesaid Agreement be and is hereby approved.

THE HON. DEPUTY SPEAKER: Sorry Hon. Minister. I know we are very tired. I think we should refrain from kungotangana zvisina order, handitika? Can we please proceed?

THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT (HON. CHINAMASA): Madam Speaker, it is my singular honour to move that the “Agreement on Privileges and Immunities of the Global Fund to fight AIDS, tuberculosis and malaria” be ratified by this august House.

Background

Mr. Speaker Sir, the Global Fund has been a partner to Zimbabwe since 2002 and has approved grants amounting to approximately US$1.57 billion for the fight against HIV/AIDS, tuberculosis and malaria, with the financing of the Global Fund mainly sourced from
development partners, the private sector and various supporting foundations.

Hon. Members may recall that the Fund was established to mobilise resources to make a sustainable and significant contribution to the reduction of infections, illnesses and deaths resulting from these diseases, thereby mitigating their impact in affected countries, as well as contributing to poverty reduction.

**Global Fund Operations in Zimbabwe**

Madam Speaker, the Global Fund supports the health sector in Zimbabwe through strengthening of the health care system by issuing grants committed to increasing the medical treatment capacity of various clinics and hospitals, as well as donations in the form of drugs to those respective institutions. The Ministry of Health and Child Care (MHCC) is the Executing Agent responsible for the implementation of the Fund’s projects.
In light of the above, a Global Fund Grants Unit was established under the Ministry, which administers the tuberculosis and malaria funds whilst UNDP manages HIV/AIDS grants.

**Privileges and Immunities**

Madam Speaker, His Excellency the President of the Republic of Zimbabwe, in terms of Section 7 of the Privileges and Immunities Act [Chapter 3:03], approved the conferment of Privileges and Immunities to the Global Fund to fight AIDS, tuberculosis and malaria on 6 May, 2015. This was published in the *Government Gazette* on 12 June, 2015, in the General Notice 183 of 2015.

Pursuant to the above, the Government of the Republic of Zimbabwe signed the Agreement on Privileges and Immunities of the Global Fund to fight AIDS, tuberculosis and malaria on 30 September, 2015.

However, Article 8 (1) of the Agreement provides that the Agreement shall be subject to ratification by all States, including non-Board members of the Global Fund.
The President’s signature qualifies Zimbabwe to proceed to ratification, and it is with this in mind that I refer this august House to Section 327(2) of the Constitution which stipulates that an International Treaty or Agreement concluded by the President, or under his authority, does not bind Zimbabwe until it has been approved by Parliament and has been incorporated into the law through an Act of Parliament.

The granting of Privileges and Immunities through this Act of ratification will help protect the Global Fund and its resources by:

- Protecting resources dedicated to health against taxation, freeze and seizure;

- Acknowledging the neutrality of the Global Fund, as a multi-stakeholder organisation dedicated to achieving the Sustainable Development Goals (SDGs);

- Enhancing efforts to mobilise more resources to fight the three diseases, and
• Protecting the Global Fund from lawsuits in the country, which can endanger resources dedicated to health.

**Conclusion**

In conclusion, the support of the Global Fund is complimenting Government’s efforts towards the development and financing of the healthcare sector as intended in the economic blueprint, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIM ASSET).

Furthermore, the Global Fund has been assisting the Government in its goal to eradicate poverty, provide basic social services, as well as transform the livelihoods of our population.

Madam Speaker, it is on that basis that I commend the Agreement on Privileges and Immunities of the Global Fund to fight AIDS, tuberculosis and malaria for the approval of this august House.

**HON. MANDIPAKA:** Thank you Madam Speaker. From the presentation by the Hon. Minister, I find it pertinent that this august House quickly approves the Loan Agreement because it is for a worthy
cause. The welfare of a nation is seen through the health of its people and the Global Fund; if you become a member, it has got to look at issues to do with our health. So, I move and make a plea that this august House supports this Loan Agreement. I thank you.

**HON. CROSS:** Madam Speaker, I just want to say US$1.5 billion is a lot of money and it is all grant funding. What I want to point out to the Hon. Members of this House is that more than half the education budget in this country today is funded by the donor community. The biggest single contributor is the Global Fund...

**THE HON. DEPUTY SPEAKER:** Hon. Members, we cannot hear what the Hon. Member is saying.

**HON. CROSS:** Madam Speaker, I think we need to acknowledge this afternoon the generosity of the people who back the Global Fund. We need to recognise today that we are beneficiaries on a vast scale. Every Zimbabwean has a stake this evening and I think it is tremendous that the Minister deserves our full support.
HON. TOFFA: Thank you Madam Speaker. I would like to support this loan, the Global Fund Agreement. I would like to support this agreement because this will benefit a lot of Zimbabweans. It will also help us as a country to attain the SDG No. 3 of HIV/AIDS and it will also benefit the mortality rate that is taking place because of HIV/AIDS. I would urge all parliamentarians to support this agreement.

*HON. MAPIKI: Thank you Madam Speaker. I want to add my voice to support this noble cause because there are some people in this country who are unable to afford HIV/AIDS drugs. This will enable those who do suffer from AIDS and TB to access drugs. Zimbabwe will be better off as people will be able to access drugs even if they are not HIV positive. Some of the money should be channeled towards the research into traditional medicine to find out the thrust of traditional medicines in alleviating or curing cancer, HIV and AIDS. I fully support this grant. Thank you.

*HON. MLISWA: I rise to support the motion because our HIV infection rate has gone down because of assistance. It is self evident as
Zimbabweans, we are same people, and every Zimbabwean will be given these HIV drugs irrespective of the discrimination that happens on political lines as regards to food distribution. I support that even in the rural areas, where we are in Norton Ward 15, people that suffer from HIV/AIDS and the vehicles that move in those areas, I certainly believe that it is a programme that is reaching every corner of the country. As a Member of Parliament, representing all political parties, I am grateful, I thank you for the noble cause. I thank you.

*HON. MANDIPAKA:* On a point of Order Madam Speaker. Well I heard him saying that he is independent, why is he now representing all political parties.

*HON. MUKWANGWARIWA:* I also support this agreement which is in line with the Government policy of coming up with Aids levy. It will augment this programme and it will improve the health of our people. I want to thank the Government for this agreement.

*HON. GABBUZA:* This agreement definitely nobody can object to it. Everyone of us is a beneficiary directly or indirectly. Madam
Speaker, my concern with such funds is if you look at the level of engagement that Global Fund is doing in the country, it is literally running almost 90% of our health care services. I think what we urge the Government and the Minister to do right now is to build the capacity because one day they will dry up. This is donor funding and yet a lot of our people will now be on ARVs, enjoying all the services that Global Fund is doing and when funds suddenly dry out, you can imagine what will suddenly happen to the whole populace of this country. Madam Speaker, how can these funds run out, the Minister clearly indicated that there are two major diseases that are being funded through the Ministry. The other donor agent is doing the other two but TB and another one are done through the Ministry. I urge the Minister to make sure that these funds are properly put to use given the level of corruption that takes place in our Government.

These are some of the things that can trigger sudden cutoff to the funds. If the funds that are going through Government are not properly accounted for and are not properly audited to the extent that the Global
Fund might raise eyebrows and there is a possibility of pulling out; we urge the Minister to make sure that these funds that are directly coming through the Ministry of Health and Child Care must be properly accounted and we make sure we have a clean balance sheet so that we continue attracting more funds. The bottom line is to make sure we have a sustainable self funded programme by our own people in the event that this one stops.

THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT (HON. CHINAMASA): I thank all Hon. Members who have contributed in support of the agreement on privileges and immunities with the Global Fund. Those who have contributed are Hon. Members, Mandipaka, Cross, Toffa, Mapiki, Mliswa, Gabbuza and Mukwangwariwa. I thank you for your support. I just want to make one point clear. We value the relationship that we have with the Global Fund. They are very helpful, we negotiate and we deal with each other on an equal basis. They listen to our concerns and even to the manner that the funds should be organised and managed.
I am happy to say that when they assessed the way we are using their resources, they are very happy. They are full of praises with the manner in which we have been able to utilise their resources. They have no complaints whatsoever. This is obviously comparing to other countries where they do give this support.

In response to what Hon. Gabbuza has said, we are aware of the danger of being too dependent on development partners and not building our own capacity. I think if you had listened to my Budget Speech, you would have picked up a small step that we are going to take towards building our own internal capacity. I did advise that I am going to raise a levy on airtime which would be ring fenced to support the procurement of drugs and equipment in our hospitals and clinics. I hope that when the Finance Bill comes for debate, I hope that I can get the support of everyone because that will be the beginning of building our own capacity and we all agree.

We all agree Madam Speaker that the human capital is the most important asset that we have in the country. For the human capital
development, you are looking basically at two things, the person’s health and the person’s education. If we do look after those two aspects, we would have done ourselves great service. This is why Cuba, with all its difficulties, managed to prioritise the human capital, health and education. It is number one in the world, over and above those countries which are first world countries. I hope that we are taking the first step towards that goal. Thank you.

Motion;

THAT WHEREAS, section 327(2)(a) of the Constitution of Zimbabwe provides that an International treaty which has been concluded or executed by the President or under the President’s authority does not bind Zimbabwe until it has been approved by Parliament;

AND WHEREAS, an agreement of the Global Fund between the Government of Zimbabwe and the Global Fund relating to Privileges and Immunities was concluded on the 30th day of September 2015 in Harare, Zimbabwe and;
NOW THEREFORE, in terms of Section 327(3) of the Constitution, this House resolves that the aforesaid Agreement be and is hereby approved.

Motion put and agreed to.

MOTION

BUSINESS OF THE HOUSE

HON. MATUKE: I move that Orders of the Day, Numbers 5 to 9 be stood over until the rest of the Orders of the Day have been disposed of.

HON. MUKWANGWARIWA: I second.

SECOND READING

RESERVE BANK OF ZIMBABWE AMENDMENT BILL [H.B. 12, 2016]

Second Order read: Second Reading: Reserve Bank of Zimbabwe Amendment Bill [H.B. 12, 2016]
THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT (HON. CHINAMASA): Thank you Madam Speaker. I want to thank the indulgence of the House. I think we have tried their patience, but I want to thank them for their continued resilience, tolerance and support.

Madam Speaker, the Republic of Zimbabwe is currently undertaking a number of economic reforms to transform the business environment.

In response to the myriad of challenges besetting the economy, the Reserve Bank introduced various measures in May 2016 to deal with the scourge of imports and cash shortages within the national economy, whilst at the same time promoting exports of goods and services in order to increase liquidity in the economy.

Mr. Speaker Sir, one of the measures adopted is the introduction of an export incentive scheme of up to 5% to promote the export of goods and services. Given that the multi-currency foreign exchange system is set to continue for the foreseeable future and that its sustainability is
dependent on the economy’s capacity and ability to generate foreign exchange to meet its domestic and foreign requirements, development and promotion of foreign exchange revenue streams such as exports of goods and services and diaspora remittances is critical to enhance foreign exchange reserves of the country.

Mr. Speaker Sir, the above, together with the country’s trade deficit, requires a substantial policy shift to promote exports in view of lack of competitiveness of Zimbabwe exports due to global shocks that include the strong United States dollar, sharp decline in commodity prices and tighter global financial conditions.

Mr. Speaker Sir, it is against this background that Government, through the Reserve Bank, introduced the performance related export bonus scheme of up to 5% to be awarded to exporters of goods and services to address the challenges of low productivity and to promote exports with the overall aim of liquefying the multi-currency exchange system.
Mr. Speaker Sir, the funding mechanism of the export incentive scheme will be through bond notes backed by the offshore US$200 million countercyclical facility that has been arranged to support the export bonus scheme from externalisation and or capital flight which has continued to negatively affect the economy since dollarisation in 2009 and that has become more acute since January 2016. The issuance of bond notes has a self-control mechanism in that when there are no exports; there will be no issuance of new bond notes.

Mr. Speaker Sir, the Reserve Bank of Zimbabwe Amendment Bill seeks to augment the legal framework for the implementation of the above policy measure.

The amendment is necessary, Mr. Speaker Sir, in view of the fact that due to the urgency of the matter, amendments have been made to the Reserve Bank Act in terms of the (Temporary Measures) (Amendment of Reserve Bank of Zimbabwe Act and Issue of Bond Notes) Regulations, 2016 and amendments under the (Temporary Measures) (Amendment of Reserve Bank of Zimbabwe Act and Issue of Bond Notes) Regulations, 2016 and amendments under the
the Bond Notes) Regulations, 2016 which are only valid for a period of six months.

Mr. Speaker Sir, I now outline the key provisions of the Reserve Bank of Zimbabwe Amendment Bill as follows:

Clause 2 defines certain terms, key of which is the definition of a bond note.

Clause 3, Mr. Speaker Sir, will insert in the Reserve Bank of Zimbabwe Act a new section enabling the Minister of Finance and Economic Development to prescribe by notice in a Statutory Instrument that a tender of payment of bond notes and coins issued by the Reserve Bank that are exchangeable at par value with any specified currency other than Zimbabwe currency prescribed as legal tender for the purposes of Section 44A of the Act that shall be legal tender in all transactions to the same extent as that prescribed currency.

Clause 4 will statutise the provision for the issuance of bond notes temporarily enacted by the Presidential Powers (Temporary Measures) (Amendment of Reserve Bank of Zimbabwe Act and Issue of Bond
Notes) Regulations, 2016. This clause will also validate the issuance of bond coins in circulation before that time.

Mr. Speaker Sir, as was my intention, which I had conveyed to both sides of the House, it was my intention that the House will need time to consider the speech and I want to give Hon. Members an opportunity to debate it when they are very fresh and so for that very reason, I now move that the debate do now adjourn.

Motion put and agreed to.

Debate to resume: Tuesday, 20th December, 2016.

On the motion of THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT (HON. CHINAMASA), the House adjourned at Twenty Five Minutes to Seven o’clock p.m. until Tuesday, 20th December, 2016.