

# 2020 NATIONAL BUDGET

GEARING FOR HIGHER PRODUCTIVITY, GROWTH  
AND JOB CREATION.



MINISTRY OF FINANCE  
& ECONOMIC DEVELOPMENT

**#NationalBudget2020**

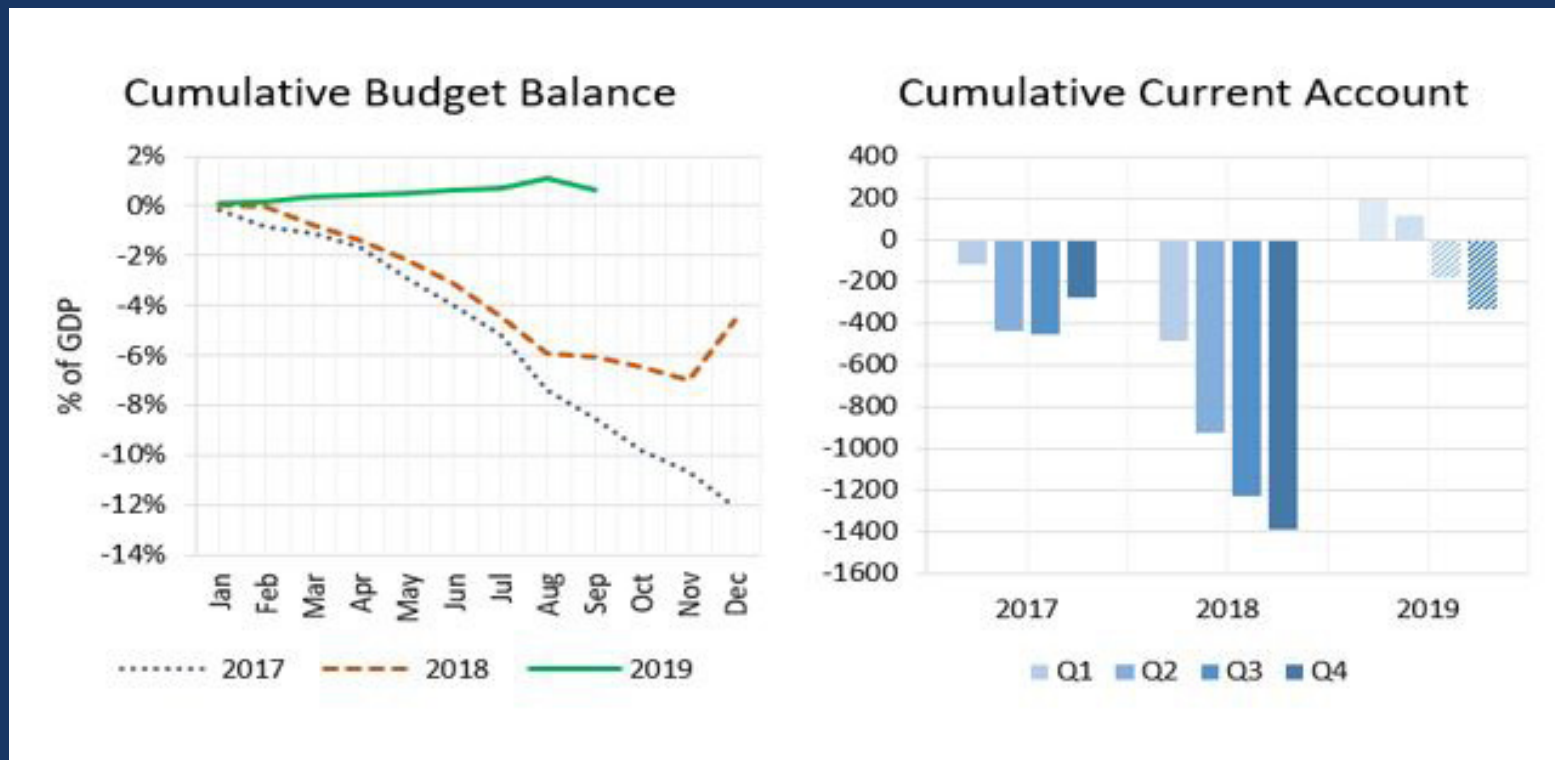
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SLIDE 1

# TWIN DEFICIT



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# NEW CURRENCY



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# ZIMBABWE EASE OF DOING BUSINESS RANKING



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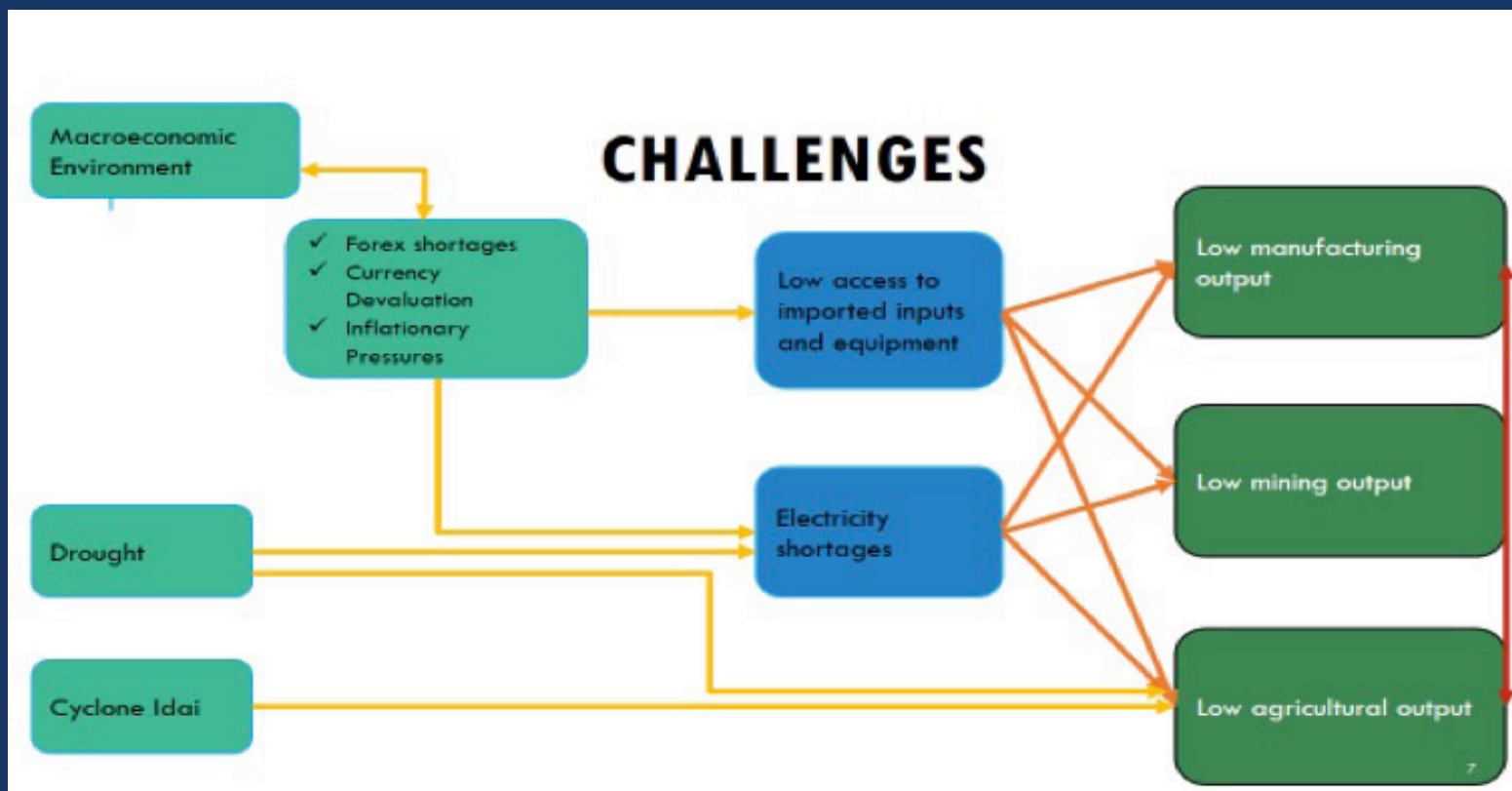
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# CHALLENGES



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# GROWTH RATE

	2018	2019	2020
Growth Rates (%)	3.4	-6.5	3.0
Agriculture and forestry	8.1	-18.0	5.0
Mining and quarrying	15.3	-11.9	4.7
Manufacturing	-0.3	-5.1	0.1
Electricity and water	19.0	-13.9	2.1
Construction	10.7	-12.4	0.5
Distribution, Hotels and restaurants	3.0	-6.6	4.2
Transportation and communication	2.1	-4.4	2.1
Financial, banking and insurance activities	-1.6	-2.2	4.0
Administrative and support service activities	0.1	-0.5	1.9
Education and training	-4.2	0.6	3.7
Human health and social work activities	7.6	1.8	2.9



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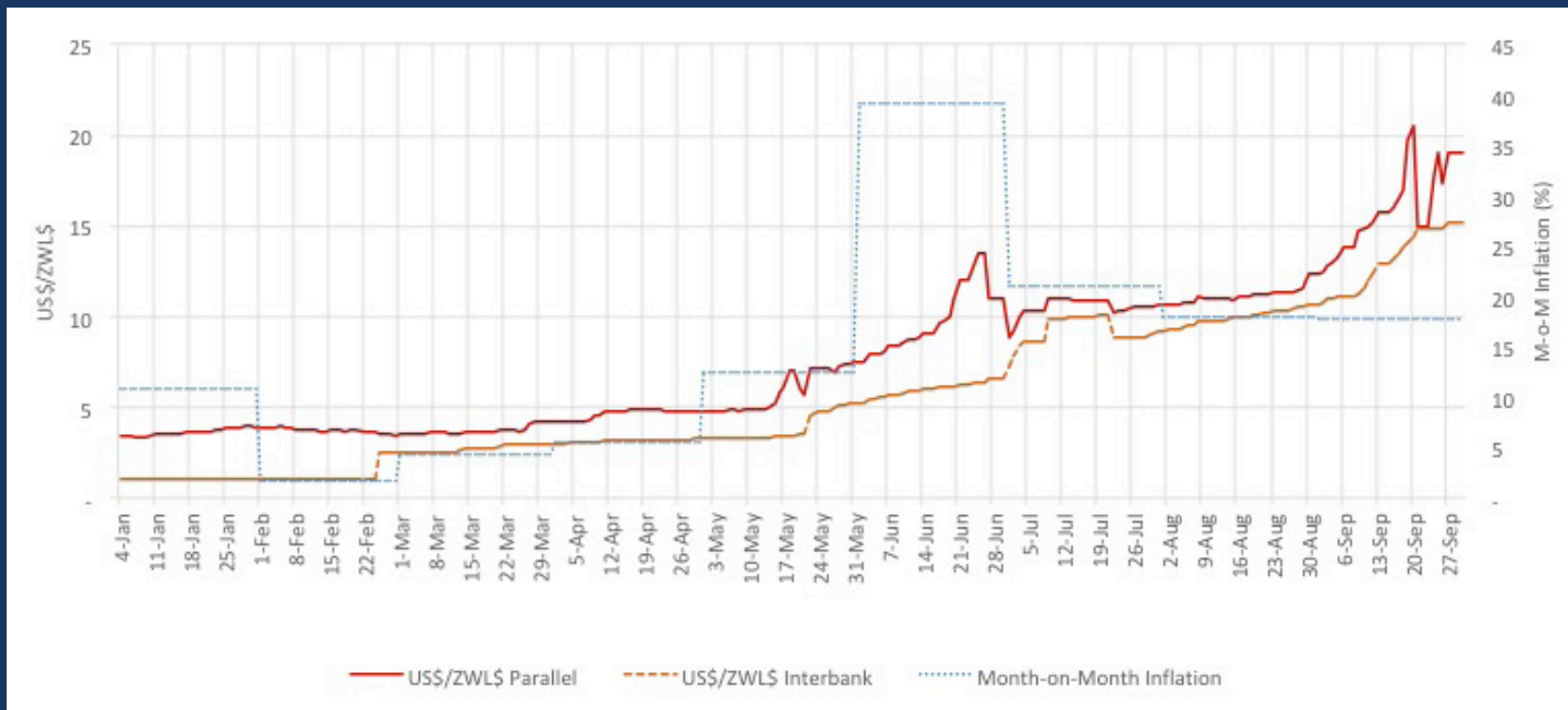
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# INFLATION AND EXCHANGE RATES



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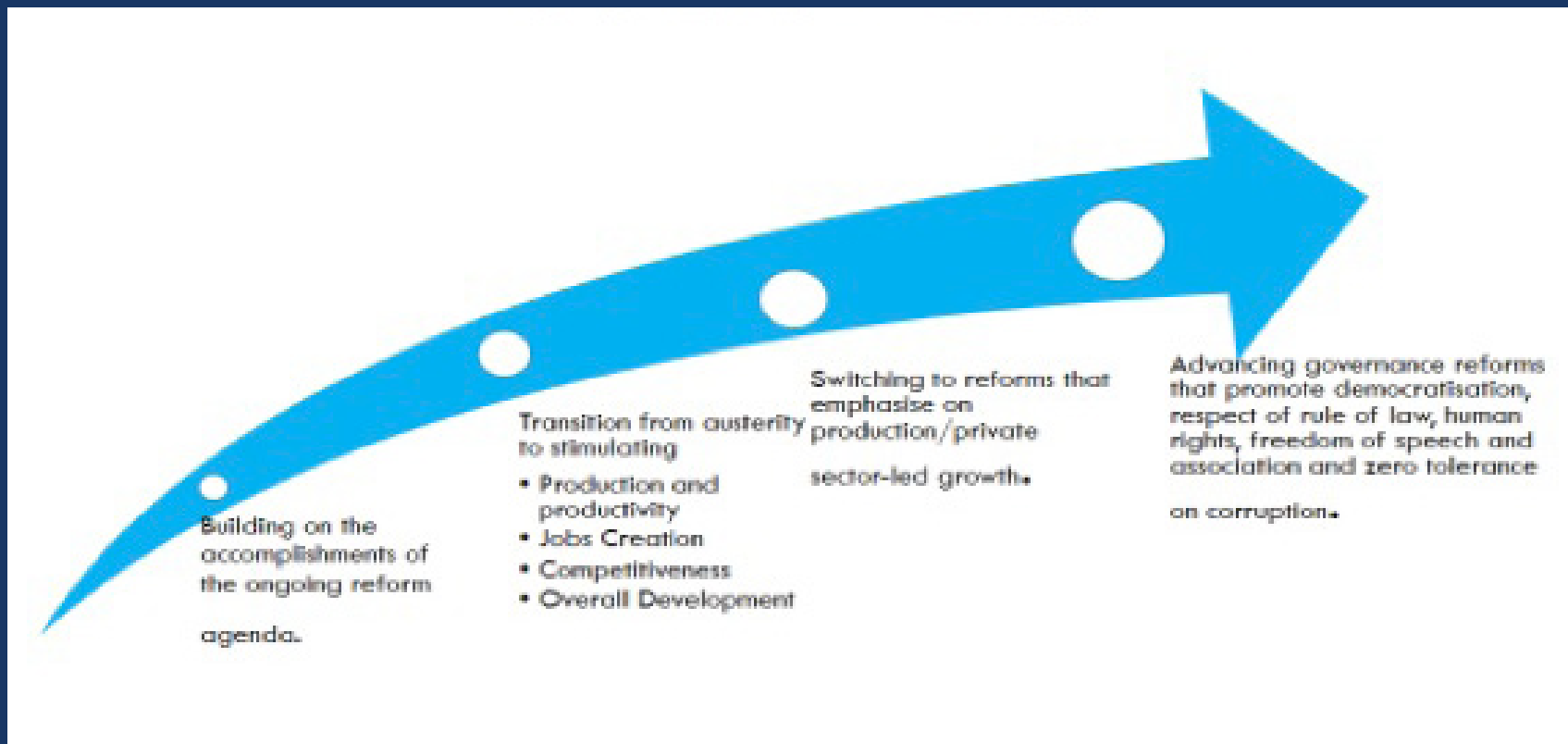
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# 2020 BUDGET THRUST



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# MACRO-FISCAL FRAMEWORK

	2018	2019	2020
<b>National Accounts (Real Sector)</b>			
Nominal GDP at market prices (Million ZWL\$)	44 331.9	130 644.0	344 781.9
Real GDP Growth (%)	3.4	-6.5	3.0
<b>Government Accounts</b>			
Revenues (including Retained Revenue)	5 491.4	21 000.1	58 641.0
% of GDP	12.4	16.1	17.2
Expenditures & Net Lending (Million ZWL\$)	7 857.9	26 188.7	63 655.6
% of GDP	17.7	20.0	18.7
Recurrent Expenditures	5 182.9	17 720.7	38 851.0
% of GDP	11.7	13.6	11.4
Employment Costs	3 934.7	7 700.0	17 751.4
% of GDP	8.9	5.9	5.2
Capital Expenditure & Net lending	2 675.0	8 468.0	24 804.6
% of GDP	6.0	6.5	7.3
Overall Balance	-23 66.5	-5 188.6	-5 014.6
% of GDP	-5.3	-4.0	-1.5



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# FISCAL POLICY

## Specific Principles for a sound Budget

- Deliver a sustainable overall Budget balance consistent with SADC thresholds. Under tight circumstances, an annual deficit of up to -5% of GDP may be temporarily recorded, while resolving the crisis. However, in our quest for immediate macro stability, a near balanced budget from 2020 is an urgent objective.
- Zero tolerance on expenditures outside the Budget and without Parliamentary approvals. Observance and enforcement of 'hard' Budget constraints is integral.
- Prioritise infrastructure including social sectors investments;
- Take a strict prudent approach to ensure expenditures are phased, controlled and directed to maximise benefits.
- Ensure a progressive taxation system that is fair, balanced and promotes the long-term sustainability and productivity of the economy.



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# AGRICULTURE



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# PRIORITISED AGRICULTURE PROGRAMMES

Programme	Allocation (ZWL\$ million )
Irrigation	422.7
Veterinary	521.8
Farmer Compensation	380.0
Agricultural Education and Extension Services	340.1
Crop and Livestock Research and Technology	176.6
Land Survey and Mapping	63.5



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# GROWTH AND DROUGHT



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# DROUGHT



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# IRRIGATION



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# INDUSTRY VALUE CHAINS



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# YOUTH AND MEDIUM & SMALL SCALE ENTERPRISES



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# YOUTH, WOMEN AND MEDIUM & SMALL SCALE ENTERPRISE ALLOCATIONS

Women Development Fund, ZWL\$20 million

Community Development Fund, ZWL\$15 million

Zimbabwe Women Microfinance Bank, ZWL\$100 million

SMEDCO, ZWL\$90 million

Empowerbank, ZWL\$50 million



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# INFRASTRUCTURE SOURCES OF FUNDING

	ZWL\$ billion
Budget	12.1
Loans	8.8
Development Partners	2.0
Pubic Entities Own Resources	1.0
Statutory Funds	0.7



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# INFRASTRUCTURE PRIORITY ALLOCATIONS

Sector	Amount ZWL\$ billion
Transport	4.5
Energy	8.9
Water and Sanitation	2.5
Agriculture Infrastructure	0.9
ICT	1.2
Housing	2.68
Health	2.0
Education	1.9



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# DAM CONSTRUCTION



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# ROAD CONSTRUCTION



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# ZUPCO BUSES



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# STATE OF OUR HOSPITALS

Essential Medicines Shortage

Essential Medical Equipment Shortage

Poor diet

Overcrowding

Consumerables Shortage

Industrial Action by Doctors/  
Nurses

Inadequate Infrastructure:  
Ambulances and Service Vehicles



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# SOCIAL SAFETY PROGRAMMES

Programme	Allocation ZWL\$ (million)
Food for Work and Income Generating Projects	50
Harmonised Social Cash Transfer	500
Basic Education Assistance Module	450
Management Information System	10
Decent Work Country Programme	300
Food deficit mitigation	1 020



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# DEVELOPMENT SUPPORT

Development Partner	Jan to Sept 2019 (Actual)	Projected 31 December 2019	Projected 31 December 2020
<b>Bilateral</b>			
USA	50,064,531	252,722,653	252,722,653
UK	50,000,375	83,460,375	112,992,500
European Union	41,086,881	59,731,595	72,947,916
Sweden	28,050,000	28,050,000	10,590,000
China	3,631,500	3,881,500	46,211,500
Japan	14,293,496	14,293,496	11,245,953
India	500,000	500,000	-
Switzerland	6,425,180	6,425,180	-
Sub – total	194,051,963	449,064,798	506,710,522
<b>Multilateral</b>			
Global Fund	88,684,303	88,684,303	116,728,288
World Bank	400,000	24,650,000	26,600,000
AFDB	21,401,088	21,401,088	3,412,133
UNICEF	8,810,587	8,810,587	7,809,000
UNDP	3,788,439	3,788,439	3,054,000
WHO	9,400,461	9,400,461	-
UNFPA	2,733,164	2,733,164	3,780,249
IFAD	712,639	712,639	6,436,751
FAO	732,782	732,782	644,000
ILO	329,760	329,760	1,050,000
IOM	-	-	373,457
ITU	62,000	62,000	-
UNESCO	58,670	58,670	-
IAEA	-	-	537,766
UNCTAD	-	-	500,000
Sub – total	137,113,893	161,363,893	170,925,643
<b>GRAND TOTAL</b>	<b>331,165,856</b>	<b>610,428,692</b>	<b>677,636,164</b>



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# MINIMUM CAPITAL REQUIREMENTS

Class of Business	Current MCR (ZWL\$ million)	Compliant Entities as at 30 Sept. 2019	Non-Compliant Entities as at 30 Sept. 2019	Proposed MCR (ZWL\$ million)
Short-term	2.5	17	1	37.5
Life	5	11	1	75.0
Funeral	2.5	6	2	37.5
Re-insurance	5	4	0	75.0
Micro-insurance	0.3	1	0	4.5



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# SUMMARY OF DUTY CONCESSIONS BY SECTOR (2011-MAY 2019)

Sector	Value for Duty Purposes (US\$)	Revenue Foregone (US\$)
Mining	704,035,921.88	103,837,015.19
Agriculture	5,599,010,161.92	779,321,821.13
Manufacturing	530,996,118.55	157,199,847.22
Tourism	72,146,885.16	25,160,645.13
Transport	184,444,188.94	60,965,183.34
Cross-Cutting	1,311,813,943.04	270,478,639.56
Other Concessions	868,962,953.22	52,404,536.56
<b>Total</b>	<b>9,271,410,172.71</b>	<b>1,449,367,688.13</b>



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# PROPOSED ANNUAL DEEMED MOTORING BENEFITS

Engine Capacity	Current Deemed Benefit (ZWL)	Proposed Deemed Benefit (ZWL)
0 - 1500cc	28,800	54,000
1500 - 2000cc	34,400	72,000
2000 - 3000cc	57,600	108,000
Above 3000cc	76,400	144,000



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