



ZIMBABWE

THE 2023
CITIZENS
BUDGET
STATEMENT

'Accelerating Economic Transformation'

PRESENTED TO THE PARLIAMENT OF ZIMBABWE BY HON. PROF. MTHULI NCUBE
MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT

24 NOVEMBER 2022



INTRODUCTION

WHAT IS A CITIZENS' BUDGET?

It is a simplified summary of the National Budget that explains how the Government plans to raise money to pay for its activities and how it plans to allocate these resources to achieve the national development goals.

WHY DO WE PUBLISH A CITIZENS' BUDGET?

The Citizens' Budget informs all Zimbabweans in a very simplified manner on how the Government makes efficient and effective use of the available resources entrusted to it. It is also aimed at enabling active participation of citizens at all levels to hold Government accountable and enhance transparency.

WHAT IS A NATIONAL BUDGET?

A National Budget is an official budget of a country which states how the Government plans to raise revenue for its activities and how this revenue will be allocated over the coming year. The Minister of Finance and Economic Development on behalf of the President prepares and presents the National Budget to Parliament for discussion and approval.

THE BUDGET PROCESS

The Constitution, through Statutory Instrument 127A of 2021, requires that the Minister of Finance and Economic Development prepare and presents the National Budget by the last Thursday of November for approval before the beginning of the Budget year in question. The steps taken to do this are summarised in the diagram below:

THE BUDGET CYCLE



THE ECONOMY IN 2022

- The economy is estimated to have grown by 4% lower than 5.5% projected during the 2022. Budget as a result of poor rainfall pattern and the war in Europe;
 - Rising general prices in the first six months but now relatively stable general prices with October monthly inflation at 3.2% from 30.7% in July due to a number of measures put in place by Government and Central Bank for example review of Government contracts and introduction of gold coins;
 - Depreciating exchange rate on the parallel market in the first half, the gap between official and black-market exchange rates is now narrow as a result introduction of the willing buyer willing seller exchange rate market;
 - Relatively stable Government finances with low budget gap of less than 1% of GDP as at September;
 - More resource inflows from our transactions with the rest of world compared to outflows benefitting mainly from remittances from citizens outside the country;
 - Significant infrastructure development, for example, Beitbridge Border Post, Harare – Beitbridge road; and COVID-19 pandemic now under control.
- **How does our performance compare with other Southern African countries: Development Community (SADC) Countries?**

	2020	2021 Est	2022 Proj	2023 Proj
SADC Overall Growth	-6.0	4.2	2.5	2.4
Angola	-5.4	0.7	2.9	3.5
Botswana	-8.7	12.5	4.2	4.4
Lesotho	-7.6	1.0	2.5	2.8
Madagascar	-7.1	3.3	5.0	5.4
Malawi	0.9	2.5	2.8	4.0
Mauritius	-14.9	4.0	6.2	5.6
Mozambique	-1.2	2.2	3.7	4.5
Namibia -	-7.9	2.4	2.6	3.5
South Africa	-6.4	4.9	1.9	1.4
Swatini	-1.9	3.2	2.2	1.8
Zambia	-3.0	4.0	3.2	3.8
Zimbabwe*	-7.8	8.5	4.0	3.8

Source: AfDB African Economic Outlook, April 2022 Estimates/ *ZIMSTAT/MoFED/RBZ Estimates

2023 GROWTH PROSPECTS





The Zimbabwean economy is expected to grow by 3.8%. Government revenue collections and expenses are expected to result in a Government expenditure gap of 1.5% of GDP.

Macro-Fiscal Framework (ZWL\$M): 2021-25

	2021	2022	2023	2024	2025
National Accounts					
Nominal GDP	3,189,937.24	10,547,415.18	21,768,513.98	29,615,949.63	33,922,056.11
Real GDP Growth (%)	8.5	4.0	3.8	4.8	5.0
Government Accounts					
Revenues	489,592.20	1,740,506.5	3,910,072.4	5,653,448.8	6,810,014.2
Expenditures & Net Lending	545,029.15	2,149,584.82	4,246,947.3	6,056,223.4	7,243,319.1
Overall Balance	-55,436.96	-62,137	-336,874.9	- 402,775	-433,304.9
% of GDP	-1.74	-0.59	-1.5	-1.4	-1.3

Source: MoFED/ZIMSTAT/RBZ

Main sectors of growth and key assumptions

Picture	Sector	Growth rate (%)	Assumption
	Agriculture, Hunting, Fishing and forestry	4.0	Normal to above normal rainfall
	Mining and quarrying	10.4	Favourable international commodity prices
	Accommodation and food service activities (Tourism)	10.0	Recovery in international tourism; Coming in of new players in the aviation sector; and Meetings, Incentives, Conferences and Exhibitions (MICE)
	Construction	5.8	Infrastructure development.

Source: MoFED/ZIMSTAT/RBZ

2023 Key Policies

In 2023, Government will continue to work towards achieving the goals outlined in the National Development Strategy 1. In particular, the Government wants to achieve the following targets during the year 2023:

Maintain a sustainable fiscal position (1.5% of GDP) that support inflation and exchangerate stability;

Promote private sector led economic growth;

Month on month inflation of between 1 and 3%

Build capacity within the public sector to effectively implement NDS1 projects and programmes;

Reduce barriers on access to finance and markets for the informal market; and

Prioritise funding to education, health and social protection programmes to cater for the most vulnerable in society.

However, there are a number of threats that may hinder the economy to attain the expected growth of 3.8%. To lessen the impact of those threats in case they happen, Government has identified measures for each threat as shown on the table below:

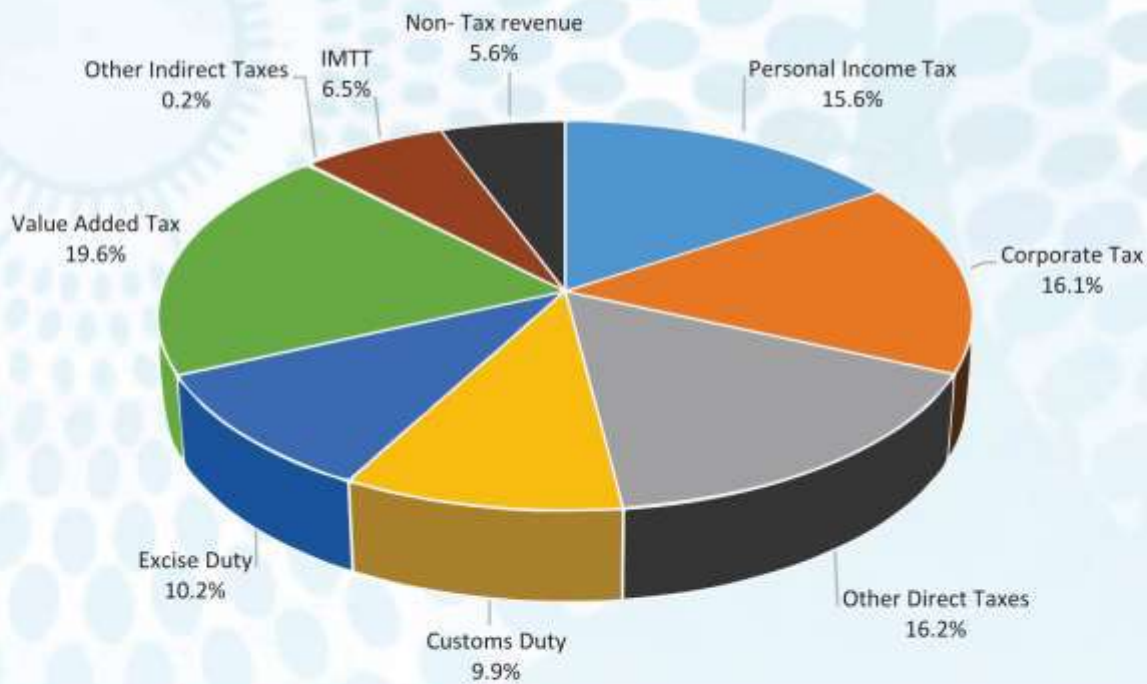
Fiscal Risk	Mitigation Measures
Macroeconomic Risks	
Geopolitical tensions (affect) key import prices, e.g. fertilizer, wheat and fuel)	Support industry to produce more goods locally; and Value addition and beneficiation of primary products.
Climatic changes/weather related threats	Provide resources for disaster risk management and investments in an early warning system.
Electricity shortages	Prioritise completion of Hwange 7 & 8 Expansion Project. This will provide an additional 600 MW to the national grid; Gradually adjust electricity prices upwards; Speed up the re-bundling exercise of ZESA to improve efficiencies; Demand side management through implementation of smart metering programme as well as completing the prepaid metering project; and Promote Independent Power Producers for investment in renewable energy sources.

Fiscal Risk	Mitigation Measures
Macroeconomic Risks	
Inflation instability and exchange rate depreciation	Continue implementing the current tight fiscal and monetary policies; and Continue to fine tune the foreign currency exchange market to improve efficiency.
Expenditure Risks	
Accumulation of Arrears	Ensure that all Ministries, Departments and Agencies (MDAs) spend in line with the Budget; Cash budgeting and no recourse to central bank borrowing; Limit non-essential expenditures; Continuously implement value for money and computerization of all procurement processes; and Concentrate on completing ongoing projects.
Public Debt Guarantees	Ensure that parastatals produce bankable business plans and submit and publicise their financial statements on time before accessing guarantees.
Subsidies	Continue to streamline the remaining subsidies; and Implement a more targeted approach for critical areas such as social services.

SUMMARY OF 2023 TOTAL BUDGET

REVENUES

In 2023, Government plans to raise a total of ZWL\$3.9 trillion (18% of GDP) from taxes and non-taxes.



Revenue Head	Amount (ZWL\$ Million)	Definition
Personal Income Tax	609,518.4	Tax on wages and salaries
Corporate Tax	631,286.9	Tax on profit of companies
Other Direct Taxes	635,359.4	Composed of royalties from mining, tax on domestic dividend and interest, capital gains, tobacco levy, business licences, vehicle carbon tax, among others
Customs Duty	387,895.0	tax on imports
Excise Duty	400,617.4	Tax on the consumption of manufactured "luxury" goods such as fuel, alcohol, tobacco, second-hand vehicles and airtime.
Value Added Tax	764,979.5	Tax on consumption of goods and services
Other Indirect Taxes	6,448.3	Other indirect taxes e.g., stamp duty, ATM levy
IMTT	255,118.6	Tax on electronic financial transactions
Non- Tax revenue	218,849.5	Composed of property income, interest, dividends and sale of goods and services, fines, penalties, forfeitures, etc



REVENUE MEASURES

In order to raise more money for efficient and effective public service delivery, the following new revenue measures in addition to measures already in place will be implemented.

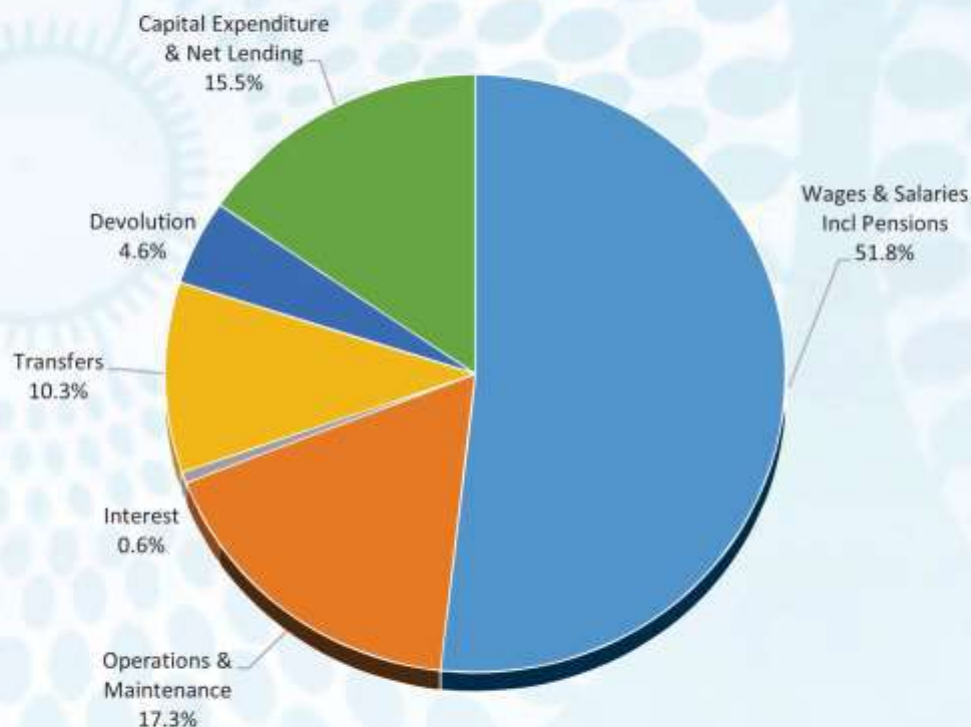
Target Area	Proposed Measure
VAT	Raise VAT from 14.5% to 15%.
Excise Duty	Increase excise duty on energy drink from US\$0.05 cents per liter to US\$0.10 to promote healthy lifestyle.

Government, as always, will give you breathing space in paying taxes. This will result in the reduction of cost of services.

Target Area	Proposed Measure
Reducing cost of doing business	Remove customs duty on additional capital equipment including qualifying products submitted by the agriculture and energy industries Extend duty suspension on minimum quantities of milk powder
Intermediate Money Transfer Tax (IMTT)	Reduce IMTT on foreign currency transactions from 4% to 2%
Support to tourism industry	Suspend customs duty on capital equipment imported by tourism operators.

EXPENDITURES

A total of ZWL\$4.25 trillion (19.5% of GDP) as shown on the graph below.



Revenue Head	Amount (ZWL\$Million)	Definition
Wages & Salaries Including Pensions	2,199,663.0	Comprised of the wage bill of public servants including allowances, social security and benefits in kind as well as pension of retired public servants
Operations & Maintenance	734,487.9	Payment for good and services for operations in public institutions, e.g., energy bills and fuel, stationery, drugs, etc
Interest	24,967.4	Payments to service both external and domestic debt
Transfers	435,825.4	Comprised of social benefits and subsidies which is support to vulnerable groups such as labour-constrained households, children, elderly persons and people with disabilities, through cash or in-kind transfers e.g. BEAM, Harmonised Cash Transfer, public transport subsidies.
Devolution	195,503.6	Money transferred from central government to provincial councils and local authorities to help develop local infrastructure.
Capital Expenditure & Net Lending (Net acquisition of non-financial assets)	656,500.0	Expenditures on infrastructure projects such as roads, schools, hospitals, electricity plants or dams to improve productivity and public services.

2023 EXPENDITURE BY PRIORITY AREAS

Government will continue to implement programme-based budgeting, a form of budgeting that ensures that funds are allocated to results-based programmes in line with NDS1 priority areas. This way of budgeting results in the implementation of policies that promote significant structural shifts in production and productivity of key sectors of the economy, export diversification and graduation into more complex products will be central in achieving sustainable growth.

Below is a detail of measures that will be implemented

Economic Growth & Macro-Stability

- Complementary fiscal and monetary policies
- Review prices of goods and services being procured by government to ensure value-for-money; and
- Maintain positive interest rates.

Supporting Productive Value Chains

- Promote collaboration between and among Small and Medium Enterprises (SMEs) and large corporates
- Update of the Zimbabwe Industrial Policy, taking into account digital revolution, green economy and the informal sector
- Agriculture inputs (ZWL\$77 billion) to 900 000 households under the Agriculture productive scheme (Pfumvudza/Intwasa)
- US\$154.6 million, equivalent local currency guarantee to AFC Holdings to finance maize, soya beans, sunflower and traditional grains
- ZWL\$39.8 billion for advisory services to farmers, ZWL\$11.8 billion for mechanization, ZWL\$6.6 billion for constructing and rehabilitation of dip tanks and animal disease prevention, ZWL\$514.2 million for fencing Gonarezhou national park to minimise outbreaks of diseases through animal movement, such as anthrax and foot and mouth.
- US\$22.5 million from Special Drawing Rights for retooling for new equipment and replacement under the Value Chain Revolving Fund (cotton, leather, pharmaceutical and fertilizer)

Optimising the Value of Our Natural Resources

- Finalise the new Mines and Minerals Amendment legislation, the Gold Trade Act and the Precious Stones Trade Act
- ZWL\$1.5 billion for exploration activities, using satellite imagery and drone aerial surveys, as well as, issuing EPOs to private sector
- ZWL\$1.6 billion to complete the computerised mining cadastre system;
- Establish gold service centers to support artisanal and small-scale miners;
- ZWL\$725 billion for tourism infrastructure development in Victoria Falls;
- US\$7.5 million for the Tourism Revolving Fund to finance tourism operators
- Scale up training of trainers' programmes for Climate Smart Agriculture targeting Farmers in all communities in the country
- ZWL\$1 billion for climate change mitigation projects (biogas and solar grids)

Infrastructure, ICTs and Digital Economy

- ZWL\$177.4 billion for maintenance and rehabilitation of roads, including ZWL\$43 billion for the completion of Harare-Beitbridge road, ZWL\$70.5 billion for the Emergency Road Rehabilitation Programme II, ZWL\$3 billion for rural roads, completion of Mbusi traffic interchange;
- Develop a standardised framework of evaluating road construction input costs for adoption and use by all road authorities;
- ZWL\$3.1 billion for air traffic control, surveillance and communication;
- Recapitalise the National Railways of Zimbabwe;
- ZWL\$6 billion for the procurement of buses;
- Further expand the network in underserved areas, increasing presence of mobile networks in rural areas, deploy a microwave radio backhaul network, telemedicine, internet connectivity for schools, e-learning, and the building of Community Information Centres
- ZWL\$1.3 billion for e-Government systems
- ZWL\$48.4 billion to complete building of ongoing housing projects
- Sanitise and regularise informal settlements, addressing infrastructure bottlenecks within informal settlements such as water, sewer, roads and lighting
- ZWL\$10.9 billion to complete outstanding works at Lupane Composite Offices and sustain ongoing works at Government institutions among others
- ZWL\$7.5 billion for the Housing Loan Schemes for both Senior and Junior officials;
- ZWL\$3 billion for the completion of Hwange 7 and 8 power plant
- ZWL\$18.3 billion from the Rural Electrification Fund and ZWL\$1 billion from the budget for rural electrification;

- ZWL\$21.7 billion for dam construction projects, notably Gwayi-Shangani, Semwa, Kunzvi, Tuli Manyange, Vungu, Defe, Dande, Mbada and Bindura dams;
- ZWL\$55.3 billion for development of irrigation infrastructure, fisheries and water conveyancing systems, among other interventions for utilisation of idle water in Tugwi-Mukosi, Marovanyati, and Muchekeranwa dams;
- ZWL\$27.9 billion for communal irrigation projects.
- ZWL\$5.3 billion for boreholes in rural communities;

Youth, Sport, Arts and Culture

- Youth empowerment projects and programmes, such as the revision of curriculum at Vocational Training Centres;
- Continue to capacitate the Empower Bank to enable the youth to access finance for start-ups and boosting their businesses;
- Capacitate the Zimbabwe Youth Council (ZYC) to enhance its effectiveness and visibility through decentralisation, conduct awareness campaigns and youth exchange programs
- Retool recreation, youths' interaction centres to improve platforms of awareness campaigns against drug and substance abuse, as well as rehabilitation centers;
- ZWL\$1.2 billion for rehabilitation and upgrading of sport facilities and recreational centres; and
- Support activities which promote use of indigenous languages in the education system to foster linguistic inclusion, especially for persons with hearing and speech impairment, as well as ethnic minorities.

Women, Gender Equity and SMEs

- Mainstream gender equality through empowerment of women, the girl child and SMEs by capitalising a number Government financial institutions:
 - Women Development Fund (ZWL\$370 million);
 - Community Development fund (ZWL\$330 million);
 - Zimbabwe Women's Microfinance Bank (ZWL\$3 billion);
 - Empower Bank (ZWL\$3 billion);
 - Small and Medium Enterprises Development Corporation (SMEDCO) (ZWL\$3 billion); and
 - National Venture Capital Fund (ZWL\$4 billion).

Human Capital Development and Well-Being

- Increase access of basic social services such as education, health and social safety nets;
- Commit to stable supply of life saving drugs for HIV/AIDS, TB and malaria co-morbidities, completion of Harare National Pharmaceutical Warehouse, procured Magnetic Resonance Imaging equipment (MRI)
- ZWL\$33 billion for rehabilitation and construction of hospitals and clinics, as well as ambulances (ZWL\$2 billion), medical supplies (ZWL\$43 billion) and rural health centers (ZWL\$9.3 billion);
- Continue to review both monetary and non-monetary incentives in order to attract and retain medical personnel;
- ZWL\$31 billion for administration of public examinations under the School Examinations Council for Grade Seven, Ordinary and Advanced Level examinations;
- ZWL\$2.8 billion for home-grown schools feeding programme;
- ZWL\$4.2 billion for completion of outstanding works at identified schools, including equipping schools with the requisite furniture and equipment;
- Recruit an additional 7 000 teachers;
- ZWL\$1.5 billion to sustain provision of free sanitary wear to pupils as well as address distribution bottlenecks;
- ZWL\$9.7 billion for the construction and rehabilitation of tertiary education institutions;
- ZWL\$50.4 billion for social protection programmes as shown on the table:

Programme	Amount
Basic Education Assistance Module	23,000
Children in difficult circumstances	1,230
Children in the street	430
Drought Mitigation	12,100
Harmonised Cash transfers	9,280
Health assistance	1,100
Support to elderly persons	400
Pauper burial	500
Support to disabled persons	1,464
Sustainable Livelihoods	635
Management Information System	105
Covid Response	200
Total	50,444

Effective Institution Building and Governance

- Align the remaining pieces of legislation, including translating amended pieces of legislation;
- Decentralise and capacitate the Legal Aid Directorate;
- Revamp outstanding court rooms to make them accessible to persons with disabilities;
- Rehabilitate police and prison holding cells to meet international standards;
- ZWL\$724 million to ZIDA for integration and automation of the registration processes to further simplify and shorten business registration processes;
- Resuscitate the inter-ministerial collaboration to streamline remaining bottlenecks to the doing business environment;
- Undertake a holistic evaluation of public entities reforms through strategic portfolio reviews and comprehensive diagnostic analysis by sector;
- ZWL\$12 billion, ZWL\$11 billion and ZWL\$53 billion for voter registration, voter inspection and conduct of the harmonised elections;
- Capacitate the uniformed forces with accommodation, ration and equipment, as well as improve their remuneration both monetary and non-monetary to improve peace and security of the country.

Devolution

- ZWL\$195.5 billion (5% of the anticipated revenue resources) to local authorities and provinces for construction, upgrading and rehabilitation of facilities in health, transport, education, water & sanitation and equipment.

Information, Image Building, Engagement and Re-engagement

- ZWL\$8.6 billion for:
 - Image building and country re-branding;
 - Informing the citizenry on developments within and outside the country;
 - Mobilising the people in nation building and the development agenda, and
 - Installation of state-of-the-art broadcasting infrastructure.
- Establish and formalise a structured Dialogue Platform with all creditors, leading to the convening of a High-Level Debt Resolution Forum.

BUDGET DEFICIT AND FINANCING

With revenue at ZWL\$3.9 trillion and expenditure of ZWL\$4.25 trillion, a budget gap of ZWL\$336.9 billion (1.5% of GDP) is expected. Adding debt repayment of ZWL\$248.6 billion results in a financing requirement of ZWL\$585.5 billion in 2023. To cover this gap, Government will borrow from domestic and external markets as follows:

- Victoria Fall Foreign Exchange (VFEX) market bond issuance: ZWL\$95.2 billion
- External loan disbursement: ZWL\$398.2 billion equivalent,
- Treasury bill issuances: ZWL\$82.2 billion, and
- Changes in bank balances: ZWL\$10 billion.

ANNEX

Expenditure Allocation by Ministries, Departments, Agencies

	Total	
	2022	2023
Office of the President and Cabinet	79 764 964 800	161 735 813 000
Parliament of Zimbabwe	29 615 082 000	47 820 193 000
Public Service, Labour and Social Welfare	54 374 772 000	91 620 309 000
Defence	133 068 861 000	331 143 086 000
Finance and Economic Development	163 092 544 078	259 903 008 000
Audit Office	4 373 720 000	9 858 381 000
Industry and Commerce	5 542 077 000	15 630 381 000
Lands, Agriculture, Water, Climate and Rural Resettlement	231 819 030 122	362 520 603 000
Mines & Mining Development	4 603 473 000	12 987 529 000
Environment, Tourism and Hospitality Industry	7 335 943 000	14 199 197 000
Transport and Infrastructural Development	107 309 906 000	144 571 220 000
Foreign Affairs and International Trade	18 725 301 000	81 864 071 000
Local Government, Public Works and National Housing	37 058 686 000	98 640 911 000
Health and Child Care	179 924 742 000	473 758 209 000
Primary and Secondary Education	228 994 472 000	631 279 722 000
Higher & Tertiary Education, Science and Technology Development	70 810 350 000	156 509 466 000
Women Affairs, Community, Small and Medium Enterprises Development	7 873 457 000	18 541 814 000
Home Affairs and Cultural Heritage	115 493 678 000	293 009 806 000
Justice, Legal and Parliamentary Affairs	42 711 435 000	120 333 701 000
Information, Publicity and Broadcasting Services	3 665 477 000	8 619 877 000
Youth, Sport, Recreation, Arts and Culture	11 632 609 000	25 136 050 000
Energy and Power Development	8 183 571 000	15 468 309 000
Information Communication Technology, Postal and Courier Services	8 088 216 000	17 386 696 000
National Housing and Social Amenities	16 956 191 000	27 679 072 000
Judicial Services Commission	7 764 335 000	37 940 833 000
Public Service Commission	71 552 101 000	107 473 955 000
Council of Chiefs	1 171 030 000	4 150 000 000
Human Rights Commission	931 346 000	4 740 600 000
National Peace and Reconciliation Commission	831 691 000	2 957 230 000
National Prosecuting Authority	3 078 575 000	11 341 414 000
Zimbabwe Anti-Corruption Commission	1 265 107 000	7 378 820 000
Zimbabwe Electoral Commission	44 326 268 000	101 648 031 000
Zimbabwe Gender Commission	1 004 876 000	3 485 660 000
Zimbabwe Land Commission	6 447 718 000	10 372 281 000
Zimbabwe Media Commission	749 204 000	2 616 446 000
Constitutional and Statutory Appropriations	219 595 221 000	781 269 006 000
Total Appropriation	1 929 736 030 000	4 495 591 700 000

Expenditure by Classification of Functions of Government (COFOG)

Function	Amount ZWL\$	Share
Defence	991 591 355 000	22.1%
Economic affairs	323 038 482 000	7.2%
Education	480 532 102 000	10.7%
Environmental protection	688 212 308 000	15.3%
General public services	6 892 591 000	0.2%
Health	337 003 508 000	7.5%
Housing and community amenities	463 586 163 000	10.3%
Public order and safety	38 541 514 000	0.9%
Recreation, culture and religion	756 058 645 000	16.8%
Social protection	410 135 032 000	9.1%
Grand Total	4 495 591 700 000	100%



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