# AFRICAN DEVELOPMENT BANK GROUP

# ZIMBABWE

# COUNTRY BRIEF 2024-2026

# REVISED VERSION

**RDGS/ ECCE /COZW/RDTS**

# AFRICAN DEVELOPMENT BANK GROUP

## ZIMBABWE

## COUNTRY BRIEF 2024-2026

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# ACRONYMS AND ABBREVIATIONS

| | |
|---|---|
| ACBF | African Capacity Building Foundation |
| ADF | African Development Fund |
| AfDB | African Development Bank |
| AIPPA | Access to Information and Protection of Privacy Act |
| AWF | African Water Facility |
| AWIMA | Association of Women in Mining Africa |
| CB | Country Brief |
| CBPFM | Capacity Building for Public Finance Management Project |
| CEDAW | Convention on the Elimination of all Forms of Discrimination Against Women |
| C-MRF | COMESA Mutual Recognition Framework |
| COMESA | Common Market for Eastern and Southern Africa |
| COZW | Zimbabwe Country Office |
| CPI | Corruption Perception Index |
| CPIA | Country Policy and Institutional Assessment |
| CPPR | Country Portfolio Performance Review |
| CRFA | Country Resilience and Fragility Assessment |
| DCPDF | Development Cooperation Policy Dialogue Forum |
| DPCGM | Development Partners' Coordination Group Heads of Mission |
| EAC | East African Community |
| EPIRP | Emergency Power Infrastructure Rehabilitation Project |
| ESIA | Environmental and Social Impact Assessment |
| ESW | Economic and Sector Work |
| EU | European Union |
| FAPA | Fund for African Private Sector Assistance |
| FDI | Foreign Direct Investment |
| FTA | Free Trade Area |
| FTLRP | Fast Track Land Reform Program |
| GDP | Gross Domestic Product |
| GoZ | Government of Zimbabwe |
| HDI | Human Development Index |
| HIV | Human Immunodeficiency Virus |
| IDA | International Development Association |
| IFI | International Financial Institution |
| IIAG | Ibrahim Index of African Governance |
| ILO | International Labor Organization |
| IMF | International Monetary Fund |
| KPIs | Key Performance Indicators |
| M & E | Monitoring and Evaluation |
| MDCA | Movement for Democratic Change Alliance |
| NDS1 | National Development Strategy 1 |
| NPL | Non-performing Loans |
| OVC | Orphans and Vulnerable Children |
| PICES | Poverty, Income, Consumption and Expenditure Survey PFM Public Finance Management |
| PFMS | Public Financial Management System |
| PPP | Public-Private Partnerships |
| RBLF | Results-Based Logical Framework |
| RBZ | Reserve Bank of Zimbabwe |
| RDGS | Southern Africa Regional Development and Business Delivery Office |
| RISP | Regional Integration Strategy Paper |
| SADC | Southern African Development Community |
| SAPP | Southern Africa Power Pool |
| SDGs | Sustainable Development Goals |
| SEZs | Special Economic Zones |
| SMEs | Small and Medium Enterprises |
| SMP | Staff Monitored Program |
| SOE | State-Owned Enterprise |
| TBs | Treasury Bills |
| TSMPS | Transport Sector Master Plan Study |
| TYS | Ten-Year Strategy |
| UA | Unit of Account |
| UN | United Nations |
| UNCTAD | United Nations Conference on Trade and Development |
| UNDP | United Nations Development Program |
| UNEP | United Nations Environmental Program |
| USD | United States Dollar |
| UWSSRP | Urgent Water Supply and Sanitation Rehabilitation Project |
| WB | World Bank |
| WEF | World Economic Forum |
| WSS | Water Supply and Sanitation |
| YTEP | Youth and Tourism Enhancement Project |
| ZANU-PF | Zimbabwe African National Union Patriotic Front |
| ZEC | Zimbabwe Electoral Commission |
| ZIMFUND | Zimbabwe Multi-donor Trust Fund |
| ZIZABONA | Zimbabwe-Zambia-Botswana-Namibia |

## CURRENCY EQUIVALENTS

Currency Unit United States Dollar (USD)

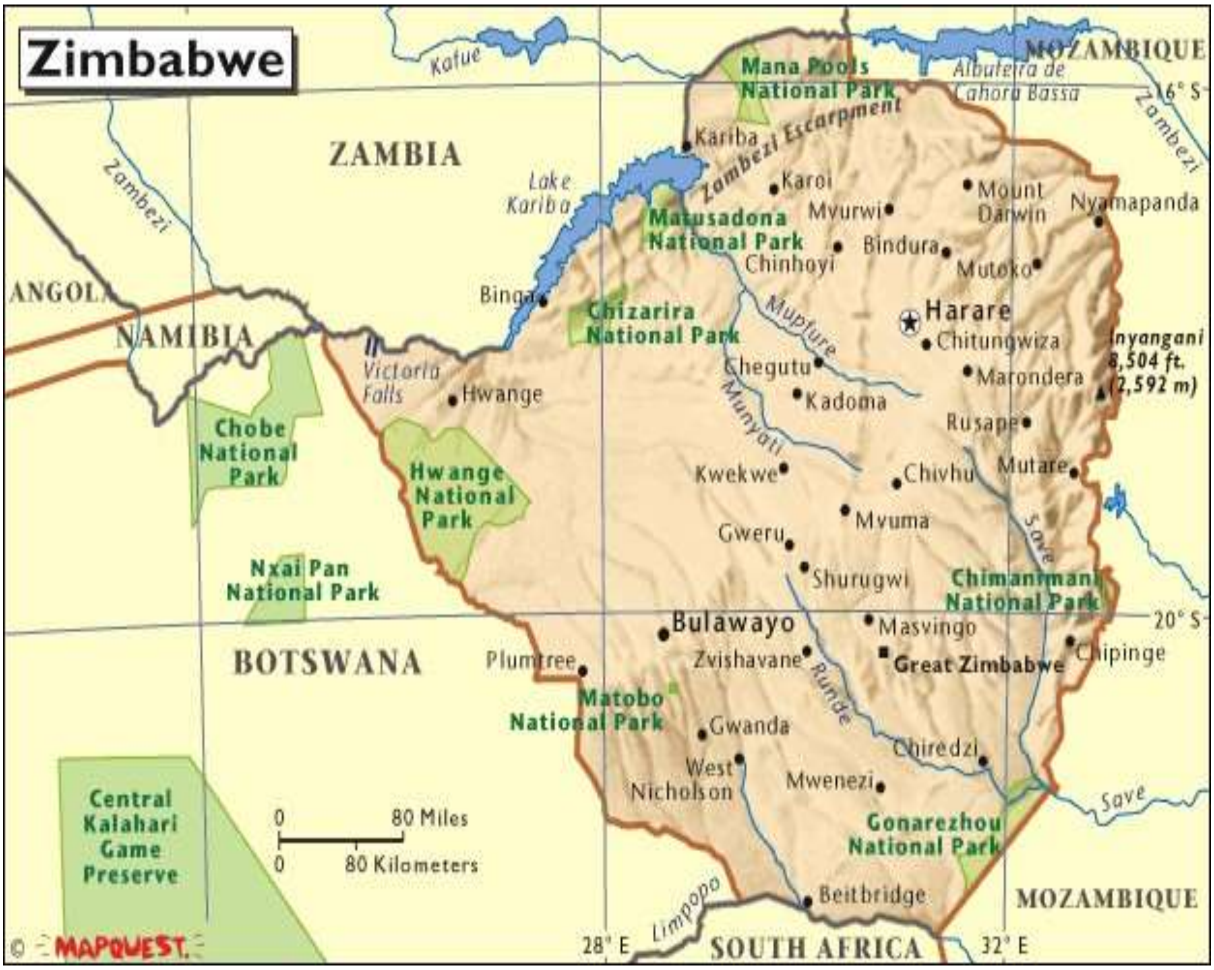
## WEIGHTS AND MEASURES

Metric System

## GOVERNMENT FINANCIAL YEAR

01 January- 31 December

## MAP OF ZIMBABWE[1]




[1] Disclaimer: This map of the Republic of Zimbabwe is for illustrative purposes and is without prejudice to the status of or sovereignty over any territory covered by this map.

## EXECUTIVE SUMMARY

1. **The Country Brief (CB) 2024-2026 proposes the African Development Bank Group's (AfDB) strategic framework for its engagement in Zimbabwe for the period 2024-2026.** It analyses recent economic developments and prospects and presents the 2023 Country Portfolio Performance Review (CPPR) as well as experiences and lessons learned during the implementation of the Bank's CB 2021-2023. The preparation of this report has further benefitted from consultations and dialogue with government and other stakeholders in Zimbabwe, and analytical works conducted by the Bank.

2. **Zimbabwe held general elections on 23rd and 24th August 2023 in line with the country's Constitution to hold elections every five years.**The Zimbabwe Electoral Commission (ZEC) declared President Emmerson Mnangagwa of Zimbabwe National Patriotic Front (ZANU PF) the winner of the Presidential race with 52.6% of the Presidential votes, while the main opposition leader, Nelson Chamisa of Citizens Coalition for Change (CCC), was second with 44% of the total votes cast. A total of 210 Parliamentary seats were contested and the ZANU PF obtained 136 Parliamentary seats against 73 seats for the CCC. The CCC did not endorse the outcome of these elections but did not contest the results in court within the stipulated time frame. Hence President Mnangagwa was sworn in as President of Zimbabwe for a 2nd five-year term of office on 4th September 2023.

3. **Zimbabwe is currently the only Regional Member Country (RMC) that is in arrears with the Bank.** As of 31st December 2023, Zimbabwe's debt to the AfDB amounted to US$755.48m (about 2.0% of GDP). Zimbabwe's total public debt amounts to US$17.69 billion (81.3% of GDP) as of 30th September 2023[2]. External debt stands at US$12.69 billion (58.3% of GDP) and domestic debt at US$5.0 (23% of GDP). Multilateral debt amounts to US$3.1 billion, while bilateral debt amounts to US$6.0 billion. Arrears and penalties amounting to US$7 billion or 32% of GDP represent 76% of total multilateral and bilateral debt. Since 2022 the AfDB has been leading Zimbabwe's arrears clearance and debt resolution process, which is aimed at finding solutions to the country's debt challenges.

4. **The AfDB classifies Zimbabwe amongst the RMCs in the transition states category.** Main sources of fragility include macroeconomic instability, governance weaknesses, climatic vulnerability, and high levels of informality. Despite these challenges, the economy has been on a recovery path in recent years following the adverse impacts of the COVID-19 pandemic and the Russian invasion of Ukraine. Growth was estimated at 5.5% in 2023 from 6.5% in 2022 largely due to floods and drought that affected agriculture output[3]. The outlook remains positive though with a lower growth projection of 3.5% in 2024[4] mainly due to the El Nino weather phenomenon forecasted for the region. The fiscal deficit remained at less than -3.0% of GDP in the past three years on account of fiscal consolidation measures implemented.

5. **Monetary policy remains a major source of macroeconomic instability.** The country has a multi-currency monetary policy with the US Dollar and Zimbabwe Dollar as the main official currencies for domestic transactions. The USD is the preferred currency, especially as a store of value. An auction-based exchange rate system is in place, but the shortages of foreign currency have given rise to a flourishing parallel market resulting in wide premiums between the official rates and parallel market rates. As of January 2024, the official exchange rate was ZW$10,152 to US$1 compared to ZW$15,000 to US$1 on the parallel market (48% premium). Since 2022 the economy has also been characterized by high inflation that reached a peak of 285% in June 2022 mainly triggered by exchange rate depreciation. In 2023 the Government introduced a blended inflation rate that combines US$ and ZW$ prices on a ratio of 80% to 20%, for US$ and ZW$, respectively, and rebased its inflation estimates to the year 2020. This

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[2] Ministry of Finance, Economic Development and Investment Promotion of Zimbabwe, Public Debt Report.
[3] Zimbabwe Statistics estimates.
[4] AfDB forecast.

change in inflation measurement resulted in a significant reduction in officially recorded inflation rates. The annual blended inflation stood at 34.8% in January 2024 from 175.8% in June 2023.

6. **Zimbabwe does not have a programme with the International Monetary Fund (IMF) hence Article IV Consultations provide a framework of engagement with the IMF.** In May 2023, the Government requested for a Staff Monitored Programme (SMP) of the IMF. The SMP was recommended by development partners and other creditors to be a key milestone for implementing economic reforms. The IMF SMP mission visited Harare in October 2023, which was followed by an Article IV mission from 29th January to 14th February 2024. The IMF Missions acknowledged the GoZ's strong resolve to address sources of fiscal pressures including the transfer of quasi-fiscal operations of the Reserve Bank of Zimbabwe (RBZ) to the Treasury. The Missions also noted that exchange rate policy remains a major source of macroeconomic instability. Discussions are on-going and subject to the government reaching an agreement with the IMF, the SMP could be in place by quarter 2 of 2024.

7. **The long outstanding debt and accumulated arrears has negatively impacted the country and its people.** This has manifested in limited progress in human development. The 2021 Human Development Index value of 0.593 is a slight improvement from 0.563 in 2019, placing Zimbabwe at 119th out of 169 countries and states. The poverty rate was estimated at 38.7% in 2023[5]. The country's Gini index ranging from 28.3 to 47.4% at the provincial level shows high levels of inequality[6]. According to the labour force survey report of Q2 of 2023, it is estimated that 87% of total employed persons were informally employed while national unemployment was estimated at 18.5% but was higher among youths aged 15-34 years at 26%.

8. **As of 31st December 2023, the Bank's active portfolio in Zimbabwe comprised 13 operations (11 national and 2 regional**) valued at UA 111 million (National UA 62 million and Regional (UA 44.6 million). In terms of High 5S, Light Up and Power Africa take up the lion's share with 40% followed closely by Feed Africa at 39% and Improve Quality of Life at 21%.

9. **The main objective of the CB 2024–2026 is to address Zimbabwe's fragility, strengthen resilience, and support the country's transition to higher productivity by emphasizing value addition and value chains.** This will be achieved by supporting business reforms and upstream infrastructure interventions, primarily in agriculture and strengthening public governance systems. Therefore, the CB 2024-2026 is anchored on two priority areas, endorsed by the Board's Committee on Operations and Development Effectiveness (CODE), during discussions of CB 2021-2023 Completion Report that was considered in September 2023: ***Priority Area 1*- Strengthening governance and accountability, and *Priority Area 2* – Enhanced private sector investment for inclusive growth.** The priority areas leverage on-going operations to ensure continuity of these operations and are mutually re-enforcing in addressing some of the main causes of fragility. The CB 2024-2026 will emphasize in all operations inclusion of cross cutting issues, gender, climate change and fragility. Finally, the CB will emphasize operations that have a regional impact in recognition of Zimbabwe's strategic location in the SADC region The CB 2024-2026 was informed by the country's National Development Strategy 1 (NDS1), the Bank's draft Ten-Year Strategy 2024-2033[7] and High 5s.

10. **The Indicative Operational Programme (IOP) 2024-2026 envisages 7 new operations, of which 3 are grant sovereign operations (SO) and 4 are non-sovereign operations (NSO).** Zimbabwe's African Development Fund 16 Performance-Based Allocation (ADF-16 PBA) is

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[5] World Bank estimates
[6] ZimStat Poverty Atlas, 2021
[7] AfDB's Ten Year Strategy 2024-2033, at the time of preparation of the CB, was in the final stages of the approval process. Thus, the CB focused on the general framework of the anticipated TYS.

UA 27 million over a 3-year period. However, being a country in arrears, the country can only access 50% of this allocation (UA13.5 million). Out of this amount, UA4 million was already committed to the Institutional Support for State Owned Enterprise Project approved in October 2023. Hence the available envelope is UA9.5 million which will be allocated to the 3 sovereign operations. In addition, Zimbabwe has been allocated additional resources under TSF pillar 1, but these are subject to the fulfilment of operational guidelines for a country in arrears. The country's private sector annual headroom (ADB) is set at UA60 million. The current NSO IOP has 4 NSO operations valued at UA103 million.

**11. Management hereby requests the Board of Directors to consider and approve the Bank's Country Brief 2024-2026 for Zimbabwe on a lapse-of-time basis (LTB).**

# I. INTRODUCTION

**1. This Country Brief (CB) outlines the strategic framework for the Bank's engagement in Zimbabwe during the period 2024-2026.** It succeeds the CB 2021-2023 approved by the Board of Executive Directors in May 2021. The CB 2021-2023 Completion Report was endorsed by the Board Committee on Operations and Development Effectiveness (CODE) on 8th November 2023. CODE also endorsed the proposed Priority Areas for the CB 2024-2026 and emphasized the need to strengthen governance interventions in Zimbabwe and create a conducive environment for private sector investment in key economic sectors of the economy. Furthermore, CODE underscored the importance of focusing on cross cutting issues including gender, youth, and climate change in Zimbabwe. The CB 2024-2026 has also been informed by consultations with key stakeholders and the Country Portfolio Performance Review meeting held in March 2023 (Annexes 11 and 12). Additionally, the 2019 Bank's Zimbabwe infrastructure report was instructive in providing a needs assessment in the infrastructure sector with a view of attracting private sector investment, enhancing productivity, and regional integration in Southern Africa as Zimbabwe facilitates regional connectivity and trade in the region. Finally, the CB benefitted from lessons learnt from the mid-term review of the Bank's Regional Integration Strategy for Southern Africa (RISP) 2020-2026 and the implementation of the previous CB 2021-2023.

2. This report is organized as follows: After the Introduction, Chapter 2 provides an update on the country's context and prospects, Chapter 3 presents key findings of the country portfolio performance review, Chapter 4 presents lessons learnt, Chapter 5 outlines the bank strategy for the period 2024-2026, and Chapter 6 presents conclusions and recommendations.

# II. COUNTRY CONTEXT AND PROSPECTS

## 2.1 Political Context and Governance

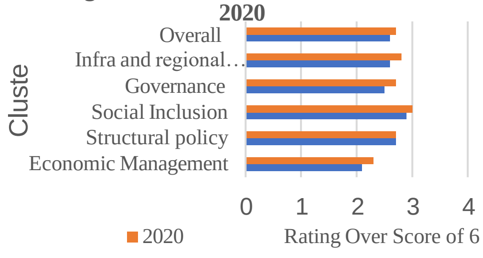
**3. Zimbabwe follows a parliamentary democratic government system. In line with Zimbabwe's Constitution, presidential, parliamentary, and council elections are conducted every five years.** The most recent harmonized general elections were held on 23rd and 24th August 2023 to elect the President, Members of Parliament, and Councillors. The Zimbabwe Electoral Commission (ZEC) declared President Emmerson Mnangagwa of Zimbabwe National Patriotic Front (ZANU PF) the winner of the Presidential race with 52.6% of the Presidential votes, while the main opposition leader, Nelson Chamisa of Citizens Coalition for Change (CCC), was second with 44% of the total votes cast. A total of 210 Parliamentary seats were contested with ZANU PF winning 136 Parliamentary seats, while CCC won 73 seats. However, the main opposition CCC did not endorse the outcome of these elections although it did not contest the elections results in court within the stipulated time frame. Hence President Mnangagwa was sworn in as President of Zimbabwe for a 2nd five-year term of office on 4th September 2023. The final report of the Southern Africa Development Community (SADC) Observer Mission (SEOM) concluded by commending the people of Zimbabwe for their peaceful conduct before, during and after elections. The SADC report also raised concerns on several issues including delayed opening of some polling stations due to late arrival of ballot papers. Noting that this necessitated ZEC to extend the voting period to 24th August 2024. The SEOM noted that *"some aspects of the harmonized elections fell short of the requirements of the Country's Constitution, the Electoral Act, and the SADC Principles and Guidelines governing democratic elections*" and urged all aggrieved parties to use *"appropriate legal process to ensure the exhaustion of domestic legal remedies.*

4. **The post elections period was dominated by recalls of 15 MPs and Senators of the main opposition CCC by a faction of the party on the grounds that they had ceased to be members of the party.** This compelled the Speaker of Parliament to declare that these seats

had become vacant as per the Constitution[8]. The affected MPs and Senators litigated against the recalls, but the High Court upheld the recalls and parliamentary by-elections were subsequently arranged for 9 December 2023 and 3 February 2024. Of the nine by-elections held on 9 December 2023, ZANU PF won 7 seats against CCC's 2 seats. The ZANU PF won all the six seats contested on 3 February 2024. The ruling ZANU PF has over two-thirds majority in Parliament with a total of 149 seats, while the main opposition party CCC has 75 seats. Annex 13 provides more details on recent political developments in Zimbabwe.

**5. Zimbabwe's governance indicators have slightly improved but remain weak.** The Bank's Country Policy and Institutional Assessment (CPIA) score for Zimbabwe improved from 2.11 in 2013 to 2.7 in 2020 (the highest registered so far) but remained below the Africa average of 3.5 which implies continued weak governance systems. The low rating was attributed to low scores in transparency, accountability, corruption in the Public Sector, and weakness in public administration. (Figure 1). The 2022 Ibrahim Index of African Governance gave Zimbabwe an overall score of 48.1/100, with a ranking of 29 out of 54 African countries representing an improvement from 45.7 in 2014. The improved scores were due to progress in the security and rule of law indicator (42.9 in 2014 to 46.4 in 2022), foundations for economic opportunities indicator (47.2 in 2014 to 52.9 in 2022), and human development indicator (52.4 in 2014 to 54.1 in 2022). The Transparency International Corruption Perceptions Index (CPI) score for Zimbabwe improved to 24/100 in 2023 ranking it 149/180 countries from 23/100 and a ranking of 157/180 countries in 2021. In March 2022, Zimbabwe was removed from the Financial Action Task Force (FATF) grey list and is making progress on strengthening its Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) framework following the implementation of legislative and policy reforms by the government of Zimbabwe.

**Figure 1: Zimbabwe CPIA 2018 Vs 2020**




## 2.2 Fragility and Resilience

**6. Zimbabwe's Country Resilience and Fragility Assessment (CRFA) Report conducted in 2020 and updated in 2023 confirmed that Zimbabwe's mutually reinforcing economic, social, and political crises have locked the country in a profound state of fragility.** Zimbabwe is classified as a "Category 1" country by the Bank, reflecting high levels of risk and uncertainty. The CRFA identified several areas where fragility pressures were highest across the 7 dimensions of the CFRA. These include (i) increased economic and income inequalities; (ii) weak governance systems; (iii) food and nutrition insecurity; (iv) a challenging macro-economic environment characterised by high debt levels and high inflation; and (v) high levels of informality. These drivers of fragility reinforce underlying factors that limit resilience to shocks, exacerbated by high levels of poverty, weak institutions, and low adaptive capacity to climate change and global shocks. Noteworthy, Zimbabwe could mitigate its fragility pressures with sound policies while leveraging its abundant natural resources, high literacy rates, human capital, young demography, and infrastructure connectivity in the southern Africa region. The Bank has continued to leverage the country's strengths through its interventions and technical assistance by strengthening institutions including resilience to shocks and supporting the private sector. Annex 9 presents Zimbabwe's resilience assessment.

[8] Section 129(1)(k) of Zimbabwe Constitutions

## 2.3 Arrears Clearance, Debt Resolution and Re-engagement

**7. Zimbabwe is currently the only Regional Member Country (RMC) of the AfDB that is in arrears.** As of 31st December 2023, Zimbabwe's debt and arrears amounted to US$755.48 million (2.0% of GDP) of which 96% is on ADB loans and 4% on ADF loans. The government resumed quarterly token payments of USD 500,000 to the Bank in Q1 of 2021 (after a moratorium in 2020 due to the economic pressures of COVID-19). Similarly, the government is making token payments to other multilateral and Paris club creditors.

| | **Table 1: Debt Arrears to AfDB (Mn)** | | | |
|---|---|---|---|---|
| | Principal | Arrears on Principal | Arrears on Charges | Total Arrears |
| UAC | 243.3 | 223.30 | 353.41 | 576.71 |
| USD | 323.3 | 292.52 | 462.96 | 755.48 |

**8. The country's debt position remains unsustainable and continues to strain the implementation of the National Development Plan 1.** According to the Government Public Debt report of November 2023, the country's total public debt amounts to US$17.69 billion (81.3% of GDP) as of 30th September 2023. External debt stands at US$12.69 billion (58.3% of GDP) and domestic debt at US$5.0 billion (23% of GDP). Multilateral debt amounts to US$3.1 billion, while bilateral debt amounts to US$6.0 billion. Arrears represent 76% of (US$7.0 billion or 32% of GDP) of total multilateral and bilateral debt of US$9.1 billion. Paris Club debt amounts to US$3.9 billion (65% of bilateral external debt), while non-Paris club debt amounts to US$2.1 billion (35% of external debt). The five biggest Paris Club creditors are Germany, France, United Kingdom, Japan, and the USA with a combined debt stock of US$2.9 billion of which 75% are penalties. Arrears and penalties constitute the bulk of Zimbabwe's external debt and until this is resolved, arrears will continue to accumulate, creating more debt. China is the biggest Non-Paris Club creditor with a debt stock of US$2.0 billion or 95% of Non-Paris Club creditors. There are also external debt liabilities on the Reserve Bank of Zimbabwe (RBZ) balance sheet amounting to US3.5 billion. In 2023, the Ministry of Finance, Economic Development, and Investment Promotion assumed US$1.8 billion of these liabilities following the GoZ's position to eliminate quasi-fiscal operations of the RBZ consistent with the IMF recommendations. Compensation of former commercial farmers (US$3.5 billion) constitutes 70% of the US$5 billion domestic debt.

**9. The Government of Zimbabwe (GoZ) has committed to clearing its arrears with Multilateral and Paris Club Creditors**. In December 2021, GoZ adopted the Arrears Clearance, Debt Relief and Restructuring Strategy (ACDRRS) to help resolve the long outstanding debt challenges. In 2022, the GoZ also adopted the Central Pin Strategy (CPS) to implement the ACDRRS and to strengthen re-engagement with the international community. The CPS has three pillars: (i) Economic reforms, (ii) Political reforms, and (iii) GoZ's commitments to compensate former commercial farmers, including the Bilateral Promotion, Partnership Agreement (BIPPA) farmers whose farms were acquired under the fast-track land reform programme. The Bank through the Transitional Support Facility (TSF) is providing technical assistance and advisory support on arrears clearance and debt resolution to the GoZ. Upon request from President Mnangagwa, the Bank President is the champion of this process, while the former President of Mozambique Joaquin Chissano is the facilitator.

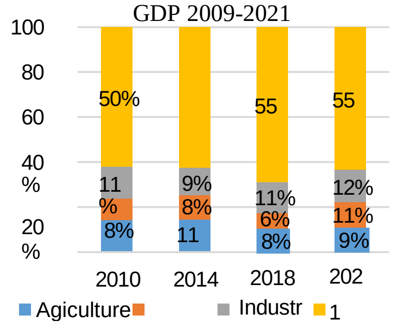
**10. In December 2022, the government established a structured platform for dialogue (SDP) on debt clearance and re-engagement.** The government also established sector working groups (SWGs) to provide space for technical and policy dialogue with development partners and other stakeholders. Five SDP meetings were held with representation from the government, creditors, development partners, the private sector, and CSOs. After the August 2023 elections, the government held a series of bilateral meetings with several development partners and creditors on the resumption of SDP meetings. Additionally, former Mozambican President Chissano's advisors conducted three missions to Zimbabwe to discuss governance issues that are integral to this process. Subsequently, the government convened a strategic planning meeting on 19th January 2024 to map out the next steps and the resumption of the

SDP high-level dialogue platform. On request from the GoZ, an IMF mission visited Zimbabwe in October 2023 for preliminary discussions on a Staff Monitored Programme (SMP). The IMF also undertook an Article IV mission in Zimbabwe from 29th January to 14th February 2024. These missions are expected to inform the SMP which is expected to be concluded in the 2nd quarter of 2024.

## 2.4 Economic Context and Prospects

**11. Zimbabwe is a lower-middle country with a GNI per capita of US$1,500 in 2022.** The economy is natural resource based with agriculture (10%), industry (11%), mining (8%), and services (51%) contributing a total of 80% to GDP in the last decade. During the same period, the country averaged a GDP growth rate of 4.2% excluding 2019 and 2020 when the economy contracted to 6.1% and 7.8% on account of severe drought in 2019 and COVID-19 in 2020. The economy experienced very minimal economic transformation in the last decade as growth was underpinned by the traditional sectors of services, agriculture, mining, and industry. The services sector remained the major contributor to GDP averaging over 50% since 2010. The share of the services sector has been growing in recent years averaging 55% since 2018. The persistent socio-economic pressures led to human capital flight of an estimated 3 million (mostly skilled Zimbabweans). Labour shifted from industries with higher value added, such as agriculture, industry, and high-productivity services, to industries with a lower value added, including services and wholesale and retail trade Thus, Zimbabwe's labour productivity growth has remained depressed and ranks second to last among 17 LMIC economies in Sub-Saharan Africa[9]. Industry also faces difficulty in upgrading or retooling their firms due to the high cost of capital and high input costs. The situation is exacerbated by high levels of informality estimated at 87% in 2023. Informal employees are also concentrated in the critical sectors of agriculture, mining, and tourism making it difficult to move the economy up the value- chain and limiting the growth of high-quality jobs. Restoring Zimbabwe's path to sustained and inclusive growth will require establishing macroeconomic stability, investing in human and physical capital, addressing structural bottlenecks to private sector investment, and integrating informality into formality.

Figure 2: Sector Contribution to GDP 2009-2021




**12. Real GDP growth and growth drivers: Zimbabwe's economy recovered well from the impacts of the COVID-19-induced recession registering 8.5% growth in 2021 from a 7.8% contraction in 2020.** GDP growth remained strong in 2022 at 6.5% and 5.5% in 2023 although marginally lower than that of 2021. This growth was mainly driven by recovery in the agriculture, mining, manufacturing, and services sectors. Agriculture's output contribution to GDP increased to 12.8% in 2022 from 12% in 2021 largely on account of increased production. Notably, Zimbabwe became self-sufficient in wheat as the country registered the highest wheat production in the last decades at 380,000 metric tonnes in 2022 from about 76,000 tonnes in 2021. The outlook is positive although lower GDP growth is forecasted for 2024 at 3.5%. The forecasted El Nino weather effect in the 2023/2024 rainy season is expected to lower agriculture output and will have a knock-on effect on other sectors. The challenging global environment with the impacts of the Russian invasion of Ukraine and structural rigidities in the economy pose further risks. (see Figure 3).

Figure 3: GDP Growth (Annual % change)


[9] Country Economic Memorandum, World Bank 2022

**13. Fiscal Policy: A tight fiscal stance has been maintained since 2021 despite spending pressures created by the impact of the COVID-19 pandemic and the spillover effects of Russia's invasion of Ukraine.** Enhanced revenue mobilization amidst fiscal consolidation has been the key to containing fiscal pressures and limiting the fiscal deficit to below 3% of GDP. Fiscal deficit was estimated at 2.2%, 2.1%, and 1.2% of GDP in 2021, 2022, and 2023, respectively. The 2024 budget estimates a fiscal deficit of 1.5% of GDP (Figure 4). Revenues picked up from 15.4% of GDP in 2020 to 17.2% of GDP in 2022 and 18% of GDP in 2023. The 2024 national budget presented to Parliament on 30th November 2023, estimates a further revenue growth of 18.3% of GDP and expenditures at 19.8% of GDP with a deficit of 1.5% of GDP in 2024. The fiscal deficit is expected to be financed from external and domestic borrowing. Wages and salaries of the civil service represent about 50% of the ZW$59 trillion national budget. In terms of sector allocation, the top three are education (13.3%), health (10%) and agriculture (7.2%). The government continues to implement fiscal reforms including enhancing domestic resource mobilization, rationalization of travel expenses, ensuring value for money in public procurement, and a recruitment freeze on non-essential services.

Figure 4: Fiscal & Current Account balances (% of GDP)


**14. Monetary Policy: Zimbabwe has a multi- currency system with the Zimbabwe Dollar (ZWL) and the United States Dollar (USD) being the main transactional currencies in the country.** Both formal and informal transactions are largely carried out in US$ compared to the local currency, with the former considered as a store of value. As of 31st January 2024, the Zimbabwe Dollar (ZW$) to United States Dollar (US$) exchange rate stood at ZW$10,152 to US$1. For the same period in 2021, the exchange rate was at ZW$82 to US$1. In 2022 the local currency depreciated by 521% against the US Dollar as the Zimbabwe Dollar fell from ZW$108 to US$1 in January 2022 to ZW$671 to US$1 by December 2022. In July 2022, the Government introduced measures to arrest the free fall of the local currency, including the sale of gold coins, the introduction of an inter-bank exchange rate, and an interest rate hike from 100% to 200%. These measures helped to stabilize the exchange rate. However, the period April and June 2023 witnessed another sharp depreciation of the local currency by 462% as the exchange rate fell from ZW$932 to US$1 in April 2022 to ZW$5,247 to US$1 by the end of June 2023. This followed the government announcement that it would be pursuing a market determined exchange rate policy. The parallel exchange rate market premium widened from 43% at the end of December 2022 to about 116% in May 2023. Since then, parallel exchange rate premiums have shrunk but remain substantially high at around 40%.

**15. Inflation: Since 2022 the Zimbabwe economy has been characterized by a high inflation environment mainly** triggered by a rapid exchange rate depreciation. At its peak inflation reached 285% in June 2022. Due to the dominant use of the US$ in the economy, in February 2023, the Government introduced a blended inflation[10] rate that combines US$ and ZW$ prices on a ratio of 76% to 24%, respectively. A further revision of this ratio was done in September 2023 bringing it to 80% and 20% for US$ and ZW$ prices. Subsequently, inflation estimates were rebased from 2020. This resulted in a significant reduction in official inflation rates. For example, the annual blended inflation rate for the peak rate of June 2022 was revised to 44.5% against an earlier estimate of 285%. As of January 2024, the blended annual inflation rate stood at 34.8%.

**16. External Sector: The country's external sector has remained strong mainly on account of good export performance, growth in secondary income inflows, and a stable financial**

[10] Blended inflation rate combines USD and ZWD prices on a ratio of 76% to 24%, respectively. This is due to the dominance of USD use in the dual currency economy.

**account.** Notwithstanding, the current account surplus is estimated to have narrowed to 1.4% of GDP in 2021 and 2022 from 3.1% of GDP in 2020 due to increased fuel, food, fertilizers, and other imported commodity prices. The current account surplus was estimated to narrow further to 0.5% and 0.9% of GDP in 2023 and 2024[11], respectively, due to an expected increase in imports including food commodities that would offset growth in export earnings. The current account is mainly underpinned by minerals, agriculture commodities, and inward remittances. In 2022 exports value increased by 9.1% to US$6.59 bn from US$6.05 bn in 2021. Mineral exports alone accounted for US$5.6 bn in 2022 from US$5.1 bn in 2021. Zimbabwe's main export commodities include gold, platinum, tobacco, and manufactured goods. Remittances remain a major source of inflows to Zimbabwe and increased by 16% from US$2.4 bn in 2021 to US$2.8 bn in 2022. Zimbabwe's reserve position is very vulnerable at less than one-month import cover. This makes the country susceptible to both external and domestic shocks including climate and commodity price-related shocks.

**17. Economic and Financial Governance: There are improvements in public finance management (PFM) but weaknesses exist despite having extensive PFM institutions.** The Bank's fiduciary risk assessment rating for PFM is substantial. This is mainly due to PFM weaknesses that include debt, poor procurement systems, the existence of extra-budgetary transactions and weak budget oversight functions. This is consistent with the PFM failings highlighted in the 2018 Public Expenditure and Financial Accountability (PEFA) report that recommended the need for better institutions and systems for revenue collection and arrears payments; reducing unreported extra-budgetary government operations, and production of in-year budget execution reports. The GoZ has taken measures to address PFM weaknesses including implementation of value for money in public procurement and reforming State-Owned Enterprises to reduce wastage of public resources. The Bank's Country Policy and Institutional Assessment (CPIA 2020) score for economic management was 2.3/5 and that for structural policies was 2.7/6. The scores fall short of the Southern Africa averages of 3.8 in the two clusters. This underscores the importance of continued implementation of PFM reforms. Some progress has been made as shown by the country's rating on budget transparency and oversight in the Open Budget Survey (OBS) of 2022. Zimbabwe's score improved from the 2021 rating compared to the previous year and is ranked 3rd in Africa after South Africa and Benin. Zimbabwe's budget transparency global ranking improved from 23/100 in 2017 to 59/100 in 2022, while the budget oversight ranking shrank from 52/100 in 2021 to 41/100 in 2022.

**18. Private Sector Development: The private sector environment remains challenging and complex in Zimbabwe.** The 2019 Global Competitiveness Index ranked Zimbabwe 127 out of 140 countries with a score of 44.4.%. Rising prices, unstable and multiple exchange rates, low investment, policy inconsistences, export proceeds retention policies, legal controls, and shortage of electricity have contributed to a rise in the cost of production, reduced incentives and encouraged informality. Private sector investment has been low, credit to the private sector was estimated at 6.79% of GDP in 2021 a slight improvement from 5.9% of GDP in 2019. Foreign direct investment net inflow was estimated at 0.6% of GDP in 2021 down from 2.1% of GDP in 2018. Furthermore, the private sector, which could drive the economy has been negatively affected by the macro-economic environment. For instance, domestic pricing for US$ loans from local banks ranges from 16-18% and with tenors of about 1 year. Despite these challenges the private continues to show a lot of resilience. In recent years the country has witnessed growth in agriculture, financials services, construction, distribution, mining, and infrastructure. The increased dollarisation of the economy to levels around 90% has also aided economic activity in the country, with positive spillover effects on the private sector. The extension of the multi-currency system to 2030 has generated confidence for investors and has also attracted some development financial institutions to provide financing to Zimbabwe's

[11] AfDB statistics

private sector. The high level of informality remains a major threat to private sector development. The World Bank Economic Memorandum 2022 noted that formal firms facing competition from informal firms are less productive than those not facing such competition. Informal firms are also less productive than formal firms as they often lack investment financing, equipment, and skills. Not surprising that the high level of informality in Zimbabwe has weakened the productivity of the formal sector especially those in close competition with the informal sector. Therefore, there is a need for institutional and policy reforms including the development of a regulatory framework that encourages formalization by removing barriers to doing business, improving tax compliance, and digitizing government services. In September 2023, the GoZ extended the use of US$ as a domestic transaction currency from 2025 to 2030. This has created certainty for the private sector and investors.

**19. Financial Sector: The financial sector is resilient and sound despite operating in a challenging and uncertain environment.** As of March 2023, the banking sector comprised 13 commercial banks, 5 building societies, and 1 Savings bank. There were also 183 credit-only microfinance institutions, 8 licensed deposit taking microfinance institutions, and 4 development financial institutions. The industry prudential standards remained strong with a capital adequacy ratio of 33%, non-performing loans of 1.5%, and liquidity ratio of 60%, all above minimum regulatory requirements of 12%, 5%, and 30%, respectively. Total banking sector loans amounted to $567.49 bn as of 30 June 2022, of which agriculture and manufacturing sectors combined accounted for about 40% of loans. However, the loans to deposit ratio stood at 53% below the minimum benchmark of 70% and manifested in the liquidity squeeze of commercial banks. The nonbank financial sub-sector is dominated by insurance and pensions. The 2021 RBZ Annual Report indicated that the sub-sector was equally resilient and remained sound despite major risks in the economy. The Minimum Capital Requirement (MCR) improved from 87% in 2020 to 93% in 2021. However, the prescribed asset minimum requirement continued to be low at an average of 1.1% for short-term insurers, 3.5% for life insurers, and 4.1% for pension funds against compliance thresholds of 10%, 15%, and 20% respectively.

## 2.5 Sector Context

**20. Mining: This is a key sector of Zimbabwe's economy, contributing about 10% of GDP in the last 3 years. However, value addition remains low.** Zimbabwe has about 40 minerals and hosts the world's second-largest chrome reserves, estimated at around 10 bn tonnes (behind South Africa), with significant reserves of copper, lithium, nickel, and gold deposits. There are approximately 500,000 artisanal miners including women (11%) and youth are integral to Zimbabwe's gold production, accounting for 60% of national gold output. Zimbabwe's lithium deposits are the largest in Africa, and the country is expected to become one of the world's largest lithium exporters due to growing world demand for rechargeable batteries. The GoZ estimates that the country will meet 20 percent of the world's total demand for lithium if fully exploited. Preliminary results from on-going explorations at Muzarabani suggest that the country has huge deposits of oil and gas. Zimbabwe also has huge iron ore deposits that have attracted a US$1 billion investment from the Chinese company Dinson Iron and Steel company which is expected to make Zimbabwe the largest steel exporter in Africa. Zimbabwe also has a wide variety of coloured gemstones but with very limited capacity for value addition due to a shortage of appropriate skills, limited access to investment capital, erratic electricity supply, high transport, and logistical costs. The government has over the past 5 years been adopting policies that promote mineral beneficiation in the diamond, gold, and platinum metal groups to develop forward and backward linkages in the mining sector. It is estimated that this could create over 200,000 jobs.

**21. Agriculture is a critical sector of the economy, contributing an average of 9% to total output in the last three years, but value addition remains low due to poor infrastructure, insecure land tenure, and limited access to finance.** Agricultural activities provide employment and income for 60-70% of the population, supply 60% of the raw materials required for industry, and contribute almost 40% of all export earnings. However, inefficient use of land and inputs coupled with limited irrigation capacity has resulted in low crop yields. As a result, productivity in the agriculture sector has declined. Agriculture labour productivity has barely grown by 4.7% per year in the last decade[12]. Key crops include maize, tobacco, wheat, and sugarcane. Tobacco, which generates average annual inflows of about USD 900 million, is the second largest foreign exchange earner after gold. Ensuring national and household food security is at the core of the government agenda and implementing the productive social protection scheme for crops and livestock and the provision of private sector guarantees. Recent investments in high-value horticultural export crops such as citrus, strawberries, macadamia, and blue berries illustrate the viability of the sector.

**22. Tourism is one of Zimbabwe's major sectors and has significant potential to contribute to inclusive growth.** The sector contributes about 2% to the country's GDP. Tourism is heavily dependent on natural resources with the legendary Victoria Falls, several game parks, and landmarks as the principal attractions. The tourism industry was severely affected by the Covid-19 pandemic-induced travel restrictions worldwide, which led to the closure of borders and airports, resulting in a decline in travel. As a result, tourism receipts declined from about US$1.247 billion in 2019 to about US$360 million in 2020. There are signs that the tourism sector has recovered as investment in the tourism sector grew by 147% in 2021 totalling US$180.4million from US$72.9million recorded in 2020. Similarly, receipts in 2022 increased to US$672.9 million, a 133 % jump from US$288 million realized in 2021.

**23. Energy: Power production and distribution is constrained resulting in low access to electricity.** According to the 2022 national population and housing census, it was estimated that 62% of households have access to electricity of which 33.7% access grid electricity while 28% access off-grid sources. According to the Africa energy Portal, access to electricity was estimated at 41.1% at the national level, 85.4% in urban and 20.1% in rural areas in 2019 hence the recent estimates show a significant improvement in terms of access to electricity. This can be attributed to increased power generation from the Hwange power station and the rehabilitation of some sub-stations and distribution networks. However, aging infrastructure and lack of adequate investment pose a major constraint to increased access to electricity as approximately 70% of the generation, transmission, and distribution network infrastructure is older than fifty (50) years. In recent years droughts reduced power generation at Kariba hydropower plant, compounded by frequent breakdowns of the unreliable ageing thermal power plants in Hwange. This reduced available capacity from an installed base of approximately 2,300MW to only 568 MW, against peak demand of around 1,600MW. To increase power production government has rehabilitated Hwange 7 and 8 plants and is importing power from Mozambique (50 MW firm and 100 MW non-firm) and South Africa (50 MW firm and 350 MW non-firm). Installed capacity from independent power producers (IPPs) is slowly increasing and is estimated at 136 MW of which 36 MW is from renewable energy. Zimbabwe is also strategically important to the SADC region's power needs as it hosts the Southern Africa Power Pool (SAPP) which plays a central role in promoting power trading in the region. There are several other projects of significant importance to the region that involve Zimbabwe and would contribute to the regional grid namely ZIZABONA[13], Kariba, and Batoka. Finally, the Zimbabwe national renewable energy policy (NREP) aims at increasing low carbon emission power generation, distribution, and access by embracing private sector investment.

**24. Transport: Zimbabwe's transport infrastructure is robust but lacks investment for rehabilitation.** Zimbabwe's Africa Infrastructure Development Index ranking on transport was estimated at 12.09/100 in 2022 slightly up from 11.3 in 2019 mainly on account of road

[12] Country Economic Memorandum 2022, World Bank

[13] Zimbabwe, Zambia, Botswana, and Namibia power project.

rehabilitations Zimbabwe's classified road network is 88,200 km but only about 20% of the road network (17,420 km) is paved. The maintenance of the roads continues to be a challenge due to limited financial resources for rehabilitation. The railway network comprises 3,100 km of Cape Gauge standard that serves five main lines. The network serves Zimbabwe and links it to the networks of neighbouring South Africa, Mozambique, Zambia, and Botswana. This makes Zimbabwe an important transit country as it supports trade within the region and with the rest of the world. Furthermore, huge mining investments made in the SADC region highlight the importance of investment in Zimbabwe's railway network to facilitate movement of goods in the region. The aviation sub-sector includes ten main airports including three international airports: Harare, Bulawayo, and Victoria Falls. The government adopted a revised transport sector policy in 2019 which emphasises the role of the private sector in infrastructure development and service provision under a regulated environment.

**25. Information, communication, and technology (ICT):** ICT has made strides in the uptake and use of various products, as evidenced by an active mobile penetration rate of 94.2% and an internet penetration rate of 59.1% as of Q1 2020. According to the population and housing census of 2022, an estimated 87% of households have access to a mobile phone while 34% of households access the internet. According to the Africa Infrastructure Development Index, Zimbabwe's ICT Composite Index score improved from 0.08/100 in 2010 to 16.13/100 in 2022. However, the cost of telecommunications services is relatively high compared to other countries in the region. For example, the average cost of 1GB of data in Zimbabwe is US$4.92 compared to an average of US$1.63 in most countries in the region[14]. This is largely attributed to the lack of strong competition in the sector. The country has a National ICT policy of 2016 which laid the foundation for the development of ICT infrastructure and services.

**26. Water and Sanitation:** Water and sanitation infrastructure remain underdeveloped and access to clean water has deteriorated in recent years. The Africa Infrastructure Development Index for water and sanitation put Zimbabwe at 67.3 in 2022 a marginal decline from 67.46 in 2017. However, the NDS1 baseline rate for 2020 estimated that 77% of the population had access to improved water sources. Access was higher in urban areas at 91% compared to 50.8% for rural areas. The population and housing census of 2022 estimated that 78.5% of households had access to improved sources of water. Limited investment coupled with aging infrastructure and poor maintenance are the main contributing factors to the current state. The rehabilitation of water and sanitation systems by the ZIMFUND in major cities of the country was significant in mitigating disease outbreaks such as Cholera. Zimbabwe also experiences frequent droughts, exacerbating water stress, especially in the Matabeleland. It is estimated that Zimbabwe requires US$25 million per year until 2030 to maintain universal basic water and sanitation coverage.

**27. Regional Integration:** Zimbabwe's 2021 Africa Regional Integration Index score averaged 0.32/1. The country performed above the regional average on trade integration and productive integration with scores of 0.48 and 0.36 compared to regional averages of 0.45 and 0.33, respectively. South Africa is the main trading partner in the SADC region accounting for over 40% of the country's external trade. Zambia, Mozambique, and Mauritius are other strategic trading partners but account for less than 10% of Zimbabwe's external trade. The country is a signatory to numerous regional trade agreements, but regional trade remains constrained by relatively higher tariffs, hurdles in accessing foreign currency, and insufficient regional infrastructure to facilitate trade. Zimbabwe has signed the African Continental Free Trade Area (AfCFTA) and aims to improve market access for Zimbabwe's products. The AfCFTA offers a significant opportunity for Zimbabwean firms to integrate into regional value chains. The NDS1 has prioritized agro-based value chains, pharmaceuticals, bus and truck assembly, iron and steel, and plastic waste value chains. Zimbabwe is a critical transit country

[14] MISA - RSA, Malawi, Lesotho, Zambia, Mozambique and Eswatini.

for Zambia, Malawi, Tanzania, and Southern DRC, thus investments in logistics and border management service would reduce transport costs in the region. Similarly, Zimbabwe is a transit point for power transmission lines under the Southern African Power Pool (SAPP).

## 2.7 Social Context and Cross-Cutting Themes

**28. Human Development: Zimbabwe's human development index has been improving from 0.42 in 2002 to 0.59 in 2021 placing the country 119th out of 169 countries.** However, poverty remains high at 38.7% in 2023[15] although an improvement from 42% in 2020 during the peak of the COVID-19 pandemic. Income inequality is high with a Gini index ranging from 28.3 to 47.4% at the province level[16]. According to the labour force survey report of Q2 2023, it is estimated that 87% of total employed persons were informally employed. National unemployment was estimated at 18.5% (21.3% 21.3% for females and 19.7% for males) and was higher amongst youth aged 15-34 years at 26%. Health outcomes remain low with life expectancy estimated at 64.7 years, infant mortality rate at 24.2 deaths per 1000 live births, and maternal mortality rate at 362 deaths per 100,000 live births, an improvement from 458 per 100,000 live births in 2017[17]. The prevalence of HIV/AIDS was high at 11.6 % among 15-to-49-year-olds in 2021. Average years of schooling stood at 9 (8.3 in 2021) and expected years of schooling was 12.1, an increase of 1.03 percent over a period of 10 years. Youths below the age of 35 constitute 67.7% of the 15.1 million people. While the demand for skills training is around 100,000 per year among the youth, only 9,879 youth were trained in 2022 with 22,500 planned for 2023. The government runs a skills training programme implemented through a network of 43 Vocational Training Centres and 15 satellite centres across the country under the Training for Enterprise (TFE) flagship and Community Skills Outreach Programmes.

**29. Climate Change and Green Growth:** Zimbabwe faces challenges in its national climate change governance and demonstrates moderate performance in green growth. The country is prone to significant increases in drought (9.4/10), moderate exposure to tropical cyclones, and moderate occurrences of flood extremes (3.6/10). Moreover, Zimbabwe has limited physical and social infrastructure, along with institutional coping capacity, to enhance resilience and transition toward a low-carbon economy[18]. In 2022, the lack of coping capacity was relatively high, estimated at 5.8/10, with vulnerability to climate change at 5.3/10. Regarding green growth indicators, Zimbabwe's performance declined from 50.83 points (11th) in 2010 to 49.96 points (20th) in 2022[19]. However, the country excelled in natural capital protection (NPC) with a score of 78.09/100, attributed to notable improvements in biodiversity management. Zimbabwe demonstrates moderate performance in efficient and sustainable resource use (ESRU) with a score of 52.77/100, owing to an increase in renewable energy generation capacity, accounting for 79% of the total energy supply in 2020[20]. Conversely, the country exhibits poor performance, 11.93. in Green Economic Opportunity (GEO)), primarily due to a lack of public and private financial instruments for de-risking investment in green infrastructure development, and green skill capacity development. Zimbabwe's revised Nationally Determined Contributions (NDC) aims to achieve a 40% per capita reduction in emissions across all sectors of the economy. The targeted sectors include energy, agriculture, forestry and land use, water, waste, health, and industry. Regarding climate finance, Zimbabwe's NDC estimates that mitigation alone will cost an estimated USD 4.8 billion for the period 2021 to 2030.

**30. Environment and Social Safeguards:** Despite being guided by a robust legal, policy, and institutional framework, and having high levels of biodiversity with global significance, Zimbabwe still faces increasing environmental challenges. These include water, land, and air

[15] World Bank estimate
[16] Housing and Population Census 2022
[17] Housing and Population Census 2022
[18] European Commission Disaster Risk Management Knowledge Centre
[19] Global Green Growth Index Report (2022)
[20] International Renewable Energy Agency (IRENA), Zimbabwe Country Profile (2023)

pollution, illegal waste dumps, siltation, and illegal mining. The government's national environmental policy framework is comprehensive and covers all sectors and has taken steps to mitigate impacts by mainstreaming environmental management and biodiversity conservation in development planning and decision making including national accounting frameworks. The Environmental Management Agency (EMA) plays an important role in enforcing regulations and the policy. The country systems at the national and provincial level for regulation of Environmental and Social Impact Assessment processes and enforcement of national environmental and social regulations. The country's environmental management regulations are currently being amended to better mitigate the environmental and social impacts of development projects.

**31. Gender inequality is relatively high in Zimbabwe.** The Bank's Africa Gender Equality Index (2019) places Zimbabwe's overall score at 0.676, above the African average of 0.486 (on a scale of 0-1). Other scores include Economic Dimension (0.693), and Social Dimension (0.986) all favourable except Empowerment and Representation (0.452) which is below average. According to the Country Gender Profile of 2021, women and girls are disproportionately affected by GBV. Preliminary data suggests a sharp rise in violence against women and girls, since 2020, emanating from the COVID-19 pandemic which is synonymous with the global trend. The Constitution provides in section 56 a robust framework for the protection and promotion of the rights of women and men, girls, and boys. It recognizes the equality of all persons and goes further to explicitly outlaw discrimination on the grounds of sex or gender. The Zimbabwe Gender Commission monitors the implementation of gender equality actions; investigates possible violations of rights relating to gender equality; considers complaints from the public and recommends action where appropriate. At the global level the country has signed and ratified several international treaties, conventions, and protocols linked to gender equality and women's empowerment including the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW) and the SADC Protocol on Gender and Development. In 2023, Zimbabwe is one of the countries selected as a case study for the evaluation of the Bank's gender strategy.

**32. Engagement with Civil Society: Zimbabwe has a diverse range of active Civil Society Organization (CSOs) but more needs to be done to improve space for engagement.** The Non-Governmental Organization of Zimbabwe (NANGO) is the umbrella body of CSOs operating in Zimbabwe. CSOs have increasingly become important actors in policy dialogue, delivery of social services, and implementation of some development programs especially with bilateral development partners. Some have also taken the role of ensuring effective, accountable, and transparent governance systems. Before the August 2023 harmonized elections, CSOs raised concerns about the shrinking civic space in the country with the passing of the Private Voluntary Organizations (PVO) Bill and enactment of the "Patriotic Act". CSOs are active stakeholders in the on-going Bank supported arrears clearance process and have provided inputs to the on-going dialogue. CSOs, including those representing the private sector, have highlighted the need for resolving the debt challenges given its negative impact on the country and the citizenry.

**Box1: NDS1 National priority areas**

- Economic Growth and Stability
- Food Security and Nutrition
- Governance
- Moving the Economy Up the Value Chain and Structural Transformation
- Human Capital Development
- Environmental Protection, Climate Resilience and Natural Resource Management
- Housing Delivery
- Digital Economy
- Health and Well-Being
- Transport, Infrastructure and Utilities
- Image Building and International Engagement and Re-engagement
- Social Protection
- Youth, Sport, and Culture
- Devolution

## 2.8 Country Strategic Framework

**33. Development Strategy: The National Development Strategy (NDS) 1 is Zimbabwe's overarching development strategy for the period 2021 to 2025.** The theme of NDS1 is "Towards a Prosperous and Empowered Upper Middle-Income Society by 2030" with a focus on efforts to achieve macroeconomic stability and growth. NDS1 targets annual average GDP growth of 5%, revenues of 19.3% of GDP, a budget deficit of 3% and below, and a stable exchange rate over its implementation period. It is articulated around 14 priorities aligned to Vision 2030, the sustainable development goals (SDGs), and the African Union's Agenda 2063 (Box 1).

**34. Aid Coordination Mechanism and Bank Positioning:** Dialogue and coordination among development partners take place through the Zimbabwe Development Partners Forum (ZDPF). The ZDPF provides the Bank with a platform to engage in policy and technical dialogue with development partners on a range of issues, including economic, financial, social development, and sectoral issues. The government has instituted Sector Working Groups (SWGs) although their degree of active engagement differs among the various sectors. The Bank is a partner of choice in Zimbabwe, which is demonstrated by the Bank's leading role in the on-going arrears clearance and debt resolution process. The Bank also demonstrated its comparative advantage by rehabilitating infrastructure in the power and water sectors by coordinating and implementing the Zimbabwe Multi-Donor Trust Fund (ZIMFUND) from 2010-to 2022. Currently, the Bank has on-going operations in 7 sectors including economic governance, finance, agriculture, energy, water and sanitation, and economic empowerment. Beyond arrears clearance, the Bank will also consolidate its comparative advantages by targeting infrastructure, regional connectivity, and private sector investments to develop a robust pipeline of operations by supporting upstream and project development interventions. Annex 7 provides a donor matrix in Zimbabwe.

## 2.9 Strengths, Opportunities, Weaknesses, and Challenges

35. Zimbabwe enjoys several strengths and opportunities that can be leveraged to accelerate economic transformation, climate resilience, and transition to a low carbon development pathway and support the country's overall socio-economic development. The overarching development challenge for Zimbabwe is slow structural transformation and vulnerability to external shocks including climate change, compounded by macroeconomic instability and deep-rooted fragility. Underlying development challenges include weak governance institutions, low value addition in key sectors, volatility to shocks, and climate change. The unfavourable investment climate and lack of competitiveness coupled with electricity shortages and poor infrastructure including climate-proof physical and social infrastructure continue to impede the growth of the private sector. Box 3 below provides a summary of the strengths, opportunities, weaknesses, and challenges.

**Box 2: Strengths, Opportunities, Weaknesses and Challenges**

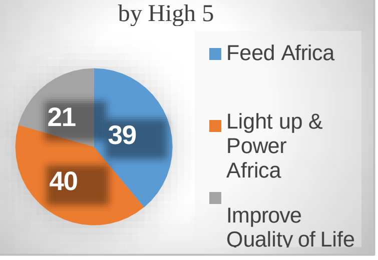
| **Strengths** | **Weaknesses** |
|---|---|
| 1. Abundant mineral resource endowments.<br>2. Demographic dividends with the youth accounting for 67.7% of the population.<br>3. Relatively educated and trained workforce. The country has a comprehensive and nationally owned development strategy (NDS1)<br>4. Existence of revised Nationally Determined Contribution (NDC,2021) and long-term low carbon emission development strategy (LEDs2020-2050). | 1. Unfavorable investment climate and competitiveness.<br>2. Low productivity and limited value addition.<br>3. Weak governance institutions and perceived endemic corruption.<br>4. Limited climate change adaptive capacity.<br>5. Deteriorated infrastructure in roads, energy, water, and sanitation.<br>6. Weak land tenure system. |
| **Opportunities** | **Challenges** |
| 1. Strategic geographical location for promoting regional integration.<br>2. Extensive arable land for agricultural production.<br>3. Value addition for primary products.<br>4. High performance in Natural Capital Protection (NCP).<br>5. Peace and security. | 1. Longstanding debt arrears.<br>2. High poverty levels (38%)<br>3. High levels of informality (87%)<br>4. Prone to climatic vulnerabilities.<br>5. High levels of economic, social, and political fragilities.<br>6. Transient human capital. |

# III. KEY FINDINGS OF THE COUNTRY PORTFOLIO PERFORMANCE REVIEW

## 3.1 Composition of the Portfolio

36. As of 31st December 2023, the Bank's active portfolio (national and regional) in Zimbabwe comprised 13 operations. These include 9 investment and 4 institutional support projects. 1 NSO, the Central Africa Building Society (CABS) Transaction Guarantee Facility for UA 5.6 million (USD7.5 mn) is co-financed with a USD 205,000 grant from Women Entrepreneurs Finance Initiative (WeFI) administered by the Affirmative Action for Women in Africa (AFAWA). The value of national projects is UA 66.5 million. Two regional operations– Post Cyclone Idai Emergency Recovery and Resilience Programme (PCIREP) valued at UA 21.3 million and the Kariba Dam Rehabilitation Project valued at UA 23.3 million increase the total portfolio amount to UA 111 million. The portfolio sectoral distribution is as follows (i) Feed Africa (39%); Light up and Power Africa (40%) and (iii) multi-sector (21%). Annex 5 provides more details on the portfolio in Zimbabwe.

Figure 6: Zimbabwe Portfolio by High 5




## 3.2 Portfolio Quality and Performance

37. Proactive measures undertaken following the Country Portfolio Performance Review (CPPR) workshop have shown results. As of November 2023, the Bank's Flashlight Report indicates that there were no projects at risk as of November 2023 compared to 6.3% in December 2022. The CPPR identified several challenges on the portfolio which include lengthy procurement processes, grant signature delays, delays in meeting first disbursement conditions, and poor monitoring and enforcement of environmental and social safeguards. To address some of these challenges, the Bank will continue to provide training and build capacities of PIUs and implementing agencies.

| Table 2: Key Performance Indicators of National Project | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Number of Projects | 22 | 20 | 16 | 11 |
| Portfolio Value (UA Mn) | 178.56 | 116. 3 | 101.42 | 66 |
| Average Age (years) (SO/NSO) | 3.3/3.8 | 5.1/1.7 | 3 | 1.6 |
| Average Size of Project (UA Mn) | 6.9 | 5.8 | 5.8 | 6.0 |
| Projects at Risk % | 4.5 | 5 | 6.3 | 0.08 |
| Commitments at Risk % | 3 | 5 | 5 | 0 |
| Annual Disbursement Ratio (%) | 54 | 62 | 45 | 44.5 |
| Average time elapsed – approval to disbursement effectiveness (months) | 5.1 | 6.1 | 6.2 | 4.5 |
| Average time elapsed – approval to actual first disbursement (months) | 13.5 | 11.2 | 10.3 | 10.5 |

### 3.3 Portfolio Monitoring and Evaluation

**38.** The Bank will accelerate its monitoring and evaluation functions by providing appropriate capacity building training to project implementation units (PIUs) and executing agencies (EAs) to enhance the quality of the portfolio. Already, two trainings have been delivered in October 2023 on M&E and environmental and social safeguards. Also in October 2023, the Bank provided fiduciary training to the Africa Capacity Building Foundation (ACBF) to enhance its capacity in the provision of fiduciary services for Bank operations. To improve the quality of the Bank's portfolio, the Bank will continue to work closely with third-party entities implementing its operations in Zimbabwe. The Bank will continue to work closely and capacitate the Government Project Management Unit (PMU) which coordinates all sovereign operations within the Ministry of Finance, Economic Development, and Investment Promotion (MoFEDIP). Lessons in project implementation illustrate gaps in enhancing environmental and social safeguards (E&S) safeguards. Therefore, adequate budgets should be provided for projects to support the capacity building of PIUs to ensure the effective implementation of environmental and social management plans (ESMPs) which is consistent with findings of the CPPR that identified these capacity gaps.

### 3.4 Implementation Status of the 2023 Country Portfolio Improvement Plan (CPIP)

39. The March 2023 CPPR and CPIP identified several actions that needed to be undertaken to improve the quality of the Bank's operations in Zimbabwe. These included improving quality at entry, capacity building for PIUs and E&S and the need to better/closely monitor projects to catch implementation issues to promptly make the required project adjustments, including and their M&E frameworks. As mentioned in section 3.3, progress has been made in building the capacity of PIUs and E&S and project supervision and monitoring. This has contributed to the reduction of projects at risk from 6.0% in December 2022 to 0.08% in October 2023 and commitment at risk from 5% in December 2022 to 0% in October 2023. Key areas for attention during the implementation of the 2024-26 CB will include improving quality at entry, and strengthening E&S and M&E. There will be a need to strengthen project preparation processes including participation of third parties in preparation and appraisal missions. Particular attention will be placed on the identification and use of relevant baseline data and indicators especially for cross cutting issues such as gender, environment and climate change, fragility, and resilience. It will also be important that the government ensures that Project Steering Committees meet regularly as per the expectations of the specific financing arrangements. While the country office does not have any sector experts, it will continue to leverage expertise from within the Southern Africa regional office to ensure that project supervision and appraisal missions include the right skill sets (Financial Management, Procurement, Disbursement, Sector and cross-cutting teams). In cases where Task Managers are redeployed, efforts will be made for a smooth handover plan, two months before departure, to minimize operational gaps. The CPIP is provided as annex 6.

## IV. LESSONS LEARNED

40. Lessons learnt that have informed this CB 2024-2026 are drawn from the Completion Report of the previous CB 2021-2023, CPPRs, IDEV evaluations, analytical works, and the Bank's engagement with government and other development partners in Zimbabwe. These lessons also summarize what worked, what did not work, and actions that need to be taken going forward for greater impact. These are summarized below:

*41. Country owned and led arrears clearance and debt resolution process:* The structured dialogue platform engagement between the government and its creditors has shown that government ownership and leadership at the highest level is critical for the success of the ongoing arrears clearance and debt resolution process. The in-person participation of President Mnangagwa, Cabinet Ministers, and Permanent Secretaries at dialogue platform meetings has demonstrated the government's commitment to addressing the long outstanding debt arrears. This has galvanized support from development partners, the private sector, and CSOs making it a national agenda. Yet, more needs to be done and the success of this process depends on mutual trust and stronger demonstrated commitment by the government to addressing broadly agreed economic and political governance reforms as these will help in building trust and unlock support to reaching debt resolution for Zimbabwe.

42. *Continuity*: The CB 2021-2023 Completion Report demonstrated that continuity in strengthening governance systems and institutions is needed to consolidate the gains made by the Bank's investments in Zimbabwe. The 2018 PEFA report highlighted the need for better institutions and systems for revenue collection and arrears payments, reducing unreported extra-budgetary government operations, and production of in-year budget execution reports. The IMF Article IV 2022 report also highlighted the need for PFM reforms including SOEs. The Bank's economic governance support in Zimbabwe has focused on addressing these core issues to put the country on a sustainable development path. While some progress was achieved, more needs to be done. Continuity to support combating corruption, enhancing transparency in public procurement, and efficiency of SOEs will be essential going forward.

43. *Partnerships*: The ZIMFUND final report highlighted the strength of working in partnership with other development partners in Zimbabwe. The ZIMFUND mobilized about US$145.8 million from 7 development partners[21] to respond to Zimbabwe's emergency infrastructure needs. The impact of this joint support is significant as over 4.5 million people in Harare, Chitungwiza, Chegutu, Kwekwe, Masvingo, Mutare, Redcliff, and Ruwa have access to improved water and sanitation services. Another 5.0 million have benefited from improved electricity supply in Bulawayo, Harare, Gweru, Mutare, and other small towns along the grid. This experience should be replicated in supporting the envisaged IMF Structured Monetary Programme (SMP) that may require complementing social protection programmes with additional resources to mitigate potential impacts of reforms and to ensure that the delivery of social programmes is not compromised.

44. *Non-sovereign lending needs a tailored approach for countries in transition:* Zimbabwe is a country with a dynamic and resilient private sector that has survived decades of economic challenges. Consultations with the private sector have singled out the absence of long-term capital as a major impediment to private sector growth in Zimbabwe. Yet, the CB 2021-2023 completion report noted the very low absorption capacity of UA60 million yearly NSO headroom. This suggests that the appetite for the Bank's traditional financing instruments and ticket size requirements are limited, hence the need for tailored NSO financing instruments that address Zimbabwe's private sector needs.

45. *Regional approach to development*: The 2019 Infrastructure Report for Zimbabwe highlighted the importance of a regional approach to infrastructure investment in Zimbabwe

[21] Australia, Denmark, Germany, Norway, Sweden, Switzerland, and United Kingdom.

considering its strategic geographic location in SADC. Investments in the transport and energy sectors will facilitate trade and investment in the region. This emphasizes the need for supporting multinational projects to leverage more resources for greater impact.

46. *In-country presence of sector experts is essential*: The Bank's leading role in the arrears clearance and debt resolution process has revealed the need for in-country experts. The country office has limited staff in-country with all sector experts supporting the country from regional and other country offices largely because of the comparatively small portfolio size. However, the demands of the on-going arrears clearance process and the Bank's leading role necessitates strengthening of the country office. In addition, the in-country presence of sector experts aligned to the priority areas of this strategy will be essential to enhance portfolio quality and achievement of CB objectives. In 2023, the country office made use of a local consultant to support its private sector work, an approach that has led to two operations in 2023 and a pipeline of 4 operations for the 2024 IOP.

47. *Capacity building is critical for strengthening country ownership:* The 2023 CPPR noted the importance of continuity in capacity building activities to enhance country ownership and improve the quality of Bank operations. Zimbabwe experienced high levels of brain drain and has a high attrition rate of highly qualified and youthful personnel given its economic uncertainties. Therefore, continuous strengthening of Government institutions and training of key staff will remain a priority as it is essential for promoting country ownership, enhancing project implementation, and reporting results. The CPPR 2023 also noted the need for capacity building of third-party entities that support the implementation of the project to ensure the achievement of development objectives of Bank funded operations in Zimbabwe.

# V. BANK GROUP STRATEGY 2024-2026

## 5.1 Strategy Rationale, Selectivity, Objectives, and Priority Areas for Bank Support

**48. Strategy Rationale:** Zimbabwe is in arrears but with support from the Bank, the government has developed a road map for arrears clearance by 2025 to coincide with the expiration of NDS1 in December 2025. The Bank's Country Brief 2021-2023 expired on 31st December 2023, hence a new CB for the period 2024-2026 is required.

49. As demonstrated in the sections above, Zimbabwe's overarching development challenge is slow structural transformation and vulnerability to external shocks, compounded by macroeconomic instability and deep-rooted fragility. Underlying development challenges continue to include macroeconomic instability, weak governance institutions, low value addition in key sectors, volatility to shocks, and climate change. The unfavourable investment climate coupled with electricity shortages and poor infrastructure continues to impede the private sector.

**50. Selectivity:** Being a country in arrears, access to financial resources from the Bank is limited. This underscores the importance of ensuring selectivity to maximize the effectiveness and development impact of Bank interventions given the multiplicity and complexity of Zimbabwe's development challenges. To ensure that the Bank's engagement in Zimbabwe is focused and well-targeted, this CB 2024-2026 will apply the following selectivity criteria: (i) the potential impact of priority areas to address Zimbabwe's main development challenges; (ii) Government priorities prescribed in NDS1; (iii) Bank Group comparative advantage; (iv) limited resources available to Zimbabwe; (v) opportunities for partnerships to leverage additional resources to enhance complementarity and improve the impact of operations; (vi) outcome of stakeholder consultations, (vii) lessons learnt from previous CBs, and ( viii) opportunities to mainstream cross-cutting issues. These selectivity criteria will ensure alignment with the Bank's Paper on Selectivity: *"Sharpening the Bank's Strategic Focus: A Proposal to Increase the Bank's Selectivity"*, approved in May 2021.

## 5.2 What the Bank will do differently.

51. While the Bank will continue to provide strong support to Zimbabwe's arrears clearance process, PFM, and debt management, greater focus will be given to supporting the private sector which remains the main engine of growth and income generation. To this end, this CB 2024-2026 will selectively focus mainly on two sectors: i.e. economic and financial governance, and agriculture. This is largely a continuation of the CB 2021-2023, which also supported these sectors. The Bank recognizes that the private sector in Zimbabwe has been dynamic and resilient over the years despite the challenging macroeconomic environment coupled with the absence of medium to long-term financing. As such the Bank will use the private sector window, amongst others, to support investments in other sectors such as agro-industry and renewable energy. The Bank also recognizes that direct financial support to the private sector is necessary to create value addition, decent jobs, and formalization of the large informal sector. However, the average ticket size required by most private sector entities in Zimbabwe falls short of the Bank's minimum investment requirements of the private sector window, compelling the Bank to develop innovative financing instruments. The Bank is in advanced discussions with Old Mutual and the Central Africa Building Society (CABS) to develop an agency line to provide much needed medium to long term financing for private sector projects. Furthermore, the Bank will pursue financing of feasibility studies for infrastructure development, with a view of developing a solid pipeline of bankable projects that could attract private sector investment.

52. **Main Objective and Priority Areas for Bank Support:** The main objective of the CB 2024–2026 is to address Zimbabwe's fragility, strengthen resilience, and supporting the country's transition to higher productivity by emphasizing value addition and value chains. This will be achieved by supporting business reforms and upstream infrastructure in agriculture and strengthening public governance systems. Therefore, the Bank will focus on strengthening the country's capacity to clear arrears, address structural and institutional governance challenges, to crowd in private sector investment in climate smart agriculture. The CB 2024-2026 is, therefore, anchored on the following two Priority Areas: ***Priority Area 1-Strengthening governance and accountability;*** and ***Priority Area 2 – Enhancing private sector investment for inclusive growth.*** Priority Area 1 will build on on-going support in PFM and institutional reforms. Priority Area 2 will support value addition and value chain development in climate smart agriculture. This priority area will also use the private sector window to catalyse private sector investments that support value addition and job creation. Priority Area 2 will apply a regional integration perspective to enhance the productive capacity of the private sector by leveraging opportunities arising from Zimbabwe's strategic location in SADC. The two priority areas will ensure continuity and consolidate gains made to-date by the Bank's support in Zimbabwe. The proposed Bank's strategy is outlined in some detail below.

53. **Alignment:** The CB 2024-2026 and its two priority areas are aligned with Zimbabwe's NDS1, in areas such as economic growth, governance, value addition and beneficiation of commodities, structural transformation, food security, and human development. The CB is also aligned to Zimbabwe revised National Determined Contribution (NDC, 2021). Furthermore, the CB is also aligned to the Bank's Ten-Year Strategy 2024-2033[22], all the High 5s of the Bank, and Southern Africa Regional Integration Strategy 2020-2026.

## 5.3. Expected Results of the Strategy

54. **Priority Area I - Strengthening Governance and Accountability:** Bank support will focus on strengthening economic and financial governance institutions and systems in the country. Special focus will be on arrears clearance, PFM reforms and debt management. The Bank will continue to support the on-going structured dialogue platform on arrears clearance. The Bank will work in close collaboration with other development partners to support the

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[22] TYS 2024-2033 under preparation during the same period as this CB 2024-2026

implementation of reforms broadly agreed under the structured dialogue platform. This will include supporting the implementation of an IMF SMP currently under discussion. Government and development partners recognize the importance of mitigating the impact of reforms on the most vulnerable population hence discussions on the establishment of a social fund are on-going. On PFM, the Bank will continue to support domestic resource mobilisation, State Owned Enterprises (SOE) reforms, and building capacity of oversight institutions to enhance transparency and accountability. Specifically on SOE reforms, the Bank approved a technical assistance project for UA4 million in November 2023. This support seeks to strengthen the governance and management of SOEs to reduce fiscal risks. Support will also be provided to strengthen the government's oversight functions on SOEs. On debt management, the Bank will continue to build the capacity of the debt management office and systems through the ongoing operation of Support to Arrears Clearance and Accountability Enhancement Project (SACAGE, 2022). On domestic resource mobilization, the Bank also has an ongoing operation the Tax and Accountability Enhancement Project (TAEP, 2020). The Bank is also implementing the Institutional Support Project for Governance and Public Finance Management (ISGPFM, 2021) aimed at strengthening public sector effectiveness and accountability including oversight roles of Parliament and the Procurement Regulatory Authority of Zimbabwe (PRAZ).

55. **Strategic Outcome 1 – Enhanced macroeconomic stability through strengthened economic and financial governance**. This will be achieved by deepening ongoing support on arrears clearance, PFM, and debt management. This will include support in areas such as domestic resource mobilization, value for money in public procurement, public expenditure oversight, and state-owned enterprises reforms. Furthermore, the Bank will support the anticipated IMF SMP by working with other development partners and providing technical assistance and institutional support of the ongoing PFM projects. Some of the reforms outlined in the PFM projects include enhancing efficiency, transparency, and governance of the public sector (including SOEs). The Bank will also coordinate with other development partners to support social protection programmes to minimise expected challenges, from the SMP, that could impact the country's vulnerable population.

**56. Specific Expected Results:** The Bank's support under Priority Area I is expected to contribute to (i) increased domestic revenue from 16.8% of GDP in 2022 to 20% of GDP by 2026; (ii) maintain fiscal deficit below 3% of GDP during the CB period; (iii) improve SOEs compliance to Public Entities Corporate Governance Act from 23.3% in 2023 to at least 50% by 2026; and (iv) improve Mo Ibrahim accountability and transparency score from 35.7 in 2023 to 40 in 2026.

**57. Priority Area II - Enhance private sector investment for inclusive growth:** The Bank will support investment in climate smart agriculture with the view to unlocking private sector led value addition and job creation. Therefore, the **Strategic Outcome of this priority area is enhanced income generation and job creation. This** will be achieved through the implementation of three new sovereign operations. First, the Agriculture Value Chain Enhancement Project will provide financing opportunities for stakeholders in selected agriculture value chains including wheat, soybean, and sunflower which are consistent with Zimbabwe's Food and Agriculture Compact (Dakar II). Second, the Skills for Youth Employment and Productivity in Agriculture will target youth and women SMEs. Third, the Bank will support the implementation of a regional operation, the Programme for Integrated Development and Adaptation to Climate Change in the Zambezi River basin (PIDACC Zambezi) which aims to strengthen the mitigation to climate change and improve livelihoods by strengthening agribusiness. As articulated above this priority area will be complemented by private sector support under the non-sovereign window which is summarized in section 5.8 below.

**58. Specific Expected Results:** Support for private sector led investment in climate smart agriculture is expected to improve farmer incomes, generate decent jobs, reduce informality, and improve access to finance for farmers. The expected results from the Bank's support under Priority Area II will include (i) improved average annual income of rural smallholder farmers from US$364 to US$500; (ii) improved access to credit to the private sector from 6.6% of GDP in 2023 to 8% of GDP in 2026; and contribute to reduced informality from 87% in 2023 to 70% in 2026.

**59. Mainstreaming Cross-cutting themes:** The Bank has been successful in addressing cross-cutting issues through their integration in all operations in Zimbabwe. Mainstreaming of gender equity, governance, regional integration, skills, green growth/climate resilience, and capacity building will continue in all relevant and appropriate operations to achieve impactful outcomes. All new Bank projects will include gender sensitive results indicators to ensure effective implementation and monitoring and, where feasible, will incorporate a component to support cross-cutting aspects. The Bank will leverage its relevant initiatives, such as the Jobs for Youth in Africa Strategy (JFYA), Skills for Employability and Productivity Action Plan (SEPA), and Boost Africa program, to address youth and women unemployment and skills development in Zimbabwe.

### 5.4 Indicative Operational Program

60. The CB 2024-2026 has an indicative pipeline of 7 operations including 3 grant sovereign operations of which 1 is a regional operation, and 4 non-sovereign operations. Two of the sovereign operations are regional projects. The planned sovereign and non-sovereign operations are provided in Annexes 3A and 3B, respectively.

### 5.5 Economic and Sector Work

61. Informed by lessons learnt, the economic and sector work (ESW) programme is consistent with the priority areas of the CB. The 2023 BDEV evaluation of Zimbabwe's ESW programme recommended demand-driven studies and analytical works that also inform the Bank's operational programme. There are 9 ESW activities including studies and analytical works planned for the period of the CB. The ESW programme will complement the operational programme with studies in areas such as debt sustainability, domestic resource mobilization, financial governance, fragility, and the Africa Continental Free Trade Area. The Bank will also support project preparation activities and feasibility studies to prepare bankable projects that can attract private financing and provide a pipeline of projects that could attract public financing post the debt clearance period. Finally, demand driven knowledge-based studies will be undertaken to complement the lending programme. (Annex 4 provides details on the ESW programme).

### 5.6 Policy Reforms and High-level Dialogue

62. As provided in the Banks Policy Reform Dialogue Matrix (PRDM), arrears clearance will continue to be at the core of the Bank's dialogue with the government, development partners, and other stakeholders. In addition, the economic sector work will support policy dialogue in the priority areas of the Bank's engagement in Zimbabwe. This will include dialogue on public resource mobilization, fostering private sector investment, and regional integration. As such policy dialogue shall focus on PFM reforms, governance, the private sector, agriculture, and agro-industrialization. (Annex 2 presents the PRDM.)

### 5.7. Financing the Strategy

63. Zimbabwe's ADF 16 Performance-Based Allocation is UA 27 million over 3 years. However, being a country in arrears, the country can only access 50% of this allocation (UA13.5 million). Out of this amount, UA4 million has already been committed to the Institutional Support for State-Owned Enterprise Project approved in November 2023. Hence the remaining envelope is UA9.5 million which will be allocated to 3 sovereign operations. Zimbabwe has also been allocated resources under TSF pillar 1, but these are subject to the fulfilment of operational guidelines for a country in arrears. The 3 key conditions are: (i) *having an arrears clearance road map agreed upon with the Bank*; *(ii) reaching similar arrangements*

*with the World Bank and EIB*; and (iii) *making continued token payments to the Bank*. The limited available financing options for Zimbabwe underscore the importance of arrears clearance. The country's private sector annual headroom (ADB) is set at UA60 million. The use of trust funds and special funds such as AfAWA, FAPA, Agri-Food SME Catalytic Mechanism (ACFM), Climate Action Window (CAW), and ALSF will also be targeted to provide technical assistance and capacity building activities in -governance, gender, agriculture, women, and youth.

## 5.8 Private Sector Window

64. The private sector window will complement the Bank's sovereign support under Priority Area 2 of this CB. The Bank will use the private sector window to catalyse private sector investments that support value addition and job creation in key sectors such as agro-industry and manufacturing. Support for enabling infrastructure such as renewable energy and green infrastructure will also be prioritized. The Bank will utilize Zimbabwe's NSO headroom of UA60 million per year to support the private sector through lines of credit, credit guarantee schemes, corporate loans, and the anticipated agency line financing instrument. The Bank will also explore co-financing and blended finance opportunities with other development partners to leverage the NSO headroom. The private sector IOP presented in Annex 3B has 4 operations of lines of credit and credit guarantee schemes with three commercial banks and an agency line. The Bank will also enhance the participation of Zimbabwe's private sector at the Africa Investment Forum to leverage financing from international players. Zimbabwe's participation in the 2022 and 2023 editions of the AIF attracted financing for three projects[23].

## 5.9 Implementation Arrangement, Monitoring and Evaluation

65. The CB will be implemented in line with the Agreement between the Bank Group and the People of Zimbabwe, with MOFED& IP as the Bank Group's main interlocutor. The implementation of all Bank operations will be strongly coordinated with other DPs to ensure effectiveness and greater impact for the achievement of sustainable development outcomes. Stakeholders including CSOs and the private sector will be consulted. The Bank's country office, the regional directorate, and relevant sector departments will play a pivotal role in the implementation of all operations. The overall monitoring framework will rely on the 2020 National Monitoring and Evaluation Policy Framework and the NDS1 monitoring and evaluation framework, which outline national priorities, key result areas, key performance indicators, and institutions responsible for implementation and reporting. The CB's results-oriented monitoring and evaluation framework emphasizes measuring livelihoods and economic transformative results—that is, outputs, outcomes, and impacts—while using inputs and the completion of activities as programmatic entry points. Annex 1 presents the CB's results framework.

## 5.10. Risks and Mitigating Measures

65. The CB identified several risks, which remain highly relevant. These are (i) political governance issues, (ii) macroeconomic instability, (iii) social exclusion, (iii) global and regional spillover effects, and (iv) Climatic and environmental shocks. These are summarized in Table 3 below.

| Table 3: Risks and Mitigation Measures | | | |
|---|---|---|---|
| **Potential Risks** | **Likelihood** | **Impact** | **Proposed Mitigation Measures** |
| Deterioration of political governance could affect the arrears clearance process. | High | High | Review of the "Patriotic Act" and amendment of the PVO Bill. Continued dialogue under the governance sector working group. |
| Collapse of the arrears clearance and debt resolution process. | Medium | High | Strengthened dialogue and engagement to build trust. |

[23] Forbes Border Post, Steelmakers Integrated Steel Plant project, and Harare Rail.

| | | | |
|---|---|---|---|
| Macroeconomic instability.<br>Failure to reach an agreement on an IMF SMP. | Medium | High | Reaching an agreement on an IMF SMP.<br>GoZ pursuance of prudent macroeconomic policies and implementation of economic reforms. |
| Weakened oversight institutions and corruption in public institutions. | Medium | High | Implementation of SoE reforms<br>Strengthening oversight institutions.<br>Implementation of value-for-money procurement. |
| Global warming and climate change impacts. | Medium | Medium | Supporting implementation of Zimbabwe's climate change response actions as in the NDC |
| Uncertain global environment with Russian invasion of Ukraine war and its spillover effects on the domestic economy. | Medium | Medium | Supporting the implementation of social protection programmes and increasing domestic food production. |

# VI. CONCLUSIONS AND RECOMMENDATIONS

## 6.1 Conclusions

66. Zimbabwe is facing profound challenges, economically, socially, and politically, which have been identified and enumerated above. Hence, building on lessons from the previous CB, the strategic thrust of the CB 2024–2026 will be to support Zimbabwe to transition into resilience in the short to medium term. This will be achieved by leveraging ADF resources; continuing engagement with development partners on arrears clearance and debt resolution; providing support to targeted institutional and capacity building activities and leveraging ADB resources to strengthen private sector engagement and delivery to the people of Zimbabwe.

## 6.2 Recommendations

67. **Management hereby requests the Board of Directors to consider and approve the Bank's Country Brief 2024-2026 for Zimbabwe on a laps-of-time basis (LOTB).**

## ANNEX 1: Results-Measurement Framework

### ANNEX 1.1 Strategic Alignment Matrix

*A.1.1. Strategic Alignment Matrix: This matrix demonstrates alignment of the Country Brief Pillars with both the Government's National Development Strategy, 'Vision 2030' and the Bank's own priorities. It is not intended to assess the performance of the Bank's support.*

| Priority Area I- Strengthening Governance and Accountability | |
|---|---|
| **Country Development Plans** | **Bank Overarching Strategy** |
| NATIONAL DEVELOPMENT PLAN: accelerated, inclusive and sustainable economic growth as well as socio-economic transformation and development as we move towards an upper middle-income society by 2030.<br>VISION 2023: Towards a Prosperous and Empowered Upper Middle-Income Society by 2030. | TEN YEAR STRATEGY 2024-2033<br>HIGH 5s |
| • NDS1/Vision 2030 – Inclusive Growth<br>• SDGs 8 – Decent jobs and economic growth<br>• SDG10 – Reduced inequalities | • Strategy on Inclusive and Green Growth (TYS);<br>• Improve Quality of Life (Hi-5s) |
| **Country Sector Strategy** | **Bank Sector Strategy** |
| • Arrears Clearance, Debt Relief and Restructuring Strategy (ACDRRS, 2021-2023)<br>• Short to Medium Term State Enterprises and Parastatal Reform Framework (SEPs-SMTRF) of 2018, | • Governance Strategic Framework and Action Plan II (2014-2018).<br>• Capacity Development Strategy (2020–2029)<br>• Multidimensional Action Plan for the Management and Mitigation of Debt Distress Risks in Africa (2021–2023) .<br>• Strategy for Addressing Fragility and Building Resilience in Africa (2022-2026). |
| **COUNTRY DEVELOPMENT RESULTS/INDICATORS** | **BANK INTERVENTIONS/RESOURCES** |

| Economic Governance | 2023 | 2026 |
|---|---|---|
| Increased per capita income (US$) | 1,267 | 1,500 |
| Debt to GDP Ratio (%) | 99..6% | 61% |
| Unemployment rate by gender (%) | 17.6% (M)<br>21.7 (F) | 12%<br>15% |
| Proportion of those living below poverty line (%)[24] | 29.4 (M)<br>29.3 (F) | 20%<br>(M&F) |

| General area of intervention or instrument | Actual Amount 2023 (UA Million) | Target Amount 2026 (UA Million) |
|---|---|---|
| Sovereign Operation | 4.0 | 4.0 |
| Non-Sovereign Operation | Nil | Nil |
| ESW | 0.2 | 02 |
| Total | 4.2 | 4.2 |
| | | |
| | | |

[24] Zimstat June 2021 Estimate

| Priority Area II- Enhance private sector investment for inclusive growth | |
|---|---|
| National Development Strategy 1 (NDS1: 2021-2025): accelerated, inclusive and sustainable economic growth as well as socio-economic transformation and development as we move towards an upper middle-income society by 2030.<br>VISION 2023: Towards a Prosperous and Empowered Upper Middle-Income Society by 2030. | TEN YEAR STRATEGY (20234-2032)3<br>HIGH 5s (Feed Africa, Industrialize Africa, Integrate Africa, and Improve the quality of life for the people of Africa) |
| • NDS1/Vision 2030 – Inclusive Growth<br>• SDG 1 No Poverty - End poverty in all its forms everywhere.<br>• SDG 2 Zero Hunger - End hunger, achieve food security & improved nutrition, and promote sustainable agriculture.<br>• SDG 5 Gender Equality - Achieve gender equality and empower all women and girls.<br>• SDG 13 Climate Action - Take urgent action to combat climate change and its impacts.<br>• SDGs 8,9.12 – Moving Economy up the Value Chains | • Strategy on Inclusive and Green Growth (TYS);<br>• Improve the quality of life for the people of Africa (High 5)<br>• Feed Africa (High 5)<br>• Industrialize Africa (High 5)<br>• |
| **Country Sector Strategy** | **Country Sector Strategy** |
| • Zimbabwe National Agriculture Policy Framework 2019-2030. Improving agriculture production through development of value chains.<br>• Zimbabwe Climate Policy 2016: Mitigation and adaptation of climate change.<br>• Zimbabwe National Industrial Development Policy | • Bank's Private Sector Development Strategy 2021-2025<br>• Feed Africa Strategy for Agriculture Transformation in Africa (2016-2025).<br>• Gender Strategy (2021-2025).<br>• Skills for Employability and Productivity Action Plan (SEPA: 2022-2025).<br>• Jobs for Youth in Africa Strategy (2016-2025).<br>• Climate Change and Green Growth Policy and Strategy (2021-2030).<br>• Strategy for Addressing Fragility and Building Resilience in Africa (2022-2026).<br>• Bank's Private Sector Development Strategy (2021-2025) |

**COUNTRY DEVELOPMENT RESULTS/INDICATORS**

| Indicators | Baseline (2023) | Targets (2026) |
|---|---|---|
| **Investment in agriculture** | | |
| Reduced rural unemployment by gender. | 33% (M)<br>17 (F) | 32% (M)<br>16% (F) |

**BANK INTERVENTIONS/RESOURCES**

| General area of intervention or instrument | Actual Amount 2023 (UA Million) | Target Amount 2026 (UA Million) |
|---|---|---|
| Sovereign Operation | 4.7 | 9.5 |
| Non-Sovereign Operation | 41.7 | 80 |
| | | |
| ESW | 0 | 0.2 |

| | | |
|---|---|---|
| Proportion of rural people living below poverty line (%) | 29.4% (M)<br>29.3% (F) | 28% (M)<br>28% (F) |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

| | | |
|---|---|---|
| Total | 46.4 | 89.7 |
| | | |
| | | |

## ANNEX 1.2 Performance Measurement Matrix.

| Performance Area or intervention | Monitoring Indicators | Baseline (2023) | CSP CR Target (2026) | Data Source |
|---|---|---|---|---|
| **Operational results (from projects)** | | | | |
| **Priority Area I- Strengthening Governance and Accountability** | | | | |
| **Expected Outcomes** | **Enhancing Economic and Financial Governance**<br>Domestic Revenue (% of GDP)<br>Fiscal deficit below regional convergence level (% of GDP)<br>CPIA Score on economic management.<br>SOEs compliance to Public Entities Corporate Governance Act (i.e. score of ≥70%)<br>Mo Ibrahim accountability and transparency score | 16.8%<br>-2.1<br>2.3<br>23.3%<br>35.7 | 20%<br><-3.0<br>3.0<br>50%<br>40.0 | GoZ Budget Report<br>AFDB CPIA<br>CGU Report<br>Mo Ibrahim Index |
| **Expected Outputs** | SOEs centralised ownership agency established and operational.<br>Integrated Corporate Governance Management Information System developed.<br>Structured dialogue platform meeting conducted.<br>IM Staff Monitored Programme in Place | 0<br>0<br>5<br>0 | 1<br>1<br>10<br>1 | |
| **Operational results (from projects)** | | | | |
| **Priority Area II- Enhance private sector investment for inclusive growth** | | | | |
| **Performance Area or intervention** | **Monitoring Indicators** | **Baseline (2023)** | **CSP CR Target (202)** | **Data Source** |

| | | | | |
|---|---|---|---|---|
| **Expected Outcomes** | **Private sector led investment in agriculture**<br>i. Improved average annual income of rural smallholder farmers.<br>ii. Improved access to credit to private sector (% of GDP)<br>iii. Reduced informality. | USD 364<br>6.6%<br>87% | USD 500.<br>8%<br>70% | ZIMSTAT Reports |
| **Expected Outputs** | i. Additional area (ha) put under crop production with climate smart farming.<br>ii. Number of farmers with access to fertilizers (Bank funded project).<br>iii. Number of farmers benefiting from improved post-harvest loss technologies and management practices disaggregated by gender. | 0<br>0<br>0 | 100,000<br>50,000 (50% women)<br>50,000 (50% women) | Project completion reports |
| **CROSS-CUTTING ISSUES:** ***climate change, gender, youth skills development, and job creation*** | | | | |
| **Climate Change** | i. Share of portfolio value responding to climate change (%).<br>ii. | 0 | 10 | CPPR |
| **Gender** | i. Gender mainstreamed in all projects with GMS categorization (%). | 0 | 100 | PARs/IPRs |
| **Youth and skills** | i. Jobs created under Bank-financed project (at least 50% women) (#); 50% Youth | 0 | 500 | IPRs |
| **Environmental and Social Safeguards** | **i.** All projects under origination categorised and ESCONs issued (%).<br>**ii.** All projects under implementation supervised with satisfactory compliance. | 0<br>0 | 100<br>100 | PARS<br>PARS |
| **OTHER AREAS** | | | | |
| **Financial Leveraging (co-financing)** | i. Amount leveraged in co-financing Bank funded projects (UA Million) | 3.0 | 5.0 | CPPR |

| | | | | |
|---|---|---|---|---|
| **Portfolio Performance and Monitoring** | i. Annual disbursement rate (%)<br>ii. Flagged Projects (% of portfolio).<br>iii. Time from approval to effectiveness (months)<br>iv. Time of approval to first disbursement (months). | 50.7<br>15<br>4.5<br>10.5 | 60.0<br>10<br>3.0<br>6.0 | CPPR |
| **Knowledge work and policy dialogue** | i. ESWs prepared (No.)<br>ii. High-level policy dialogue missions/events (No.) | 0<br>0 | 10<br>3 | Mission Reports |
| **Donor Coordination** | i. Joint donor coordination missions/events (No.) | 0 | 2 | Mission Reports |

## ANNEX 2 : Policy Reform Dialogue Matrix

| ZIMBABWE | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ADF Only Country | | | | | | | | | |
| Reform Activity Supported | GCI-VII and/or ADF-15 high-level commitment (for ADF-15 commitments indicate pillars plus objective and objective code) | High-5(s) supported | Technical Bank department(s) in charge | Expected timeline for completion of reform(s) | Key expected results and timelines | Support Instrument (PBO/RBF/Investm ent Project/ISP/ESW/T A/etc.) | ESW/TA required ? (title/purpose, cost secured/not secured, timelines) | Status/progress & key milestones achieved | Comments |
| Private Sector Development | | | | | | | | | |
| **Clearance of outstanding arrears to the Bank** | PIILLAR 2 - Governance, institutions and human capacity for inclusive growth. Strengthening policy reforms and dialogue around arrears clearance. | High 5 – Improving People's Lives | ECVP/RDVP | 31/12/2024 | (1) Establishment of structured dialogue platform on arrears clearance to provide space for policy dialogue by Dec 2022.<br><br>(2) Making token payments to the Bank of US500,000 per quarter until clearance of arrears. | Support for arrears clearance project (UA3m) | Yes. TA Provided to GoZ | **Key Milestones achieved to date:**<br><br>(1) Structured dialogue platform established on 1st December 2022. Since then 5 meetings have between GoX and its creditors have taken place resulting in an agreement on key reforms.<br><br>(2) Token payments of USD500,000 are being made since 2021 | Three policy reform matrices have been produced. GoZ has commenced implementation of agreed reforms. An IMF SMP is under discussions. |
| **Public Financial Management Reforms** | **PIILLAR 2 - Governance, institutions and human capacity for inclusive growth.**<br><br>Objective 1: Domestic Resource Mobilisation and fighting corruption and illicit financial flows (G9) | High 5 – Improving People's Lives | ECVP/RDVP | 31/12/2024 | (1) Improved PFM accountability and transparency including in State Owned Enteprises (SOEs)<br><br>(2) Increased domestic resource revenue generation by at least 5%. | ISP - Support for governance reforms Project Amount: UA2.5m | Systemic and capacity building activities | **Key Milestones achieved to date:**<br><br>(1) Fiscal deficit maintained below 3% of GDP during CB period.<br>(2) Revenue increased from 16% of GDP in 2022 to 21% of GDP by 2025. | This operation is addressing critical public sector reforms in Zimbabwe. Targeting key PFM institutions including Ministry of Finance, Auditor General's Office and Zimbabwe Revenue Authority. |

## ANNEX 3A: Sovereign Indicative Operational Program 2024-2026

| No | Project Name | CB Priority Area and Sector | High Five Priority | Amount (UA m) | Amount (USD m) | Delivery Year | Bank's Lead Technical Dept |
|---|---|---|---|---|---|---|---|
| 1 | Agriculture Value Chain Enhancement Project | Priority Area 2 (Agriculture) | Feed Africa Industrialise Africa | 4.1 | 5.3 | 2024 | AHAI |
| 2 | Skills for Youth Employment and Productivity in agriculture. | Priority Area 2 (Agriculture) | Improve Quality of Life | 2.7 | 3.5 | 2025 | AHHD |
| 3 | PIDACC Zambezi | Priority Area 2 (Agriculture/climate) | Feed Africa Improve quality of life | 2.7 | 3.5 | 2024 | AHAI |

## ANNEX 3B: Non-Sovereign Indicative Operational Program 2024-2026

| No | Project Name | CB Priority Area | High Five Priority | Amount (UA m) | Amount (USD m) | Delivery Year | Bank's Lead Technical Dept |
|---|---|---|---|---|---|---|---|
| 1 | First capital Bank | Priority Area 2 | Feed Africa Industrialise Africa | 11.4 | 15 | 2024 | PIFD |
| 2 | Old Mutual Agency Facility | Priority Area 2 | Feed Africa Industrialise Africa | 37.5 | 50 | 2024 | PIFD |
| 3 | Ecobank | Priority Area 2 | Feed Africa | 15.2 | 20 | 2024 | PIFD |
| 4 | Line of Credit Steward Bank | Priority Area 2 | Feed Africa Industrialise Africa | 5.3 | 7 | 2025 | PIFD |

## ANNEX 4: Indicative Economic and Sector Work Programme 2024-2026

| No. | Studies and Analytical Works | UA ,000 | Financing Source |
|---|---|---|---|
| 1 | Domestic Resource Mobilization Study | 70 | ISP |
| 2 | Fragility and Resilience Assessment for Zimbabwe | 35 | Admin Budget |
| 3 | Implication of Africa Continental Free Trade Area on Zimbabwe | 35 | Admin Budget |
| 4 | Governance Diagnostic Study | 30 | Admin Budget |
| 5 | African Economic Outlook | n/a | Staff |
| 6 | Country Policy and Institutional Assessment | n/a | Staff |
| 7 | Water Security Profile for Zimbabwe | 25 | Project Finance |
| 8 | Feasibility study for Kafue-Lion's Den Railway Spur | 200 | Not Identified |
| 9 | Update of ZIZABONA Project feasibility studies | 500 | SEFA[25] |

[25] Sustainable Energy Fund for Africa

## ANNEX 5. Zimbabwe Portfolio as of 31st December 2023

| # | Sector | Project name | Approval Date | Final Disb. Date | Amount Approved (MUA) | Amount Disbursed (MUA) | Disbursement Ratio | Commitment Ratio | Total Alert |
|---|---|---|---|---|---|---|---|---|---|
| | | **NATIONAL OPERATIONS** | | | | | | | |
| 1 | **Agriculture** | Zimbabwe - Africa Disaster Risk Financing Capacity Building | 22/01/2020 | 30/09/2023 | 0.5 | 0.3 | 62.6% | 47% | **Flagged** |
| 2 | **Agriculture** | Zimbabwe Emergency Food Production Project | 15/07/2022 | 31/12/2024 | 3.7 | 3.7 | 100.0% | 0% | **Satisfactory** |
| | | | 15/07/2022 | 31/12/2024 | 15.3 | 7.7 | 50.0% | 0% | **Close Watch** |
| 3 | **Power** | Zimbabwe Energy Sector Reform Support | 10/11/2021 | 31/05/2025 | 2.5 | 0.1 | 4.0% | 0% | **Satisfactory** |
| 4 | **Power** | Alaska-Karoi Transmission Line | 16/12/2016 | 30/06/2024 | 0.4 | 0.3 | 82.5% | 100% | **Satisfactory** |
| | | | 16/12/2016 | 30/06/2024 | 13.2 | 10.5 | 79.7% | 92% | **Satisfactory** |
| 5 | **Power** | Emergency Power Infrastructure Rehabilitation Programme Phase | 20/06/2017 | 30/06/2024 | 5.6 | 4.2 | 80.5% | 100% | **Satisfactory** |
| 6 | **Finance** | Transaction Guarantee Usd7.5m - Central Africa Building Society | 23/03/2022 | 04/04/2026 | 5.7 | 0 | 0.0% | 0% | **Satisfactory** |
| 7 | **Social** | Sustainable Enterprise Development for Women And Youth | 27/10/2021 | 31/01/2026 | 2.1 | 1.3 | 60.0% | 0% | **Satisfactory** |
| | | | 27/10/2021 | 31/01/2026 | 0.4 | 0.2 | 41.3% | 8% | **Satisfactory** |
| 8 | **Multi-Sector** | Tax And Accountability Enhancement Project | 18/12/2019 | 31/03/2025 | 7.6 | 3.7 | 48.8% | 78% | **Satisfactory** |
| 9 | **Multi-Sector** | Institutional Support Project For Governance and PFM | 22/11/2021 | 31/03/2025 | 2.5 | 0.9 | 37.3% | 11% | **Satisfactory** |
| 10 | **Multi-Sector** | Arrears Clearance And Governance Enhancement Project | 28/09/2022 | 31/12/2025 | 3 | 0.9 | 28.4% | 22% | **Satisfactory** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 11 | **Multi-Sector** | Institutional Support Project For State Enterprises and Parastatals | 31/10/2023 | --- | 4 | 0 | 0.0% | 0% | **Satisfactory** |
| | | | | **Subtotal National Operations** | **66.5** | | | | |
| | **REGIONAL OPERATIONS** | | | | | | | | |
| 12 | **Power** | Kariba Dam Rehabilitation Project | 15/12/2014 | | *23.3* | 5.3 | 34.40% | 58% | Satisfactory |
| | | | | | | 4.4 | 57.20% | 59% | Satisfactory |
| 13 | **Agriculture** | Post Cyclone Idai Emergency Recovery and Resilience Programme | 05/06/2019 | 31/12/2024 | *21.3* | 4.7 | 93.6% | 68% | Satisfactory |
| | | | | | | 9.6 | 58.7% | 68% | **Close Watch** |
| **Subtotal Regional Operations** | | | | | **44.6** | | | | |
| **Total National & Regional Portfolio** | | | | | **111.1** | | | | |

## ANNEX 6: Portfolio Improvement Plan 2023

| | ZIMBABWE COUNTRY PORTFOLIO IMPROVEMENT PLAN (CPIP) 2023 | | | | |
|---|---|---|---|---|---|
| | **Challenges /Problems Identified** | **Required Action** | **Indicators** | **Responsibility** | **Time frame for Implementation** |
| **IMPLEMENTATION PREPAREDNESS AND EFFECTIVENESS** | | | | | |
| | **Quality at Entry** | | | | |
| 1 | Feasibility studies to inform project preparation where necessary | Ensure that feasibility studies are identified and undertaken at project appraisal stages and results used to inform investment strategies of all new projects. | Availability of technical reports from stakeholders<br>Consultation reports on file<br>Lessons learnt register | The implementing entity | Prior to appraisal |
| 2 | Implementation risk mitigation at project design | Undertake due diligence at project appraisal stage to identify and assess possible risks (country, organizational and financial etc) to institute necessary actions prior to project implementation. | Updated risk register in place<br>Due diligence report on file<br>Procurement plans in place | Implementing entity | During appraisal |
| 3 | Comprehensively address environmental and social safeguards at project design | Engage Executing Agencies (EAs), Implementing Agencies (IEs) to undertake detailed gender analysis at project appraisal stages of all projects to ensure that relevant gender mainstreaming and youth inclusion strategies are developed. | Gender Action Plan<br>Country Gender profile | Implementing Entity | During appraisal |
| 4 | Enhanced consultation at project preparation and design | Expectations and role clarity to be identified and agreed upon by key stakeholders during project preparation to avoid disappointment. This also applies to projects implemented by Multilateral agencies. | Responsibility Matrix /DOAP in place<br>Inception meeting report<br>Project Implementation Plan | Implementing Entity in consultation with AfDB and Gvt | At Project Approval |
| 5 | Role of Government in selection of implementing entities | Bank to involve government in selecting Multilateral agencies to implement Bank funded projects. | Call for expression of interest in place | AfDB & Gvt | During preparation and Appraisal |
| 6 | Improved planning | Need to observe set Bank timelines (e.g. for signatures of agreements, project launches etc.) to avoid project implementation delays. | Gantt Chart in place | Implementing Entity & AfDB | During Appraisal |

| | | | | | |
|---|---|---|---|---|---|
| 7 | Advance agreement and on financial and disbursement modalities | Inform the Executing Agency (EA) and Project Implementing Unit (PIU) on the currency to be used by the project for timely arrangements to be made to open Special Accounts to avoid project implementation delays. | Clear Budget with U.A and USD components | AfDB & Implementing Agency | During Appraisal |
| 8 | Comprehensiveness of project budget | The Project has inadequate staffing budget | Project budgets to include adequate staff budgets | AfDB & Implementing Entity | During Appraisal |
| 9 | Steering committee establishment | Project Steering Committees (PSCs) need to be fully constituted with clear Terms of Reference (TORs) at the start of the project for them to be effective in overseeing project implementation. | TORS of steering committee developed at appraisal<br>List of appointed SC Members | Implementing Entity | During Appraisal |
| **FIDUCIARY ASSURANCE** | | | | | |
| | **Procurement** | | | | |
| 1 | Poor quality bid response resulting in limited competition | Capacity building for Consultants and Contractors | One in a year | PIU Resource Persons/ AfDB/PRAZ/Industry Associations | 30-11-2023 |
| 2 | No constant updates on system changes/procedures/bidding documents | Capacity building for PIU/ Need for ongoing short course/refresher trainings and workshops. Promote regular staff development through trainings and workshops. | Yearly or as and when update occurs and during supervision missions | Bank /EA | Continuous |
| 3 | Delayed No Objections during the procurement process | Accelerate response time. Bank to ensure back up in absence of procurement officer. | Stick to set times | Bank | Continous |
| 4 | Delay in creating contract account in the system to allow for payments | Create accounts within 7 days of receipt of PDE forms/matrix | Within 7 days | Bank | Continuous |
| 5 | Slow disbursement relating to delayed procurement | Procurement plans to consider timeline for feasibility studies and specification development | No Indicator | | Continuous |
| 6 | Ensure timely submission and approval of procurement/updated procurement plans for all projects | Capacitate PIUs / Adequate staffing of PIUs | Quarterly/ annually | PIU/EA | Continuous |
| 7 | Ensure that procurement processes are initiated/ front loaded at the start of a project to avoid implementation delays. | Capacitate PIUs / Adequate staffing of PIUs (eg front load preparation of draft TORs, advertise were possible conditional on project approval) | Quarterly/ annually | PIU/EA | Continuous |

| | | | | | |
|---|---|---|---|---|---|
| 8 | Time constraints for Procurement staff to support procurement processes of Bank funded projects | Dedicated staff for Bank funded projects / Improve the PIUs's and beneficiaries' capacity in contract management to avoid project implementation delays and consequently numerous project extensions (eg TAEP, Kariba Dam Rehabilitation project) | Inception/PIM | EA/Bank | Continuous |
| | **Financial Management** | | | | |
| 1 | Limited understanding of the Bank's FM rules and procedures | Refresher courses as and when needed | Number request for assistance with FM rules and procedures application | Bank | Bi-Annually |
| 2 | Limited knowledge on the maintenance and reconciliation of disbursement ledgers. | Ensure that new PIUs are trained on the maintenance and reconciliation of disbursement ledgers. | The project ledgers are updated and reconciled | Bank | Quarterly |
| 3 | Inadequate time allocated to Institutional Capacity and Fiduciary Training (ICFC) undertaken by the Bank | Ensure that adequate time is allocated to the Institutional Capacity and Fiduciary Training (ICFC) undertaken by the Bank. | Number of Fiduciary Clinics or Trainings conducted | Bank and Ministry of Finance and Economic Development (MOFED) | Annually |
| 4 | Enhance learning and sharing of experiences. | Need to have joint ICFC trainings with PIUs from other countries to enhance learning and sharing of experiences. | Number of joint ICFC trainings with PIUs from other countries | Bank and MoFED | Annually |
| 5 | Exchange rate losses/gains resulting in inadequate/excess funds for the projects | Ensure that the Bank addresses the variations in exchange rates between the UAC and US$ as this has implications on the total funds available for the project over the project lifespan. Reduce procurement timelines and accelerate disbursement to mitigate losses. | Number of joint ICFC trainings with PIUs from other countries | Bank | Regularly |
| | **Disbursement** | | | | |
| 1 | Delays in resolving disbursements and queries raised by PIUs/IEs. | Bank to ensure that the requested disbursements and queries raised by PIUs/IEs are resolved within the set time limits of 15 days. | Queries resolved in 15 days | Bank | Regularly |

| | | | | | |
|---|---|---|---|---|---|
| 2 | Untimely replenishment of special accounts. | Disbursement requests should be prioritized and automated as per World Bank's approach to ensure the timely replenishment of special accounts. To check if there are shortcomings of the Bank's Client Connection Platform | Timely replenishments | Bank | Regularly |
| | **Audits** | | | | |
| 1 | Absence of a standardized time taken to prepare and submit project financial statements to auditors. | Bank to appraise PIUs/IEs on the importance of and how to record time taken to prepare and submit project financial statements to auditors. | Timely submission of financial statements to auditors | Bank | Bi-Annually |
| | **MONITORING AND EVALUATION AND REPORTING** | | | | |
| 1 | Capacity gaps for M&E and reporting in projects | M&E units set up across Government should be capacitated to carry out M&E for Bank funded projects. | At least 2 staff in Government M&E Units trained to M&E Bank funded projects. | GoZ, Implementing Agencies, AfDB | Twice a year, depending on need. |
| | **Limited resources for M&E and other cross cutting issues** | Ensure that the Project Management Unit (PMU) has resources to hire additional M&E staff members to be able to effectively monitor E&S, gender, and communication issues in all the projects they manage. | Number of M&E staff recruited. | GoZ, Implementing Agencies, AfDB | Twice a year, depending on need. |
| 2 | Some indicators are difficult to measure due to lack of data that addresses the specific demands of the set indicators. | During project appraisal, Bank, and stakeholders to consult and agree on relevant baseline data and SMART indicators to measure project outputs and outcomes. | SMART indicators in the Appraisal Reports and Authentic baseline data in the Appraisal Reports | AfDB, Implementing Agencies | For all new projects. |
| 3 | Inadequate monitoring of cross-cutting issues | Ensure that base line data and indicators for measuring cross- cutting issues are stated at appropriate levels to avoid errors in target setting, data collection and reporting. | SMART indicators on cross-cutting issues in the Appraisal Reports and Authentic baseline data on cross-cutting issues in the Appraisal Reports | AfDB, Implementing Agencies | For all new projects. |
| 4 | Delays in project implementation that affect timelines for attainment of results. | Ensure that reviews are done and new timelines set and agreed for the realisation of the stated project outputs and outcomes. | Revised Results Framework | Implementing Agencies, AfDB | Ongoing |
| | Lack of synergies between project RMF and PIU monitoring plan | Ensure that the Project's results framework is in sync with the implementing agency's monitoring plans | Revised Results Framework | Implementing Agencies, AfDB | Ongoing |

| | | | | | |
|---|---|---|---|---|---|
| | **ENVIRONMENT AND SOCIAL SAFEGUARDS** | | | | |
| 1 | Delays in the deployment of E&S personnel | In project design, the E&S personnel should be included at the beginning of the project. | The PMU structure to include the E&S personnel at appropriate levels. | Bank and PIU | Project commencement. |
| | | Bank and PIU to ensure timely deployment of E&S personnel during project implementation to facilitate the enforcement of E&S issues as stated in the Environment and Social Safeguards Management Plans (ESMPs). Inclusion of E&S at critical stages of project cycle. | In the procurement plan, recruitment of E&S personnel should be one of the initial activities to be done. No/frequency of E&S participating at missions. E&S reports. | Bank and PIU | Project commencement. |
| 2 | The E&S implementation capacity need improvement | Ensure that all PIUs/IEs have capacity to articulate and mainstream Environment and Social Safeguards (E&S) from project preparation stage and throughout project implementation. | E&S compliance | Bank and PIU | Project commencement and implementation |
| 3 | Approved ESIAs and ESMPs sometimes fail to fully meet Financier's requirements | PIUs to engage the Bank during the ESIA and ESMP review prior to approval by regulatory bodies (to ensure the Bank standards are incorporated in the ESIA/ESMP) | ESIAs and ESMPs compliant to Bank safeguard requirements. | PIU and Bank | Project planning |
| 4 | Reluctance by Contractors in implementing Environmental, Social and Gender requirements during project implementation | Incorporate Environmental, Social and Gender requirements in the bidding documents and have them as part of the Contract and be binding (include disincentives for non-conformities) | Contractor Compliance to respective requirements | PIU | Project planning |
| 5 | Stress on / deterioration of project community's resources and facilities by project staff and activities | CSR to align with enhancing impacted areas (clinics, roads, etc.) and to be incorporated in Contract documents including budget components. | SCR initiatives undertaken – including respective budget tracking | PIU | From Project commencement |
| | | Contracts to identify areas of potential impact provide provisions for sustenance (road maintenance, rehabilitation of sites, etc) | Compliance to stipulated requirements | PIU | From Project commencement |
| | | Establish GRM proactively and timely identify areas of impact. | Compliance to stipulated requirements | PIU | From Project commencement |

| | | | | | |
|---|---|---|---|---|---|
| **INSTITUTIONAL CAPACITY ASSESSMENT (PROJECT MANAGEMENT INCLUDING STAFFING ISSUES)** | | | | | |
| 1 | Continuous changes in the project environment (systems) | Continuous training | No. of staff trained per year; number of trainings conducted | Banks; PIUs | Immediate |
| 2 | Staff turnover | Ensure that PIUs/IEs maintain qualified and experienced staff as staff changes affect smooth project implementation and continuity through incentives, competitive salaries | No of team members on the project; (less number of those leaving) | All | immediate |
| 3 | PIUs conditions of services (labour distribution) | Improve conditions (labour distribution reporting; remuneration through the project finances, incentivise PMUs). | Satisfaction index | Financiers/implementing Agents | Immediate |
| 4 | Adhoc staff appointments to PIU | Engage trained personnel; Continuous training for those appointed; Appraise PIUs (especially new ones ) in understanding their roles and capacities in projects that are implemented by several PIUs. | Number of full-time staff seconded to PIUs | Implementation Agents | Immediate |
| 5 | Consistent and permanent support teams from the Banks | Bank to assign regular staff to PIUs as frequent staff changes affect project implementation as more time is required to re-appraise new staff to understand the project.<br>TTLs to, at least, complete the projects under their guidance/directorship | Bank staff stability. Task Team Leaders to complete their projects | Bank | Immediate |
| 6 | Communication gaps between Banks and PIUs | | Communication plan and other interactive online platforms in place. | All | Immediate |
| **GENDER MAINSTREAMING (IN GOVERNMENT PROJECTS AND POLICIES)** | | | | | |
| 1 | Gender related activities not fully implemented | PIU to develop/Update and fully implement Gender Action Plan (GBV risk assessment, GBV mapping, GBV training, etc.) | Gender/GBV action Plan in place | PIU | Project planning |

| | | | | | |
|---|---|---|---|---|---|
| | | Develop the Grievance Redress mechanism that covers Gender Issues in project design. | GRM in place and budgeted for, implemented. | PIU | Project planning |
| | | Project specific Code of Conduct to be developed and implemented | Code of Conduct | PIU | Project planning |
| **INSTITUTIONAL CAPACITY ASSESSMENT (AfDB SUPERVISION INCLUDING STAFFING)** | | | | | |
| | | No new action points were identified. | | | |

## ANNEX 7: Donor Matrix in Zimbabwe

| | Capacity Building | Education | Health | Water & Sanitation | Energy | Agriculture | Economic Reform | Humanitarian Assistance | Infrastructure | overnance | Climate Change | Private Sector |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **AfDB** | √ | | | √ | √ | √ | √ | | | √ | | √ |
| **Australian Aid (AUSAID)** | √ | | | √ | | √ | √ | √ | √ | | | √ |
| **China** | | √ | √ | √ | √ | √ | √ | | √ | | | |
| **Canada** | | | √ | √ | | | | √ | | | √ | |
| **Denmark** | | | | √ | | √ | | √ | | | | |
| **European Union (EU)** | √ | | √ | √ | | √ | √ | √ | √ | √ | √ | √ |
| **Finland** | | | | | | | | √ | | | | |
| **France** | √ | √ | √ | | | | √ | √ | | | √ | √ |
| **Germany** | | | | √ | | √ | | √ | | | √ | |
| **Ireland** | √ | √ | √ | | | | | | | | | |
| **Japan** | √ | √ | √ | √ | √ | √ | | √ | √ | | | √ |
| **Sweden** | √ | | √ | √ | | | | √ | | √ | √ | √ |
| **Switzerland** | √ | | √ | | | √ | √ | √ | | √ | √ | |
| **Spain** | | √ | √ | | | | | | | | | |
| **USAID** | √ | | √ | √ | | √ | √ | √ | | √ | √ | √ |
| **The Netherlands** | √ | | √ | √ | | √ | | √ | | √ | | √ |
| **UK** | √ | √ | √ | √ | √ | √ | √ | √ | | | √ | √ |
| **UNDP** | √ | | √ | | √ | √ | √ | √ | | √ | √ | √ |
| **World Bank** | √ | | | | | | √ | | | | | |

## ANNEX 8: Update on Zimbabwe Arrears Clearance Process

### 1.0 Background

1.1 Zimbabwe is currently the only Regional Member Country (RMC) of the AfDB that is in arrears accumulating over the last 23 years. According to the Government Public Debt report of November 2023, the country's total public debt amounts to US$17.69 billion (81.3% of GDP) as of 30th September 2023. External debt stands at US$12.69 billion (58.3% of GDP) and domestic debt at US$5.0 (23% of GDP). Multilateral debt amount to US$3.1 billion while bilateral debt amount to US$6.0 billion. Arrears represent 76% of (US$7.0 billion or 32% of GDP) of total multilateral and bilateral debt of US$9.1 billion. Paris Club debt amount to US$3.9 billion (65% of bilateral external debt) while non-Paris club debt amount to US$2.1 billion (35% of external debt). The five biggest Paris Club creditors are Germany, France, United Kingdom, Japan, and the USA with a combined debt stock of US$2.9 billion of which 75% are penalties. Arrears and penalties constitute the bulk of Zimbabwe's external debt and until this is resolved, arrears will continue to accumulate, creating more debt. China is the biggest Non-Paris Club creditor with a debt stock of US$2.0 billion or 95% of Non-Paris Club creditors. There were also external debt liabilities on the Reserve Bank of Zimbabwe (RBZ) balance sheet amounting to US3.5 billion. In 2023, the Ministry of Finance, Economic Development and Investment Promotion has assumed US$1.8 billion of these liabilities as GoZ moves to eliminate quasi-fiscal operations (QFOs) of the RBZ consistent with the IMF recommendations. Compensation of former commercial farmers (US$3.5 billion) constitute 70% of the US$5 billion domestic debt.

1.2 The Bank has undertaken several key actions that have galvanized the arrears clearance process for the country. These include: (i) development of an engagement framework centred on the Central Pin Strategy (CPS); (ii) Approval of a UA3 million of a technical assistance project for Zimbabwe's arrears clearance; (iii) Supporting GoZ to establish a structured dialogue platform and SWGs for arrears clearance and re-engagement. The Bank's Country Office in Zimbabwe has been working very closely with GoZ to provide technical support and advisory work on the arrears clearance and debt resolution process. The Bank has also been key in mobilizing development partners support towards a plan for arrears clearance and debt resolution. The Bank has also been active in its efforts to mobilize financial resources to support the implementation of agreed reforms.

### 2.0 Government's commitment to arrears clearance and debt resolution

2.1 Since 2021, the Government has shown its commitment to arrears clearance with the AfDB and other creditors. In December 2021, the GoZ adopted the *Arrears Clearance, Debt Relief and Restructuring Strategy (ACDRRS)* to guide its actions on reaching arrears clearance and debt resolution. In February 2022, the GoZ requested and subsequently appointed Dr Adesina, the President for the African Development Bank Group, to be a champion for Zimbabwe's arrears and debt resolution process. The GoZ also requested and appointed former Mozambican President, H.E. Joaquim Chissano, to be the facilitator of the re-engagement process between Zimbabwe and its development partners. The two have been very instrumental in mobilizing donors and creditors' support for Zimbabwe's arrears clearance and debt resolution process. Several key milestones have been achieved since 2022 and these include the following:

i) ***Support for the Arrears Clearance and Governance Enhancement Project*:** To facilitate dialogue on arrears clearance, the Bank approved UA 3 million grant under the *Support for Arrears Clearance and Governance Enhancement Project* in September 2022. The project is providing technical assistance to facilitate the Government's re-engagement process with its creditors and development partners.

ii) ***The Central Pin Strategy:*** In 2022, the AfDB proposed and agreed with GoZ on a Central Pin Strategy (CPS) to guide the resolution of the outstanding arrears and debt. The CPS is anchored on three pillars: (i) Economic reforms, and (ii) Political reforms, and (iii) Compensation of former commercial farmers whose farms were misappropriated under Zimbabwe's land reform programme.

**iii)** ***Establishment of a structured dialogue Platform****:* The AfDB has supported the GoZ in establishing a High-level Structured Dialogue Platform (HSDP) as an institutionalized forum for dialogue between GoZ and its creditors and development partners. Five meetings of the HSDP have been held since 1st December 2022.. These meetings were attended by Ambassadors, Heads of Diplomatic Missions and Agencies, representatives of private sector and CSOs.

**iv)** ***Sector Working Groups (SWGs):*** SWGs have also been established and have provided space for technical discussions cantered on the three pillars of the CPS. The three SWGs are *Economic Growth and Stability, Governance*, and *Land Tenure and Compensation.*

**v)** ***Roadmap of Implementation:*** The GoZ has outlined and adopted a road map for implementation from June 2023 to December 2025

**3.0 Summary of key issues broadly agreed under the SDP**

***3.1 Economic Growth and Stability:*** There is consensus that monetary fiscal policy reforms are needed. The managed exchange rate policy should be changed to a market determined policy and the foreign currency auctions should be transparent. On the fiscal side, it was also agreed that the quasi-fiscal operations of the Reserve Bank of Zimbabwe should be eliminated, and this function be undertaken by the Treasury. It was also agreed that the Government should engage the IMF to put in place an SMP to anchor implementation of these reforms.

***3.2 Governance:*** **There is broad consensus on the need for implementing reforms on**: *justice and rule of law,* enhancing public sector transparency and accountability, combating corruption, promotion of human rights, electoral reforms, and national unity, peace, and reconciliation. Holding of free, fair, and credible elections in August 2023 was singled out as a major signal of Government's commitment to improved governance.

***3.3 Farmer compensation and land reforms:*** There is consensus on the need to expedite compensation of former commercial farmers under the Global Compensation Deed and Bilateral Investment (US$3.5 billion) and Partnership Promotion Agreements (BIPPAs) farms. It was also broadly agreed that a bankable land lease agreement should be developed and put into practice.

**4.0 Summary progress on implementation of the Central Pin Strategy**

*4.1 Economic Growth and Stability*

4.1.1 The Economic Sector Working Group has achieved several milestones including the adoption of a market determined exchange rate and the elimination of quasi fiscal operations (QFOs). The Reserve Bank of Zimbabwe (RBZ) has transferred US$1.8 billion of Quasi Fiscal Operations (QFOs) to the Treasury. Hence, the Ministry of Finance is fully responsible for acquisition of loans and debt repayment.

4.1.2 IMF SMP: In May 2023, the Government requested for a Staff Monitored Programme (SMP) of the IMF. The SMP was recommended by development partners and other creditors to be a key framework for implementing economic reforms. The IMF SMP mission visited Harare from 18th to 25th October 2023 and discussions are on-going. A follow up Article IV consultation mission was also conducted from 29th January to 14th February 2024. Discussions of the recent missions focused on policies to restore macroeconomic stability and improve growth prospects, focusing on addressing the sources of fiscal pressures including quasi-fiscal operations (QFOs) of the Reserve Bank of Zimbabwe (RBZ); liberalizing the foreign exchange market and establishing an effective framework for exchange rate and monetary policies; and progressing on reforms to improve economic governance and reduce corruption vulnerabilities. Subject to government reaching an agreement with the IMF the SMP could be in place by quarter 2 of 2024. In its observation, the IMF mission observed that while the government made announcement on exchange rate policy and quasi-fiscal-operations reform, full implementation is yet to be achieved.

*4.2 Governance*

4.2.1 Based on the governance matrix, agreed reforms focus on the implementation of the following: Justice and rule of law, enhancing public sector transparency and accountability, combating corruption, promotion of human rights, electoral reforms, and national unity, peace, and reconciliation. At the request of DPs, the government is engaging the World Justice Project (WJP) to undertake an interim assessment on the rule of law index from June 2023 to Q1 2024, to provide a baseline of indicators that will measure the government's progress in implementing the required actions. The WJP is also expected to build capacity within government on WJP related measurements. One other notable progress is that the PVO Bill was not signed into law. However, the enactment of the Patriotic Bill is feared that it may constrain and suppress civil and political rights in the country. The country held presidential, parliamentary, and council elections in line with the country's Constitution. Development partners had singled out the holding of free and fair elections in August 2023 to be a key milestone on the governance front. Following the largely peaceful August 2023 harmonized elections, international and national Electoral Observer Missions (EOM) invited by government have submitted their reports which are being considered by government.

*4.3 Farmer compensation and land reforms*

4.3.1 There has been consensus on the need to expedite compensation of former commercial farmers and Bilateral Investment and Partnership Promotion Agreements (BIPPAs) farms. The updated Valcon database is expected to be shared with government later this week. It was also broadly agreed that a bankable land lease agreement should be developed and put into practice. As indicated above, the government is currently working on the 99-year land lease agreement with support from the Africa Legal Facility (ALSF). On 15th September 2023, the ALSF approved a US$ 800,000 project covering three main tasks: (i) Reviewing the draft 99-year lease agreement and drafting a lease agreement template; (ii) Providing legal advice and training to Government on arrears clearance and debt restructuring; and (iii) Providing training to the Government on loans and contracts negotiations. The ALSF is in the process of engaging a TA to lead the process.

## 5.0 Outcomes of the Strategic Planning Meeting on Arrears Clearance Process

5.1 The Strategic Planning Meeting (SPM) was held on 19th January 2024 to review progress of the three Sector Working Group (SWG) on governance, economic growth and land and farmer compensation. The meeting also identified priorities and quick wins for 2024. The SPM also discussed the resumption of technical meetings and the high-level Structured Dialogue Platform (SDP). The following recommendations were made:

a) Development partners (DPs) urged that the coordination on the government side should be strengthened and to ensure that the relevant government units are part of the process.

***b)*** That Government improves its communications strategy on arrears clearance to manage in-country and external relations.

5.2 The Minister of Finance, Economic Development, and Investment Promotion, in his opening remarks, made the following announcements:

- That the Government reiterated that it has set aside USD 55 million in the 2024 budget with US$35 million set aside for Former Farm Owners (FFOs) and US$20 million to BIPPA farmers.
- That the Government was working with Valcon (a private company with the comprehensive database of FFOs & BIPPAS) to consolidate an agreed database that will be used to pay compensation to all eligible farmers.
- That the Government was committed to concluding discussions with the IMF an an SMP by the 2$^{nd}$ quarter of 2024.
- To address specific issues within the Land & Compensation WG, three technical working groups to address GCD, BIPPAs and Land tenure have been operationalized.
- Acknowledged the support of the African Legal Support Facility (ALSF) with respect to the 99-year lease legislation and that the ALSF was concluding the procurement process of a consultancy firm to support the process including building capacity on government officials on legal related aspects.

## 6.0 Next Steps

The Country Office in Zimbabwe will continue to engage the government and will work in close collaboration with development partners and other stakeholders in the implementation f agreed reforms and to follow through on the government commitments. Sector working groups have resumed since January 2024 and it is expected that the first high-level structured dialogue platform meeting of 2024 would be held in March.

## ANNEX 9: Zimbabwe's Resilience Assessment

### 1. Introduction

**1.1** The Bank Group emphasizes addressing fragility in Regional Member Countries (RMCs) and, the Regional Economic Communities (RECs). The Bank's Strategy for addressing Fragility and Building Resilience in Africa (2022-26) recognizes that fragility and vulnerability to shocks, curtails, and breaks the growth and development trajectory a of low-income and less resilient economies. The focus of the Strategy is to enhance the resilience of societies, institutions and promote private sector development. Given the recent impacts of shocks such as climate change, global geo-political tensions, and the COVID-19 pandemic, the Bank is challenged to find solutions to fragility that are more preventative in its engagements with RMCs. The Bank's engagements in Zimbabwe are increasingly signalling a pivotal shift towards preventative actions, more selectivity through boldly addressing the root causes of a crisis rather than simply addressing its aftermath. The systematic application of the fragility lens enables the Bank to mainstream resilience considerations across its programmes, operations and at policy dialogue level.

**2.1** After Zimbabwe's decades-long macro-economic and social, instabilities, the level of productivity, across sectors, has reduced substantially, despite the economy's resilience.

**2.2** Zimbabwe's debt and arrears continue to negatively impact the country's efforts to stabilize the economy and achieve development aspirations articulated in the National Development Strategy (NDS-1, 2021-2025). The latest Country Resilience and Fragility Assessment identified several areas where fragility pressures were highest across the 7 dimensions, and these are: (i) increasing economic and income inequalities; (ii) a challenging governance environment that promotes leakages in public finance and other resources; (iii) heightened exposure to food and nutrition and insecurity due to climate change and poverty; and (iv) a challenging macro-economic environment that leaves youth unemployed. These drivers of fragility reinforce underlying factors that contribute challenging economic conditions for many Zimbabweans at the household level. Furthermore, limited economic opportunities and the high levels of poverty among women and youth exacerbates vulnerability.

### *a. Emerging Fragility Pressures*

**2.3** The period of the resilience assessment was contextualized by the recent elections as the opposition that dominate the urban centres had disputed the election results. However, despite initial uncertainty the post-election period has largely been peaceful. Yet, the recalls of recently elected members of parliament, councillors, and senators by a faction of the CCC created an atmosphere of discord in some constituencies as did the alleged abductions of some CCC members and the murder of a prominent CCC activist.

**2.4** It suffices to say that the impacts of external and climatic shocks (Cyclones Idai and Kenneth) continue to negatively impact the economy's informal and/or small-scale sectors. For example, in 2022, Government reported[26] that the global containment measures against COVID-19 had adverse implications on businesses, livelihoods and other socio-economic activities in the country and the domestic economy continues to be weighed down by these challenges and worsened by the weak social development and safety net provisions. Poverty levels in Zimbabwe increased at the peak of the pandemic in 2020 and part of 2021, with 44% of Zimbabweans facing extreme poverty due to COVID-19.

***b.*** Fragility drivers continue to overwhelm the economy and social fabric of the country, with significant regress on socio-economic conditions. The pandemic exacted significant pressure on an already challenged health sector due to underlying institutional capacity

26 file:///D:/MRE106165/OneDrive%20-%20AFDB/Documents/2023-BUDGET-STRATEGY-PAPER.pdf

constraints within the sector. The Bank responded by providing an emergency Covid 19 operation of UA 10 million and a further UA 19 million to avert the global food crises that emerged after Russia's invasion of Ukraine. The price of fuel in Zimbabwe went through various fluctuations. Between January 2022 and June 2023, the price of fuel went up by 20c to US$ 1.61 for both diesel and petrol. Current prices are at US $ 1.74 for diesel and US $ 1.68 for petrol, adding further pressure on prices.

**2.5** Zimbabwe has a considerably strong base to mitigate the impact of fragility given its abundant natural resources, human capacity, highly literate population, a young demography, and regional connectivity. The Bank has continued to leverage the existing strengths in the country through its interventions to build capacity, provide technical assistance and invest in private sector development to enhance productivity and support resilience to shocks.

## 2. Progress Towards Strengthening Resilience through the Bank Portfolio in Zimbabwe

**3.1** The Bank's current portfolio responds closely to the capacity and emergency needs of Zimbabwe, focusing on technical assistance, targeted support for women and youth empowerment, governance and institutional strengthening of public institutions and supporting local banks to on lend to the private sector.

**3.2** The Bank took a leadership role to support Government implement its framework of arrears clearance, debt resolution and debt sustainability. The targeted support from the African Development Fund's Transition Support Facility (ADF's TSF), amounting to UA 3 million, has benefitted the country's capacity to re-engage its creditors through a structured dialogue platform. The platform convenes local civil society actors, regional partners, the private sector and international partners to build mutual trust and collective resolution of debt. Technical assistance of the project has helped the Government draft an ambitious reform plan to improve economic and political governance. The project complements previous and other ongoing technical assistance and capacity building support for institutional strengthening, through the ADF's Policy Based Allocations (PBA), to support governance and public finance management, as well to improve tax and accountability and the role of Parliament oversight in use of public finances.

**3.3** In line with the NDS-1, Government highlighted the high poverty incidences in the country, requiring investments for social protection, poverty alleviation and safety nets[27]. Poverty is highest in rural areas, female, and child-headed households and within small-scale farming communities with traditional farming practices that are prone to climate change. Through the Bank's ADRiFi investments, Zimbabwe is building the capacity to prepare and recover from climate-related disasters[i].

**3.4** Activities in the agriculture economy are Zimbabwe's mainstay areas for food security, livelihoods, employment, manufacturing, and trade. In recent years, there's been limited fiscal investment into agriculture productivity and climate resilience activities. The Bank continues to make significant investments into agricultural production and productivity, linking with context-specific value chains were women and youth are highly represented, through its ADF support and the Non-Sovereign Operations for private sector development. Some of the bank's projects target community projects in the Matabeleland and Mashonaland provinces, were livestock and horticulture farming support livelihoods. Furthermore, support to WASH, renewable energy and transport within the Bank portfolio are key contributors to social cohesion and resilience.

[27] NDS1.pdf

**3.5** Further Bank support has been through domestic banks that provided trade finance products for small to medium sized enterprises. The Bank also made generous support to the agriculture sector, targeting small-scale farmers with capacity building and access to finance activities in the beef and leather value chains, with TSF resources amounting to UA .72 million.

## 3. Additionality of the Bank's Involvement - Progress on Building and Strengthening Resilience

### *4.1 Strategic Alignment of the Country Brief to the Bank's Fragility Agenda*

- In response to the various shocks from climate change and recurring external shocks two operations using ADF 15 resources were implemented.

***Zimbabwe: COVID-19 Response Project***, approved in May 2020, contributed to the country's success in containing and avoiding the worst impact of the pandemic. Through the UA 10 million TSF Pillar 1 support (carried forward from ADF-14), the project helped procure PPE equipment, rehabilitate, and manage isolation centers and managed to support establishment of local community level income generating initiatives to empower women, young and elderly people, whose livelihoods had been affected by the pandemic. Furthermore, the project ensured access to WASH services in targeted communities. ***Zimbabwe: the Africa Emergency Food Production Facility***, approved in September 2022, came as a direct response to looming food insecurity and food price crisis following the conflict in Europe. The conflict in Europe affected supplies of wheat, fertilisers, and fuels. The Bank was swift in extending much needed support of UA 19 million from its TSF window.

### *4.2 Outlook on the Development of Pipeline and new Country Brief for Greater Resilience Potential: Recommended Resilience Support*

a. The multidimensional nature of the challenges in the country negatively impact the socio-economic welfare of the country. The Bank's portfolio in Zimbabwe remains small due to limited access to Bank financing. For the 2021-2023 CB period, UA 19 million for the emergency food production operation complemented the limited PBA envelope of UA 7.5 million from the ADF-15 allocations. .

Prevention of fragility is the focus of the current CB. The Country Brief will prioritise knowledge development to assess fragility and resilience and identify partnerships to combat fragility pressure. The Government still recognizes that economic transformation and job creation will be the key tenets to facilitate resilience, which aligns with the Bank's fragility strategy. At the driving seat of transformative development is increased investments for catalytic private sector development to foster higher production, value addition and diversification in key value chains. Leveraging the potentials of the agriculture, mining, tourism, and manufacturing sectors, investments for private sector development will stimulate job creation and growth of MSMEs, which is key for resilience. The prevention envelope of the TSF provides opportunities to target key value chains, supported by strong feasibility studies and anchored on catalysing private sector investments.

b. Furthermore, enabling sectors, including transport, energy, climate resilience operations and skills development require scaled support through larger projects, public-private partnerships. A cocktail of capacity building interventions in entrepreneurship skills development and technical assistance is recommended to compliment operations. With integrated approaches, Bank interventions will respond to the disaster triangle of climate change, unemployment, and extreme poverty/exclusion.

c. The project pipeline is further recommended to focus on "scaling-up" the interventions already implemented and under implementation, to consolidate interventions and improve development impact.

## ANNEX 10: Zimbabwe’s Access to Transition Support Facility Under New Guidelines

### 1. INTRODUCTION

The Bank’s approach to addressing fragility is guided by the Bank's Strategy for Addressing Fragility and Building Resilience in Africa (2022-26). During the Country Brief period 2021-2023 Zimbabwe’s access to the TSF was and continued to be determined on a case-by-case basis

The revised Operational Guidelines (2023) for the Transition Support Facility (TSF), approved in June, updated the conditions under which Zimbabwe's access to TSF resources will be approved. During the ADF-16 cycle, Zimbabwe’s eligibility to TSF1 pillar will be on an exceptional basis, by way of a waiver from the Board. This includes submissions responding to the call for proposals under Pillar I and pillar III.

**ZIMBABWE’S ACCESS TO TSF - MEETING THE THREE CONDITIONS ON EXCEPTIONAL ACCESS TO TSF FOR COUNTRIES IN ARREARS**

Zimbabwe is the only regional member Country (RMC) under sanctions due to arrears. A***ccess to up to 100% of the grant portion of its TSF Pillar I allocation may be allowed, under paragraph 2.20 of the operational guidelines, provided the government demonstrates firm commitment to debt regularization***. Such exceptional access may be used to support operations, including institutional support activities and infrastructure rehabilitation. Eligibility is extended given the criteria met of the first layer of the methodology determining eligibility for TSF Pillar I country allocations, which is set out in the Operational Guidelines. Furthermore, as agreed upon during the ADF-16 negotiations, Zimbabwe is considered a transition state eligible for TSF Pillar III resources. **However, the 2023 operational guidelines provide that for each project to be funded through grant resources from Pillar I, the PAR must explicitly seek approval from the Boards of Directors and provide evidence that the country has**:

i. **Entered into an agreement with the Bank** regarding its arrears clearance program with clearly defined milestones and performance benchmarks, including sound macroeconomic practices and debt management policies. The Zimbabwean government has already developed a Roadmap of debt resolution and arrears clearance (2021), to implement its Strategy on arrear clearance, debt relief (debt Strategy). This roadmap is instrumental as it provides a framework within which the authorities can resolve the debt and arrears issues, including the required reform programme, and Evian Approach for non-HIPC countries.

   **Progress:** To demonstrate progress on re-engagement with creditors, the agreed programme with the Bank requires traction on reforms, both economic and political, which should be reflected in the country-programming document. As of 31st August 2023, Zimbabwe’s debt arrears to the AfDB amounted to US$758.0m (2.4% of GDP). **Meanwhile Government, in May, requested the IMF for an SMP to implement economic reforms within the framework of arrears clearance process.**

ii. **Made token arrears clearance payments** to the Bank as the settlement of the quarterly token arrears clearance payments shows demonstrated commitment towards clearing debt.

**Progress:** Since May 2019, GoZ has been making quarterly token payments of US$ 500,000 and has largely stayed on schedule. As of November 2023, token payments are on schedule. Government has also reported to have met the similar commitments with the other creditors.

iii. **Coordinate an arrears clearance program with the World Bank (WB) and the International Monetary Fund (IMF).**

**Progress:** The Government has established the structured Dialogue Platform and is implementing the of the Three PIN Strategy for arrears clearance. Government has convened five meetings since December 2022, bringing together the Heads of Institutions of Government Ministries and Departments, Diplomatic Missions of Donors, Creditors, Civil Society and Private Sector. While some work remains to be done on developing a Partner coordination Programme for Arrears Clearance, Government continues to display political commitment towards reforms and re-engagement, with the leadership at the highest office, His Excellency the President. The World Bank and the IMF are both co-chairs of the SWG on economic reforms. The World Bank, EIB and AfDB are committed to the pari passu principle.

In line with paragraph 2.21 of the Operational Guidelines, the above conditions are crucial to mitigate issues of moral hazard and to demonstrate the country's active commitment and ownership in enhancing economic governance towards arrears clearance and debt regularization.

**Additional Annex: Pillar II Arrears Clearance Window Country Eligibility**
Paragraph 2.62 of the Operational Guidelines provide the terms for accessing the TSF Pillar II resources, meant to support ADF-eligible countries in chronic arrears. Therefore, to be eligible for its resources, a country must meet the criteria detailed in Table 3 (see below) of the operational guidelines:

**Eligibility Criteria for TSF Pillar II**

| | |
|---|---|
| Status of debt servicing | **Respect the Bank's preferred creditor status by servicing new maturities on all outstanding loans.**<br>*Rationale: Ensure responsible borrowing practices in the country, a strong partnership with the Bank, and a firm commitment to prioritize repayment of the Bank's loans.*<br>—— OR ——<br>**Service at least the same level of debt by paying other international creditors.**<br>*Rationale: Ensure commitment to servicing debt obligations to other creditors and demonstrate that debt relief efforts are not being used to simply shift debt from one creditor to another.* |

—— AND ——

| | |
|---|---|
| Status under the Heavily Indebted Poor Countries (HIPC) initiative | **Be eligible for debt relief support under the Heavily Indebted Poor Countries (HIPC) initiative, but not yet reached the decision point.**<br>*Rationale: Prevent further deterioration of economic situation and support the country in reaching the HIPC decision point.*<br>—— OR ——<br>**Be approved for exceptional support by the Boards of Directors under an internationally coordinated arrears clearance and debt relief program.**<br>*Rationale: Ensure that the clearance is not a one-off solution but part of a broader framework of sustainable debt management supporting the country's long-term development.* |

Furthermore, paragraph 2.63 guides that, in principle, eligible countries can access the TSF Pillar II resources on a first-come first-served basis. However, following the arrears clearance of Somalia in 2020 and Sudan in 2021, Zimbabwe remains the only country eligible for TSF Pillar II resources during ADF-16.

## ANNEX 11: Consultations and High-Level Dialogue in Zimbabwe

### 1.0 Introduction

Since 2022 the Bank has enhanced its engagement with Zimbabwe as reflected by the increase in high-level missions conducted during this period. These missions include those conducted by the Bank's President and Vice Presidents, the Chief Risk Officer, the Director General RDGS, Sector Directors and Managers. The Country Manager, Country Office staff and sector experts have also been involved in on-going engagement with Zimbabwe. These missions and on-going dialogue have helped to shape the Bank's response strategy to Zimbabwe's overarching development challenges. In March 2023, the Bank also conducted a joint Country Portfolio Performance Review with the Government of Zimbabwe and other projects implementing stakeholders. A summary of high-level missions is provided below while the summary of the CPPR 2023 is provided in a separate annex.

### 2.0 Bank President Missions to Zimbabwe

The President of the Bank Group, Dr Adesina, visited Zimbabwe in July 2022 on a high-level dialogue mission. He also visited Zimbabwe in February and May 2023. The objective of these missions was to discuss with authorities, development partners and other key stakeholders on Zimbabwe's arrears clearance process. During these visits Dr Adesina met with President Mnangagwa, and some Cabinet Ministers including Hon. Mthuli Ncube, Minister of Finance, Economic Development, and Investment Promotion. The Bank President also met with development partners and representatives of leading private sector companies in Zimbabwe. The main objective of this meeting was to discuss options to address challenges in the Zimbabwe economy, impact of sanctions, insights on how the Bank can assist the private sector in Zimbabwe and to mobilize private sector support for arrears clearance and debt resolution process. Development partners highlighted the importance of coordination amongst DPs, the importance of addressing economic, governance and land reforms and compensation to former commercial farmers. The private sector raised several issues including shortage of long-term financing, the need for revisiting the Bank's risk rating for Zimbabwe, the strategic importance of Zimbabwe in the SADC region and the need for continuity with PFM reforms.

### 3.0 VP Kevin Urama and former VP Yacine Fall Mission to Zimbabwe, April 2022

The delegation included Yacine Fal, former Vice-President (RDVP), Kevin C. Urama, Chief Economist and Vice-President (ECVP), and Lelia Mokkadem, Director General, RDGS. The mission met with Hon. Mthuli Ncube, Minister of Finance, Economic Development, and Investment Promotion. and other senior government officials. The mission noted that Zimbabwe economic reforms and fiscal consolidation efforts are an important building block for the arrears clearance discussions and highlighted the need for continued reforms in both economic and political spheres. The mission also noted the importance of prioritizing State-Owned Enterprises (SOEs) reforms.

### 4.0 VP Kevin Kariuki and VP Solomon Quaynor, August 2022

In August 2022, the Bank's Vice President for Power, Energy, Climate and Green Growth, Dr Kevin Kariuki and Vice President for Private Sector, **Infrastructure and Industrialization**, Mr. Solomon Quaynor visited Zimbabwe on a three-day business development mission from 18$^{th}$ to 20$^{th}$ August 2022. They held strategic discussions with the Government of Zimbabwe and leading private sector companies. These included Ministers of Finance, Economic Development and Investment Promotion, Hon Mthuli Ncube, Minister of Energy, Soda Zhemu, Deputy Governor of the Reserve Bank of Zimbabwe, Dr Jesimen Chipika, Deputy Minister of Lands, Agriculture, Fisheries, Water, Climate and Rural Development Vangelis Haritatos and other Senior Government officials as well as the Zambezi River Authority and the Southern Africa Power Pool.

The mission concluded that there was need for supporting private sector development for sustained and inclusive growth. And that it was necessary to address structural bottlenecks in the economy to unlock the full potential of the private sector in the country. The mission also noted shortage of power supply in Zimbabwe which was constraining private sector investment. The mission highlighted the importance of supporting regional power projects such as Batoka Project.

## 5.0 Multi-Sector Business Development Mission, February 2023

A multi-sector business development mission that included the Bank Group Chief Risk Officer, Mr. Ifedayo Orimoloye, Director Energy, Mr Wale Shonibare, Mr Erwin Wiss, Head of Unit PGRF1 and Mr. Bleming Nekati Lead Trade Finance Officer, visited Zimbabwe from 2$^{nd}$ to 6$^{th}$ April 2023. The objective of the mission was to assess the macroeconomic environment and associated risks to potential Bank investment. The mission also discussed potential arears for private sector investment focusing on financial, energy, industrialization, infrastructure sectors. The Delegation, met with the Reserve Bank of Zimbabwe (RBZ) Governor, Dr John Mangudya, Permanent Secretary Ministry of Energy and Power Development, Ms Gloria Magombo, CEO of Zimbabwe Investment Development Agency (ZIDA), Mr Tafadzwa Chinamo amongst others. The mission noted that the Zimbabwe investment environment was dynamic but riddled with several challenges from policy and structural point of view. The Bank was encouraged to consider the provision of long-term capital which is not available in the economy. Provision of lines of credit to local financial institutions and direct lending to export-oriented companies should be considered. The mission noted tourism, infrastructure, energy, and mining are some of key sectors requiring support. The mission also noted the importance of structural and policy reforms that are needed to create a favourable environment for private sector investment.

## ANNEX 12: Summary Outcome of CPPR 2023

### 1.0 Introduction

The Zimbabwe Country Portfolio Performance Review (CPPR) 2023 was conducted in March 2023. The objective of the CPPR 2023 was to assess the Country's performance in achieving the overall objectives of the Country Brief 2021-2023 and that of its ongoing portfolio. The review also reviewed the Country Portfolio Improvement Plan (CPIP 2022). Prior to the holding of the CPPR 2023 workshop, a questionnaire was sent out to various stakeholders involved in the implementation of AfDB funded projects for them to share their experiences, challenges and lessons learnt from implementing the various projects. A total of 19 institutions received the questionnaire and 16 (84%) responded. The findings of this survey were discussed during the validated at the stakeholders' validation workshop held on 16 March 2023 in Harare. The workshop was attended by about 60 participants from various stakeholder institutions and AfDB staff including sector experts and Zimbabwe Country Office.

### 2.0 CPPR 2023 Assessment

The CPPR 2023 noted that the performance of the portfolio was good despite some notable challenges. Overall Bank portfolio performance was satisfactory despite the challenges stated in Section 4.2 and raised during the CPPR 2022. All projects scored between 3.3 and 4 on outcomes and outputs delivery ratings (on a scale of 1-4) with average scores for outputs achieved versus target being 3.7 and 3.6 for outcomes over the two years. The Agriculture Sector performed well in 2021 achieving 88% of the planned outputs and 80% of the outcomes. Water and Sanitation and Social Sector projects also performed well with 86% of the targeted outputs achieved against 47% for outcomes in 2021 and even better in 2022 with 92% achievement for outputs versus 55% for outcomes. The Social Sector achievements were 58% for outputs and 65% for outcomes 2022, an improvement over 2021 where achievements were 40% and below. The multi-sector recorded 52% on outputs and zero on outcomes in 2021 and figures for 2022 were 18% and 32% for outputs and outcomes respectively. There were no recorded achievements for the Power Sector in 2021 though in 2022, 9.5% of outputs were achieved against 33.3% for outcomes. There was no data for the Finance Sector. The projects were also rated satisfactory to highly satisfactory for both achievements of Development Objectives and Implementation Progress Objectives. In terms of overall performance all projects were classified as Non-Potentially Problematic Project (NPPPs) during this period.

### 3.0 Main Issues Identified

Main challenges identified included start up delays, effectiveness delays, disbursement delays and weak project monitoring. The CPPR 2023 noted that the portfolio had only 1 NSO operation and there was very low absorption of the available NSO headroom in Zimbabwe. To address these challenges, the CPPR 2023 recommended that the quarterly Portfolio Review Meetings for the Bank, Ministry of Finance, Economic Development, and Investment Promotion should be revived to constantly review portfolio performance to take the necessary actions to address challenges.

## ANNEX 13: Recent Political Governance Developments Zimbabwe

**1.0 In January 2023, Parliament passed the Private Voluntary Organizations (PVO) Bill, which Civil Society Organizations (CSOs) argued would shrink civic space if enacted into law.** President Mnangagwa then consulted representatives of CSOs and subsequently withdrew the Bill which and has since been returned to the new Parliament. CSOs also raised concerns regarding the right to freedom to peaceful assembly, association and expression following the amendment of the Criminal Law Amendment Bill of 2023, popularly known as the "Patriotic Act", which introduced a new crime related to patriotism or "*wilfully injuring the sovereignty or national interest of Zimbabwe".* Unlike the PVO Bill, the Criminal Law Amendment Bill of 2023 was enacted into law in July 2023. CSOs raised concerns that the passing of this Law was untimely just before the August 2023 elections.

**2.0 In August 2023, Zimbabwe held harmonized elections in line with the country's Constitution to hold presidential, parliamentary, and council elections every five years.** These elections were held on 23rd and 24th August 2023 to elect the President, Members of Parliament, and Councillors. The top political party contenders were the Zimbabwe National Patriotic Front (ZANU PF), and Citizens Coalition for Change (CCC). In the presidential elections, President Emmerson Mnangagwa of ZANU PF was seeking a second five-year term of office. The main opposition candidate was Mr Nelson Chamisa of the CCC. The Zimbabwe Electoral Commission (ZEC) declared President Mnangagwa the winner in the presidential race with 52.6% of total votes, while Nelson Chamisa of CCC came 2nd with 44% of total votes cast. A total of 210 Parliamentary seats were contested with ZANU PF winning 136 Parliamentary seats, while CCC won 73 seats The main opposition CCC did not endorse the outcome of the elections, although it did not contest the elections results in court within the stipulated time frame. Hence, President Mnangagwa was sworn in for a 2nd term on 4th September 2023.

**3.0 The government invited 46 countries and 17 international organisations to observe the elections.** These included the Southern Africa Development Community Observer Mission (SEOM) and the European Commission Elections Observer Mission. The SEOM final report was adopted on 31st August 2023 by the SADC Troika of the Organ on Politics, Défense and Security Cooperation. The report commended Zimbabwe for holding these elections in a peaceful environment before, during and after elections. The SEOM final report also noted that *"some aspects of the harmonized elections fell short of the requirements of the Country's Constitution, the Electoral Act, and the SADC Principles and Guidelines governing democratic elections*" and urged all aggrieved parties to use *"appropriate legal process to ensure the exhaustion of domestic legal remedies"*.

**4.0 In October 2023, fifteen (15) opposition Members of Parliament (MPs) and Senators of CCC were recalled from Parliament on the basis that they were selected to represent the party under unclear circumstances.** The affected MPs litigated the recall but the High Court upheld the recalls and parliamentary by-election were subsequently scheduled and held on 9th December 2023 and 3rd February 2024. ZANU PF won 7 seats while CCC won 2 seats out of the 9 contested vacant seats during the 9th December 2023 by-elections. The ZANU PF also won all the 6 contested seats in the 3rd February 2024 by-elections. The ZANU PF now has a total of 149 seats, over two thirds majority while CCC has 75 seats in Parliament.

## ANNEX 14: Zimbabwe Country Financing Parameters

### 1.0 Introduction

1.1 The information note on counterpart funding and recurrent costs discussed by the Board of Directors in April 2016 stipulates that *"…CFPs [Country Financing Parameters] would be prepared preferably as part of preparing the following generation of Country Strategy Papers [CSPs] unless changes in country circumstances warrant earlier preparation."* The purpose of this Country Financing Parameters (CFPs) Note prepared in the context of the Bank's new Country Brief 2024-2026 for Zimbabwe is to describe the comprehensive framework of cost-sharing arrangements between the African Development Bank Group (hereafter the "Bank") and the Government of Zimbabwe, as per the Bank's Policy on Expenditure Eligibility. As such, the main objective of this CFP Note is to objectively assess the Government's capacity to pay for the proposed counterpart funds in Bank-financed projects and present options for flexibility in the application of the Policy, given current and future constraints on fiscal space and potential low fiscal revenues linked to the consequences of the COVID 19 pandemic and Russia's invasion of Ukraine in the context of the implementation of the new CB. More specifically, the CFPs look at how government counterpart funds, recurrent costs, local costs, taxes and duties, and other provisional expenditures related to Bank-financed projects in Zimbabwe can be covered by the Bank.

### 2.0 Country Context

**2.1 Zimbabwe is currently the only Regional Member Country (RMC) that is in arrears with the Bank.** According to the Government Public Debt report of November 2023, the country's total public debt amounts to US$17.69 billion (81.3% of GDP) as of 30th September 2023. External debt stands at US$12.69 billion (58.3% of GDP) and domestic debt at US$5.0 (23% of GDP). Arrears and penalties on external debt amount to about US6.6 billion (52% of external debt), mostly to Paris Club at US$4.3 billion (34% total external debt) and IFIs about US$2.7 billion (21% of external debt). Arrears and penalties constitute the bulk of Zimbabwe's external debt and until this is resolved, arrears will continue to accumulate, creating more debt. The growth in domestic debt in recent years pose further risks on reaching debt and fiscal sustainability This also implies that the country cannot access concessional financing from bilateral creditors.

**2.2 Zimbabwe is a lower-middle country with a GNI per capita of US$1,500 in 2022.** Despite debt and macroeconomic challenges, the economy has been on a recovery path in recent years following the adverse impacts of the COVID-19 pandemic and the Russia invasion of Ukraine. GDP was estimated to have moderated to 6.5% in 2022 from 8.5% in 2021 largely due to floods and drought that affected agriculture output[28]. The outlook remains positive with growth projections of 5.3% for 2023 and 3.5% for 2024[29]. The fiscal deficit remained at less than 3.0% of GDP in the past three years on account of fiscal consolidation measures being implemented. The 2024 budget estimates a fiscal deficit of 1.5% of GDP.

**2.3 Zimbabwe is one of the 20 RMC classified a country in transition (fragile state).** Zimbabwe's Country Resilience and Fragility Assessment (CRFA) Report conducted in 2020 and updated in 2023 confirmed that Zimbabwe's mutually reinforcing economic, social, and political crises have locked the country in a profound state of fragility. Zimbabwe is therefore classified as a "Category 1" country by the Bank, reflecting high levels of risk and uncertainty.

### 3.0 Financing Parameters

[28] Zimbabwe Statistics estimates.

[29] AfDB forecast.

**3.1 Eligible Expenditures**. The present CFPs focus on four significant expenditures groups, usually not qualified or eligible under certain conditions. These groups of expenditure include i) counterpart funding, (ii) taxes and duties, (iii) local currency costs, and (iv) recurrent costs.

*i)* **Counterpart Funding**. Zimbabwe's contribution to the Bank-funded development projects and studies follows the Bank's Policy for ADF countries, which states that the government counterpart funding, on a case-by-case basis, should not be less than 10% of the total project or program costs. However, the Government's counterpart contribution to Bank-financed operations has often been in kind. This is in recognition of financing challenges to the government. *The Bank should therefore continue to consider maintaining flexibility of its project financing in Zimbabwe to help the Country meet its development financing needs in the current challenging environment.*

ii) **Taxes and duties.** Goods and services in Zimbabwe are subjected to value-added tax (VAT) at a rate of 15%as per 2024 budget announcement. Duties are levied in line with the customs tariffs set for categories of imported goods. The Government of Zimbabwe reimburses all duties levied on good on Bank funded projects. However, the process for reimbursement is lengthy and depends on GoZ available cash budget. To avoid these delays the GoZ also waives duties in line with the agreement with the Bank.

iii) **Recurrent costs.** As established by the Policy on Expenditure Eligible for Bank Group Financing, the eligibility for recurrent costs will be maintained at 100% during the CB 2024-202. The Policy on Eligible Expenditures prescribes that the Bank Group should be able to finance the recurrent costs of income-generating and non-income generating projects up to 100% on a case-by-case basis. It also prescribes that these costs can be financed if it is demonstrated that they are: (i) an integral part of the project; (ii) necessary for achieving project development objectives; and (iii) productive in the specific project financed. The percentage of financing to be borne by the Bank Group will depend on the country's financial situation - especially the country's commitment and ability to provide continued funding for recurrent expenditures after Bank financing is completed - or on the financial status of the project management entity or entities for income-generating projects. However, the Bank will continue to calculate the estimated recurrent costs and indicate ways and means of ensuring sustainable financing.

iv) **Local currency costs.** Zimbabwe is a dual currency economy where the US$ and ZW$ are used for almost all transactions. As such the need for financing local currency costs may not often arise. However, and where required, the Bank will provide funding for local currency costs as far as operations require the availability of such local currency cost components.

**Financing Parameters Summary**

| **Financing Component** | **Parameter** | ***Remarks/Explanation*** |
|---|---|---|
| ***Counterpart Funding***<br>*Maintain the proportion of individual project costs that the Bank may finance* | Up to 90 percent for projects<br>Up to 100 percent for studies and TAs | The Bank should maintain up to 90 percent of the costs of individual projects and up to 100 percent on a case-by-case basis. However, on a case-by-case basis the Bank should be flexible to finance 100% of the costs of individual projects. The Bank should also maintain flexibility to accept counterpart contribution in kind. |
| ***Taxes and Duties***<br>*Are there any taxes and duties that the Bank would not finance?* | No. The principle of tax exemption of the Bank's financed projects will be maintained. | Zimbabwe's tax system is considered reasonable, and taxes do not constitute a high proportion of total project costs. Moreover, taxes and duties are not usually directed at the Bank-financed projects or expenses except VAT, as projects are exempt from import duties and taxes. |

| | | |
|---|---|---|
| ***Recurrent Cost***<br>*Limits that would apply to the overall amount of recurrent expenditures that the Bank may finance* | No country-level limit. | The Policy on Eligible Expenditures specifies the eligibility of recurrent costs and prescribes that the Bank Group should be able to finance the recurrent costs of income-generating and non-income generating projects, up to 100%, on a case-by-case basis. However, the Bank will continue to calculate the estimated recurrent costs and indicate ways and means of ensuring sustainable financing. |
| ***Local Currency Costs:***<br>*Are requirements for Bank financing of local expenses met, such as financing requirements for country's development program would exceed public sector resources (e.g., from taxation and other resources)?* | Yes | Zimbabwe is a dual currency economy and the need for financing of local currency may not often arise. However, the Bank can finance local costs in any proportions required by individual projects. The Bank will provide funding of local currency costs in as far as operations need availability of such local currency cost components. |

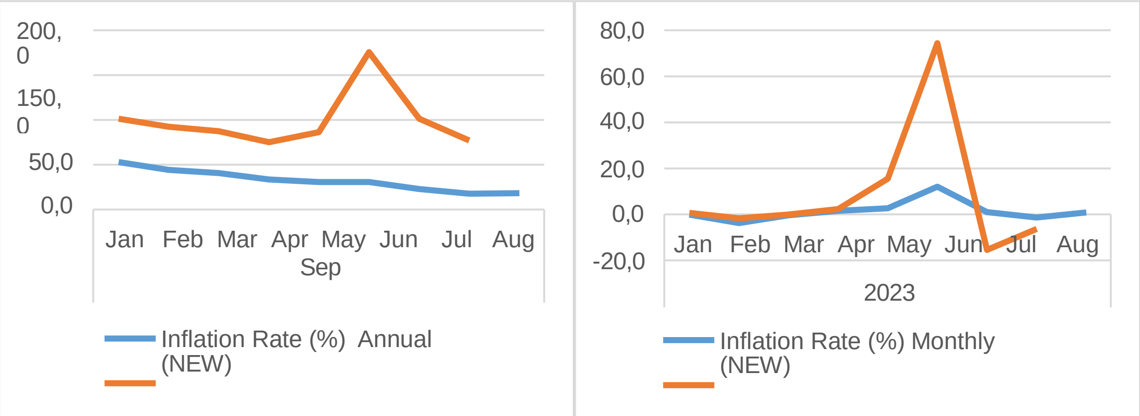
**ANNEX 15: Inflation Measurement in Zimbabwe**

1.0 In January 2023, the Ministry of Finance and Economic Development introduced Statutory Instrument 27 of 2023, which required the Zimbabwe Statistics office (ZIMSTAT) to not only report the local currency (ZWL$) inflation rate but to combine the local currency rate with the United States Dollar (US$) inflation rate. The resulting inflation rate is what is referred to as "blended inflation rate". The objective was to ensure stability of inflation rate considering that about 80% of transactions in the Zimbabwe economy were conducted in foreign currency (US$). Thus, since February 2023, ZIMSTAT has been reporting a blended inflation rate as the national inflation rate for Zimbabwe. ZIMSTAT also rebased its inflation estimates dating back to the year 2020. The publication of local currency inflation rate was discontinued.

2.0 However, inflation remained high despite the use of a blended inflation rate, with the June 2023 blended monthly inflation rate reaching hyperinflation levels at 62.7% while the annual inflation stood at 119.6%. Although the local currency had a weight of only 20% in the blend, it had a greater influence on inflation level, an indication that local currency inflation was well over 200%. In September 2023, ZIMSTAT announced that it was changing the methodology for calculating the blended Consumer Price Index (CPI), upon which the blended inflation is calculated.

3.0 The new blended inflation combines USD Consumer Price Index and the ZWL Consumer Price Index geometrically to come up with the weighted index. This was the change from the previous blended inflation that combined the two indexes arithmetically. This change in methodology resulted in an immediate fall in blended inflation rates. For example, in August 2023 using the earlier methodology blended annual inflation was recorded at 77.2% (Figure 1). Using the new methodology blended annual inflation came down to 17.7% for the same period. The geometrical blended inflation measurement has a smoothening effect and eliminates local currency inflation volatility. This means that the new method hides any volatilities that can be associated with the increases in local currency prices.

**Figure 1:** *Comparison of blended inflation rates in Zimbabwe*

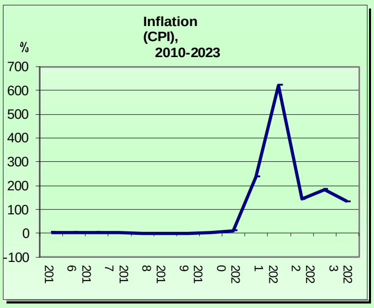


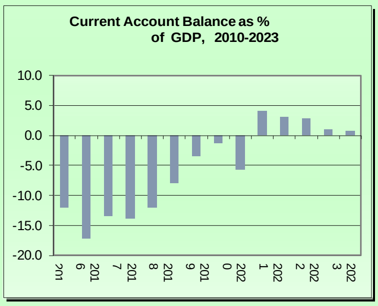
# ANNEX 16: Macroeconomic Indicators

## Zimbabwe

### Selected Macroeconomic Indicators

| Indicators | Unit | 2010 | 2018 | 2019 | 2020 | 2021 | 2022 (e) | 2023 (p) |
|---|---|---|---|---|---|---|---|---|
| **National Accounts** | | | | | | | | |
| GNI at Current Prices | Million US $ | 8,346 | 23,331 | 22,264 | 22,878 | 24,470 | ... | ... |
| GNI per Capita | US$ | 650 | 1,550 | 1,450 | 1,460 | 1,530 | ... | ... |
| GDP at Current Prices | Million US $ | 12,042 | 24,312 | 22,600 | 21,670 | 24,124 | 23,640 | 25,302 |
| GDP at 2010 Constant prices | Million US $ | 12,042 | 18,605 | 17,462 | 16,097 | 17,460 | 17,985 | 18,565 |
| Real GDP Growth Rate | % | 19.7 | 3.5 | -6.1 | -7.8 | 8.5 | 3.0 | 3.2 |
| Real per Capita GDP Growth Rate | % | 18.2 | 1.4 | -8.0 | -9.7 | 6.3 | 0.9 | 1.1 |
| Gross Domestic Investment | % GDP | 18.8 | 7.5 | 6.0 | 6.0 | 6.0 | 6.7 | 6.8 |
| Public Investment | % GDP | 14.6 | 1.3 | 1.0 | 1.0 | 1.0 | 1.1 | 1.0 |
| Private Investment | % GDP | 4.2 | 6.2 | 5.0 | 5.0 | 5.0 | 5.7 | 5.8 |
| Gross National Savings | % GDP | ... | ... | ... | ... | ... | ... | ... |
| **Prices and Money** | | | | | | | | |
| Inflation (CPI) | % | 3.0 | 10.5 | 237.2 | 621.5 | 143.3 | 184.1 | 132.2 |
| Exchange Rate (Annual Average) | local currency/US$ | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Monetary Growth (M2) | % | ... | 24.9 | 220.4 | 478.5 | 139.4 | 318.9 | ... |
| Money and Quasi Money as % of GDP | % | ... | 47.4 | 163.3 | 985.2 | 2118.9 | 9058.8 | ... |
| **Government Finance** | | | | | | | | |
| Total Revenue and Grants | % GDP | 20.5 | 14.9 | 12.5 | 16.5 | 23.2 | 23.7 | 23.4 |
| Total Expenditure and Net Lending | % GDP | 18.6 | 21.4 | 12.2 | 14.7 | 25.0 | 24.6 | 23.6 |
| Overall Deficit (-) / Surplus (+) | % GDP | 1.9 | -6.5 | 0.2 | 1.8 | -1.8 | -0.9 | -0.2 |
| **External Sector** | | | | | | | | |
| Exports Volume Growth (Goods) | % | 597.0 | 3.9 | -3.0 | -26.3 | 21.6 | 3.0 | 1.4 |
| Imports Volume Growth (Goods) | % | 53.6 | 18.1 | -28.7 | 21.3 | 14.3 | -5.0 | 3.4 |
| Terms of Trade Growth | % | -72.9 | -1.7 | 8.0 | 54.1 | -13.9 | -8.8 | 0.5 |
| Current Account Balance | Million US $ | -1,444 | -1,380 | 920 | 678 | 698 | 234 | 192 |
| Current Account Balance | % GDP | -12.0 | -5.7 | 4.1 | 3.1 | 2.9 | 1.0 | 0.8 |
| External Reserves | months of imports | 0.8 | 0.1 | 0.3 | 0.1 | 1.5 | ... | ... |
| **Debt and Financial Flows** | | | | | | | | |
| Debt Service | % exports | ... | ... | ... | ... | ... | ... | ... |
| External Debt | % GDP | 47.6 | 25.7 | 36.9 | 51.1 | 47.6 | 52.8 | 60.9 |
| Net Total Financial Flows | Million US $ | 743 | 746 | 807 | 988 | 952 | ... | ... |
| Net Official Development Assistance | Million US $ | 713 | 795 | 844 | 985 | 974 | ... | ... |
| Net Foreign Direct Investment | Million US $ | 166 | 745 | 280 | 194 | 166 | ... | ... |


Source : AfDB Statistics Department: African; IMF: World Economic Outlook,April 2023 and International Financial Statistics, April 2023;
AfDB Statistics Department: Development Data Portal Database, April 2023. United Nations: OECD, Reporting System Division.

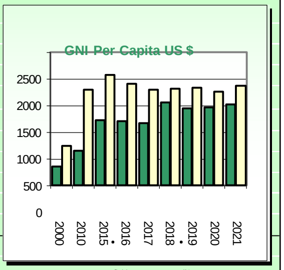
Notes: … Data Not Available ( e ) Estimations ( p ) Projections Last Update: April 2023

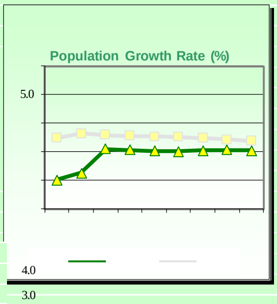
# ANNEX 17: Social-economic Indicators

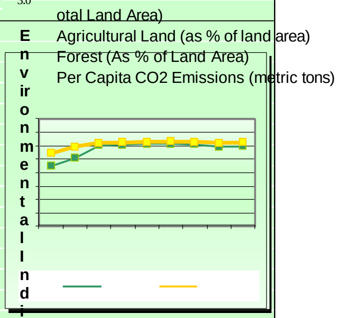
## Zimbabwe

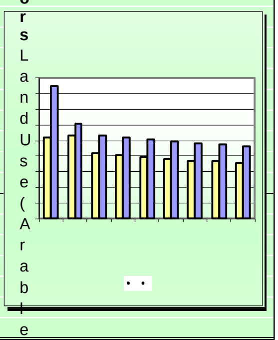
### COMPARATIVE SOCIO-ECONOMIC INDICATORS

| | Year | Zimbabwe | Southern Africa | Africa | Developing Countries |
|---|---|---|---|---|---|
| **Basic Indicators** | | | | | |
| Surface Area ( '000 Km²) | 2022 | 391 | 6,571 | 30,064 | 96,259 |
| Total Population (millions) | 2022 | 16.3 | 225.0 | 1,424.9 | 6,619.6 |
| Urban Population (% of Total) | 2022 | 36.6 | 50.4 | 44.1 | 51.7 |
| Population Density (per Km²) | 2022 | 42.2 | 34.7 | 48.5 | 69.8 |
| GNI per Capita (US $) | 2021 | 1 530 | 2 642 | 1 874 | 5 259 |
| Labor Force Participation *- Total (%) | 2022 | 66.1 | 68.5 | 62.7 | 58.7 |
| Labor Force Participation **- Female (%) | 2022 | 61.2 | 64.4 | 53.8 | 44.7 |
| Sex Ratio (per 100 female) | 2022 | 89.4 | 96.1 | 99.7 | 106.0 |
| Human Develop. Index (Rank among 191 countries) | 2021 | 146 | ... | ... | ... |
| Popul. Living Below $ 1.90 a Day (% of Population) | 2007-19 | 39.8 | 45.5 | 30.2 | 10.0 |
| **Demographic Indicators** | | | | | |
| Population Growth Rate - Total (%) | 2022 | 2.0 | 2.1 | 2.4 | 1.0 |
| Population Growth Rate - Urban (%) | 2022 | 2.4 | 3.2 | 3.5 | 2.0 |
| Population < 15 years (%) | 2022 | 40.6 | 38.3 | 40.2 | 27.2 |
| Population 15-24 years (%) | 2022 | 20.9 | 18.9 | 19.2 | 16.2 |
| Population >= 65 years (%) | 2022 | 3.3 | 3.7 | 3.5 | 7.9 |
| Dependency Ratio (%) | 2022 | 78.4 | 72.3 | 77.4 | 55.4 |
| Female Population 15-49 years (% of total population) | 2022 | 27.2 | 25.2 | 24.2 | 24.9 |
| Crude Birth Rate (per 1,000) | 2022 | 30.1 | 29.7 | 32.1 | 18.6 |
| Crude Death Rate (per 1,000) | 2022 | 8.9 | 9.0 | 8.4 | 7.7 |
| Infant Mortality Rate (per 1,000) | 2021 | 35.7 | 40.2 | 46.3 | 29.7 |
| Child Mortality Rate (per 1,000) | 2021 | 49.5 | 55.8 | 66.6 | 39.9 |
| Total Fertility Rate (per woman) | 2022 | 3.4 | 3.7 | 4.2 | 2.4 |
| Maternal Mortality Rate (per 100,000) | 2017 | 458.0 | 264.0 | 475.7 | 231.0 |
| Women Using Contraception (%) | 2022 | 69.1 | 48.8 | 38.4 | 62.5 |
| **Health & Nutrition Indicators** | | | | | |
| Medical doctors (per 100,000 people) | 2010-19 | 21.0 | 35.4 | 38.1 | 138.0 |
| Nurses and midwives (per 100,000 people) | 2010-19 | 193.5 | 87.3 | 106.5 | 252.7 |
| Births attended by Trained Health Personnel (%) | 2011-21 | 86.0 | 74.4 | 67.6 | 81.0 |
| Peop. Using at least basic drinking water services (% of Population) | 2020 | 62.7 | 71.1 | 69.3 | 88.1 |
| Peop. Using at least basic sanitation services (% of Population) | 2020 | 35.2 | 46.7 | 41.9 | 73.8 |
| Percent. of Adults (aged 15-49) Living with HIV/AIDS | 2021 | 11.6 | 10.2 | 2.7 | 0.9 |
| Incidence of Tuberculosis (per 100,000) | 2021 | 190.0 | 341.5 | 185.8 | 157.0 |
| Child Immunization Against Tuberculosis (%) | 2021 | 88.0 | 75.7 | 79.0 | 88.0 |
| Child Immunization Against Measles (%) | 2021 | 85.0 | 69.5 | 68.7 | 80.6 |
| Underweight Children (% of children under 5 years) | 2011-21 | 9.7 | 13.8 | 16.0 | 14.0 |
| Prevalence of stunding | 2011-21 | 23.5 | 32.6 | 30.4 | … |
| Prevalence of undernourishment (% of pop.) | 2020 | ... | 22.3 | 18.2 | 10.8 |
| Current health expenditure (% of GDP) | 2019 | 7.7 | 7.6 | 5.1 | 5.3 |
| **Education Indicators** | | | | | |
| Gross Enrolment Ratio (%) | | | | | |
| Primary School - Total | 2011-21 | 97.3 | 114.4 | 103.0 | 102.1 |
| Primary School - Female | 2011-21 | 97.6 | 112.6 | 101.1 | 101.0 |
| Secondary School - Total | 2011-21 | 52.4 | 61.0 | 53.0 | 73.2 |
| Secondary School - Female | 2011-21 | 51.3 | 59.4 | 51.1 | 72.6 |
| Primary School Female Teaching Staff (% of Total) | 2011-21 | 61.4 | 59.7 | 50.4 | 64.2 |
| Adult literacy Rate - Total (%) | 2011-21 | 89.7 | 82.1 | 69.7 | 84.6 |
| Adult literacy Rate - Male (%) | 2011-21 | 88.3 | 84.1 | 74.2 | 88.5 |
| Adult literacy Rate - Female (%) | 2011-21 | 90.9 | 78.8 | 63.5 | 80.6 |
| Gouvernment expenditure on Education (% of GDP) | 2011-21 | 3.9 | 5.6 | 3.9 | 3.8 |



| | | | | | |
|---|---|---|---|---|---|
| Life Expectancy at Birth - Total (years) | 2022 | 59.4 | 61.8 | 62.6 | 70.8 |
| Life Expectancy at Birth - Female (years) | 2022 | 62.1 | 64.5 | 64.6 | 73.3 |

1.0

0.0

2000 2010 2016 2017 2018 2019 2020 2021 2022

80 70 60 50 40 30 20 10 0

Life Expectancy at Birth (years)

90 80 70 60 50 40 30 20 10 0

2000 2010 2016 2017 2018 2019 2020 2021 2022

Infant Mortality Rate (Per 1000)

2000 2010 2015 2016 2017 2018 2019 2020 2021

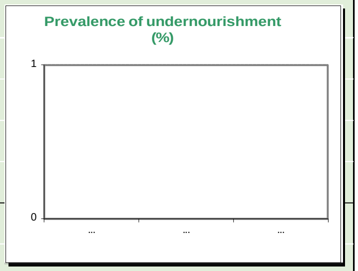
*Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;* *last update :* *February 2023*
*UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.*
*Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)*
*** Labor force participation rate, female (% of female population ages 15+)*

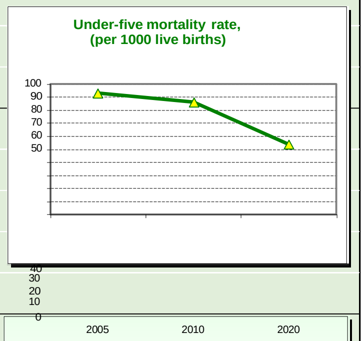
# ANNEX 18: Progress Towards SDGs

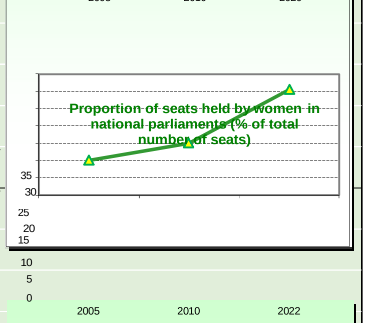
## Zimbabwe

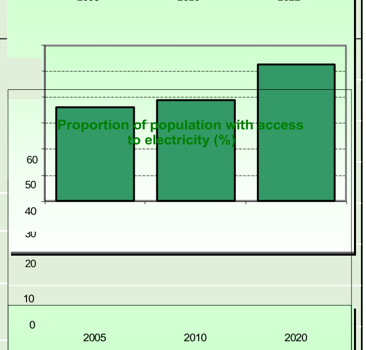
### PROGRESS TOWARD ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS

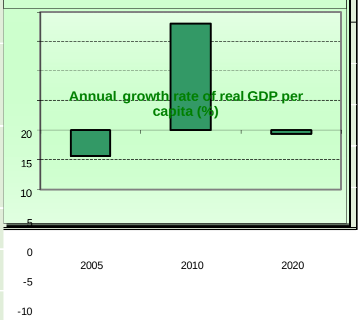
| | 2000[1] | 2010[2] | 2021[3] |
|---|---|---|---|
| **Goal 1: End poverty in all its forms everywhere** | | | |
| Proportion of population living below the international poverty line of US$ 1.90 (PPP) per day | ... | ... | 39.8 |
| Proportion of population living below the national poverty line (%) | 32.2 | ... | 38.3 |
| Employed population below the international poverty line of US$1.90 per day, aged 15-24 (%) | 25.2 | 26.7 | 39.3 |
| Employed population below the international poverty line of US$1.90 per day, aged 25 and over (%) | 20.6 | 22.0 | 34.0 |
| **Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture** | | | |
| Prevalence of undernourishment (%) | ... | ... | ... |
| Proportion of children moderately or severely stunted (%) | 34.6 | 33.7 | 23.0 |
| Agriculture orientation index for government expenditures | ... | 1.2 | 1.1 |
| Total official flows for agriculture (Millions of Constant 2018 US$) | 6 | 56 | 37 |
| **Goal 3: Ensure healthy lives and promote well-being for all at all ages** | | | |
| Maternal mortality ratio | 685 | 598 | 458 |
| Proportion of births attended by skilled health personnel (%) | ... | 60.2 | 86.0 |
| Under-five mortality rate (deaths per 1,000 live births) | 93.1 | 86.4 | 53.9 |
| Malaria incidence (per 1,000 population) | 113.0 | 109.8 | 98.5 |
| **Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all** | | | |
| Proportion of children and young people at the end of primary achieving a minimum proficiency | ... | 42.2 | 45.4 |
| Proportion of children and young people at the end of primary achieving a minimum proficiency level in: Maths (%) | ... | 20.1 | 23.4 |
| Gender parity index of trained teachers, primary (ratio) | ... | ... | 1.0 |
| Total official flows for scholarships (Millions of Constant 2018 US$) | ... | 1 | 2 |
| **Goal 5: Achieve gender equality and empower all women and girls** | | | |
| Proportion of seats held by women in national parliaments (% of total number of seats) | 10.0 | 15.0 | 30.6 |
| Proportion of women who make their own informed decisions regarding contraceptive use (% of | ... | 91.5 | 93.2 |
| Proportion of women who make their own informed decisions regarding reproductive health care (% of women aged 15-49 years) | ... | 83.5 | 86.6 |
| **Goal 6. Ensure availability and sustainable management of water and sanitation for all** | | | |
| Proportion of population using safely managed drinking water services, (%) | 33.0 | 32.0 | 30.0 |
| Level of water stress: freshwater withdrawal as a proportion of available freshwater resources (%) | 35.9 | 32.9 | 35.4 |
| Total official development assistance for water supply and sanitation (Millions of Constant 2018 US$) | 1.1 | 16.2 | 18.1 |
| **Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all** | | | |
| Proportion of population with access to electricity (%) | 36.2 | 38.8 | 52.7 |
| Proportion of population with primary reliance on clean fuels and technology (%) | 32.0 | 30.0 | 30.0 |
| Renewable energy share in the total final energy consumption (%) | 80.2 | 82.3 | 81.5 |
| **Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all** | | | |
| Annual growth rate of real GDP per capita (%) | -4.5 | 18.1 | -0.7 |
| Unemployment rate, (aged 15-24) (%) | 7.6 | ... | 27.5 |
| Unemployment rate, (aged 25 & over) (%) | 2.7 | ... | 13.8 |
| Proportion of youth not in education, employment or training (%) | ... | ... | 45 |




*last update :* *N o t*

*United Nations Statistical Division, Online Database on Sustainable Development Goals (https://unstats.un.org/sdgs/).*

*e : n,a, : Not Applicable ; … : Data Not Available,*

*[1] Latest year available in the period 2000-2005; [2] Latest year available in the period 2006-2010; [3] Latest year available in the period 2011-2022*

[i] The Bank was available for emergency support during the cyclone Idai events, which left a trail of deaths and damage to property, infrastructure and livelihoods in 2019.