



ZIMBABWE

ANNUAL BORROWING PLAN

2024

MINISTRY OF FINANCE, ECONOMIC DEVELOPMENT AND INVESTMENT PROMOTION

Zimbabwe Public Debt Management Office

PREFACE

This Annual Borrowing Plan was prepared by the Zimbabwe Public Debt Management Office (ZPDMO) to operationalize the Medium-Term Debt Management Strategy (2022-2025) by guiding the financing of the Government budget deficit in 2024. The summarized version of the 2024 Annual Borrowing Plan is contained in the 2024 National Budget Statement and the Public Debt Report.

The Annual Borrowing Plan contains forecasts and statements of intentions which may be subject to change in line with domestic and International market conditions.

Neither the Ministry of Finance, Economic Development and Investment Promotion nor ZPDMO accepts any responsibility for, or obligation to publish any revisions to, the information, forecasts, or statements in this plan to reflect changing market conditions after the date of publication.

This publication does not constitute investment advice and we hereby inform you that this communication should not be considered as a solicitation or offer to sell or purchase any securities, deal in any product or enter into any transaction.

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INTRODUCTION

Objectives of Public Debt Management

1. The objectives of public debt management in Zimbabwe are provided for in Section 3 of the Public Debt Management Act (Chapter: 22:21) as:

“to ensure that Government’s needs and payment obligations are met at the lowest possible cost over the medium to long term, with a prudent level of risk, and to promote development of the domestic debt market”

2. The primary objective requires an assessment of cost and risk in relation to Government borrowings and debt service. The secondary objective aims to support the development of an efficient and robust domestic debt market.

Scope of Annual Borrowing Plan

3. The Annual Borrowing Plan (ABP) is based on marketable domestic debt instruments and external loans for the period 1 January to 31 December 2024, and is underpinned and consistent with the Medium-Term Debt Management Strategy (2022-2025).

Review and Updates

4. The ABP will undergo a semi-annual review to ensure alignment with evolving macroeconomic and market trends.

ANNUAL BORROWING PLAN

2024 National Budget

5. The 2024 National Budget has an overall balance of Z\$4.3 trillion, which represents 1.5 per cent of the GDP with projected revenues of Z\$54 trillion and estimated expenditures of Z\$58 trillion.

Table 1: 2024 Macro-Fiscal Framework (Z\$ million)

	2024
National Accounts	
Nominal GDP at market prices (Z\$M)	294,230,947.2
Real GDP Growth (%)	3.5
Government Accounts	
Revenues (Including Retained Revenue)	53,935,298.4
% of GDP	18.3
Expenditures & Net Lending (Z\$M)	58,222,819.3
% of GDP	19.8
Overall Balance	-4,287,520.8
% of GDP	-1.5

Source: 2024 National Budget

Total Financing Gap

6. The total budget financing gap in 2024 amounts to Z\$9.2 trillion, comprising of a budget deficit of Z\$4.3 trillion (1.5 per cent of GDP) and amortisation of loans and maturing Government securities estimated at Z\$4.9 trillion.

Table 2: Gross Financing 2024 (Z\$ millions)

	Amount (Z\$)
Overall Balance	-4,287,520
Amortization of loans and Government securities	-4,874,089
Gross Financing Gap	-9,161,610
Financed By	
<i>Domestic Securities</i>	
Treasury bills and bonds	5,829,621
<i>External Loans</i>	3,331,989
Existing loan disbursements	366,587
New loan disbursements	2,965,402
Total	9,161,610

Source: Zimbabwe Public Debt Management Office

2024 Annual Borrowing Plan

7. Given the total financing requirements of the 2024 National Budget, the 2024 Annual Borrowing Plan is shown in Table 3. The gross financing gap will be financed through domestic and external borrowing as follows:
- Issuance of Treasury bills and bonds amounting to Z\$5.8 trillion;
 - Disbursements from existing external loans amounting to Z\$367 billion; and
 - New external loan disbursements amounting to Z\$2.9 trillion.

Table 3: 2024 Annual Borrowing Plan (Z\$ millions)

	Jan-March	April-Jun	Jul-Sep	Oct-Dec	Total
90- days	-	-	268,900	179,300	448,200
180- days	313,700	470,600	470,500	313,800	1,568,600
270- days	358,500	537,800	537,800	358,600	1,792,700
365- days	134,400	201,700	201,600	134,511	672,211
Sub Total	806,600	1,210,100	1,478,800	986,211	4,481,711
Treasury bills and bonds (US\$ denominated)	269,582	404,373	404,373	269,582	1,347,910
Total Treasury bills and bonds	1,076,182	1,614,473	1,883,173	1,255,793	5,829,621
Existing external loan disbursements	-	-	366,587	-	366,587
New external loan disbursements	-	943,537	2,021,865	-	2,965,402
Total	1,076,182	2,558,010	4,271,624	1,255,793	9,161,610

Source: Zimbabwe Public Debt Management Office

Note: This Annual Borrowing Plan is contained in the 2024 National Budget Statement (pg.66)

8. Government securities, the baseline assumption is to issue Treasury bills and bonds through both the auction system and private placements.
9. From the existing external loans, projected disbursements amount to Z\$366.6 billion (US\$40.8 million).

Table 4: 2024 Projected Existing External Loan Disbursements (Z\$ millions)

Loan Facility	Lender	Amount
Smallholder Irrigation Revitalisation Project	OFID	17,073
Smallholder Agriculture Cluster Project (SACP)	IFAD	110,527
Smallholder Agriculture Cluster Project (SACP)	OFID	56,611
Horticulture Enterprise Enhancement (HEEP)	IFAD	47,626
Zhove Irrigation scheme	Kuwait	89,859
Urgent Response Operation to Fight Covid-19	BADEA	44,930
Total		366,627

Source: Zimbabwe Public Debt Management Office

10. In 2024, new external loan disbursements for budget support and central government projects are projected at Z\$2.9 trillion (US\$330 million).

Table 5: 2024 Projected New External Loan Disbursements (Z\$ millions)

Loan Facility	Lender	Purpose	Amount
BCG Facility	Broughton Capital Group (BCG)	Trade related Infrastructure development	898,595
Dinosaur Facility	Dinosaur Merchant Bank	Infrastructure development	1,123,243
Zimbabwe Healthcare Facilities Programme	ABSA, Standard Bank Limited Zimbabwe and Standard Bank Limited South Africa	Construction of healthcare centres and district hospitals	943,524
Total			2,965,362

Source: Zimbabwe Public Debt Management Office

BORROWING STRATEGY

Strategy

11. The strategy is to gradually lengthen the maturities of Government securities going forward. Uptake for medium to long-term Government securities is expected to increase given the projected stable macroeconomic environment, which is characterized by low inflation and a stable exchange rate.
12. The primary goal of the Annual Borrowing Plan is to promote the growth of the domestic debt market by issuing Treasury bills and bonds. The Government plans to raise its financing requirements through the auction system and private placements. The strategy seeks to promote the development of the secondary market by issuing medium- to long-term Treasury bonds and to enforce adherence to the prescribed asset status, for insurance companies and pension funds as required by law.
13. With regards to external financing, the strategy is to prioritize concessional financing and to limit non-concessional borrowing to economically viable projects.

Key Success Factors

- Projected stable macroeconomic conditions;
- Continued use of the auction system; and
- Increased transparency in the issuance of Government securities.

Potential Constraints and Challenges

- High borrowing costs given the perceived higher risk by lenders;
- Refinancing risk; and
- A shallow investor base, given the lack of access to international markets.

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