

Ministry of Finance and Economic Development



ZIMBABWE

HIGHLIGHTS

THEME

“Pushing Production Frontiers Across all Sectors of the Economy”

BUDGET THRUST

- Fiscal Adjustment
- Structural Reforms
- Stimulating Productivity Across Sectors
- Poverty Eradication

ECONOMIC PERFORMANCE

- Growth is projected at 1.7%, from 0.6% estimated in 2016;
- Agriculture and mining to drive overall growth with sector growth of 12% and 0.9% respectively in 2017;
- Inflation projected at 1.1%, from a negative 1.5% in 2016.
- Total revenues are projected at US\$3.7 billion;
- Total expenditures are projected at US\$4.1 billion;
- Financing gap of US\$400 million.
- Government wage bill takes US\$3.0 billion in 2017;
- Capital expenditure amounts US\$520 million, which is 3.6% of GDP;
- Trade deficit of US\$1.537 billion, compared to US\$1.985 billion in 2016;
- Debt stock at US\$11.2 billion as at 31 October 2016, which is 79% of GDP.

BUDGET FRAMEWORK

	2016	2017	2018	2019
National Accounts (Real Sector)				
Real GDP at market prices (million US\$)	12,398	12,605	13,252	14,049
Nominal GDP at market prices (Million US\$)	14,165	14,525	15,800	17,061
Real GDP Growth (%)	0.6	1.7	5	6
Household Consumption (% change)	-14.4	-13.4	-12.4	-11.4
Gross Fixed Capital Formation (% change)	18.0	19.0	20.0	21.0
Inflation (Annual Average) %	-1.5	1.1	1.6	2.1
Government Accounts				
Revenues & Grants (Millions US\$)	3,521	3,700	4,087	4,384
% of GDP	24.9	25.5	25.9	25.7
Expenditures and net lending	4,562	4,100	4,424	4,777
% of GDP	32.2	28.0	28.0	28.0
Budget balance	- 1,042	-400	- 337	- 393
% of GDP	- 7.4	- 2.5	- 2.1	- 2.3
Balance of Payments Accounts				
Exports of goods and services (million US\$)	3,365.8	3,669.5	4,081.1	4,213.8
Imports goods and services (million US\$)	5,350.9	5,206.8	5,443.3	5,599.6
Trade Balance (million US\$)	-1283.9	-826.5	-514.1	-708.3
Deposit Corporations Survey (stock)				
Broad Money (Million US\$)	5,151	5,611	6,147	6,771
Domestic Credit (Million US\$)	6,952	7,276	7,685	8,198
Credit to Private sector (Million US\$)	3,713	3,822	4,060	4,319
Credit to Government (Million US\$)	3,062	3,292	3,480	3,751
Credit to other nonbank sectors (Million US\$)	177	162	145	128

2016 & 2017 REVENUE PROJECTIONS (US\$M)

	2016 Projections	2017 Projections
Total Revenue	3,520.7	3,700.0
Tax Revenue	3,264.6	3,398.3
Personal Income Tax	752.9	763.4
Corporate Income Tax	327.0	338.5
Other Direct Taxes	187.6	197.3
Customs	271.3	287.5
Excise	653.4	674.4
VAT	970.1	1,022.6
Other Indirect Taxes	102.2	114.4

NON-WAGE BUDGET EXPENDITURES

Health–US\$59.1 million

- Support to Hospitals and health centres–US\$14.6 million
- Rehabilitation and refurbishment of hospitals–US\$17.9 million
- Procurement of medical equipment–US\$10 million
- Provision of Maternal and Child Health Care–US\$6.9 million
- Preventive Health Programmes–US\$3.2 million
- Capitalisation of NATPHARM–US\$1 million

Education–US\$43.3 million

- Operational support to tertiary institutions–US\$1.5 million
- Procurement of teaching and learning materials–US\$2.3 million
- Construction of schools and tertiary infrastructure–US\$27.1 million
- Teacher capacity development–US\$1 million
- Stipend support to tertiary students–US\$2 million

Social Services–US\$28.8 million

- Basic Education Assistance Module [BEAM]–US\$10 million
- Harmonised cash transfer and food mitigation–US\$8.1 million
- Health Assistance–US\$1 million
- Labour Administration–US\$1.3 million
- Support to the disabled, elderly and children–US\$2.3 million

Agriculture–US\$320.8 million

- Strategic Grain Reserve–US\$62.5million
- Inputs for the vulnerable–US\$36.5 million
- Command Agriculture–US\$65.5 million
- Animal diseases and risk management–US\$1.9 million
- Irrigation Development US\$6.1 million
- Extension Services US\$3.1 million

Energy–US\$5 million

- Rural Electrification–US\$1 million
- Repowering of Bulawayo Thermal–US\$4 million

Water and Sanitation–US\$42.2 million

- Dam construction–US\$25.8 million
- Water supply for small towns–US\$5.5 million
- Urban Wash–US\$5 million
- Rural Wash–US\$6 million

Transport–US\$37.3 million

- Rail–US\$3 million
- Road construction–US\$19.5 million
- Road rehabilitation–US\$3.1 million
- Road grading and spot regravelling–US\$1.5 million
- Bridge construction–US\$1.8 million
- Construction of toll gates–US\$3.5 million
- Aviation–US\$4.9 million

ICT–US\$12.8 million

- E-Government–\$12.4 million

Housing–US\$39.4 million

- Institutional housing–US\$39.4 million

TAX PROPOSALS

Support to Industry

- Upward review of duty on textiles in order to level the playing field.
- Rebate of duty on selected raw materials in order to enhance the competitiveness of domestic industry.
- Removal of luggage ware, wheat flour and school uniforms from the Open General Import Licence.

Revenue Enhancing Measures

- Additional suppliers to be licenced to supply fiscalised devices;
- Tightening existing legislative loopholes relating to the taxation of intangibles, general administration and management fees between associated companies, dividends arising from disallowed interest expenses and a permanent establishment.
- Standard rating of meat products, rice, margarine and potatoes.
- Introduction of health fund levy of 5 cents for every dollar of airtime & mobile data.

Tax Relief Measures

- Introduction of tax incentives for companies operating in Special Economic Zones.
- Support measures for SMEs through downward revision of presumptive taxes, facilitation of tax registration, ring-fencing resources to capitalise the Small and Medium Enterprises Development Corporation.
- VAT exemption for mobile banking services.
- Ring fence importation of 30 luxury buses per annum.

Efficiency in Tax Administration

- Measures to enhance tax administration targeting regulation of clearing agents and tax consultants as well as publishing of the penalty loading model.

2017 Provisional Estimates of Expenditure (US\$M)

Vote Appropriations	Employment Costs	Operations & Maintenance	Capital Expenditures	Total
Office of the President and Cabinet	98,493,000	58,300,000	18,850,000	175,643,000
Parliament of Zimbabwe	10,263,000	8,600,000	11,850,000	30,713,000
Public Service, Labour and Social Services	165,019,000	27,750,000	1,020,000	193,789,000
Defence	292,492,000	40,000,000	8,030,000	340,522,000
Finance and Economic Development	162,077,000	81,479,000	37,635,000	281,191,000
Audit Office	1,962,000	1,100,000	200,000	3,262,000
Industry and Commerce	2,472,000	2,920,000	13,155,000	18,547,000
Agriculture, Mechanisation and Irrigation Development	48,466,000	8,000,000	236,230,000	292,696,000
Mines & Mining Development	4,045,000	900,000	450,000	5,395,000
Environment, Water and Climate	2,210,000	1,100,000	36,790,000	40,100,000
Transport and Infrastructural Development	8,903,000	1,900,000	45,035,000	55,838,000
Foreign Affairs	17,523,000	12,400,000	2,550,000	32,473,000
Local Government, Public Works and National Housing	14,847,000	19,900,000	14,960,000	49,707,000
Health and Child Care	222,916,000	29,600,000	29,460,000	281,976,000
Primary and Secondary Education	788,969,000	7,977,000	6,825,000	803,771,000
Higher & Tertiary Education, Science and Technology Development	172,450,000	5,256,000	23,180,000	200,886,000
Youth, Indigenisation & Economic Empowerment	13,082,000	3,350,000	760,000	17,192,000
Home Affairs	339,118,000	16,540,000	8,650,000	364,308,000
Justice, Legal and Parliamentary Affairs	69,594,000	19,375,000	2,410,000	91,379,000
Information, Media and Broadcasting Services	2,129,000	900,000	300,000	3,329,000
Small and Medium Enterprises and Cooperative Development	2,261,000	1,720,000	2,150,000	6,131,000
Energy and Power Development	868,000	370,000	5,050,000	6,288,000
Women Affairs, Gender & Community Development	6,824,000	1,400,000	210,000	8,434,000
Tourism & Hospitality Industry	834,000	1,700,000	140,000	2,674,000
Information Communication Technology, Postal and Courier Services	1,245,000	3,000,000	2,110,000	6,355,000
Lands and Rural Resettlement	3,892,000	3,650,000	100,000	7,642,000
Judicial Services Commission	11,030,000	2,069,000	1,000,000	14,099,000
Public Service Commission	12,854,000	4,500,000	1,390,000	18,744,000
Sport and Recreation	1,639,000	1,400,000	1,280,000	4,319,000
Macro-Economic Planning and Investment Promotion	4,167,000	1,650,000	110,000	5,927,000
Welfare Services for War Veterans, Former Political Detainees, Restricttees and War Collaborators	830,000	21,000,000	250,000	22,080,000

2017 Provisional Estimates of Expenditure (US\$M)

Vote Appropriations	Employment Costs	Operations & Maintenance	Capital Expenditures	Total
Rural Development, Promotion and Preservation of Culture and Heritage	10,031,000	1,500,000	4,220,000	15,751,000
Council of Chiefs	30,000	600,000	2,500,000	3,130,000
Human Rights Commission	1,154,000	597,000	200,000	1,951,000
National Peace and Reconciliation Commission	699,000	220,000	230,000	1,149,000
National Prosecuting Authority	2,416,000	1,000,000	220,000	3,636,000
Zimbabwe Anti-Corruption Commission	1,080,000	1,000,000	100,000	2,180,000
Zimbabwe Electoral Commission	6,061,000	3,600,000	100,000	9,761,000
Zimbabwe Gender Commission	435,000	550,000	120,000	1,105,000
Zimbabwe Land Commission	709,000	697,000	140,000	1,546,000
Zimbabwe Media Commission	200,000	430,000	40,000	670,000
TOTAL	2,506,289,000	400,000,000	520,000,000	3,426,289,000
Debt Service: Interest Bill				180,000,000
Pension				477,600,000
Other Constitutional & Statutory Appropriations				16,111,000
Total Expenditure & Net Lending	2,506,289,000	400,000,000	520,000,000	4,100,000,000
Repayment of Loans	-	-	-	
Total Expenditure & Net Lending Including Loan Repayments	2,506,289,000	400,000,000	520,000,000	4,100,000,000

Harare

8 December 2016

