

2020 National Budget Highlights

The People's Budget

Zimbabwe

1.0 THEME

"Gearing for Higher Productivity, Growth and Job Creation"

2.0 BUDGET THRUST

	Continued Macro-Fiscal Consolidation
	Growth and Productivity
	Job Creation
	Competitiveness
	Strong, Sustainable and Shared Development

3.0 THE ECONOMY IN 2020

Economic recovery expected in 2020, with projected growth of 3%. This is premised on the following assumptions:

- Expected better rainfall season
- Increased use of irrigation to sustain agricultural activities;
- Better planning for agriculture production;
- Improved electricity supply through imports and other alternative sources of energy e.g solar;
- Improved macro-economic environment;
- Fiscal incentives to various sectors of the economy;
- Improving investments by both public and private sector.

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Growth by sector

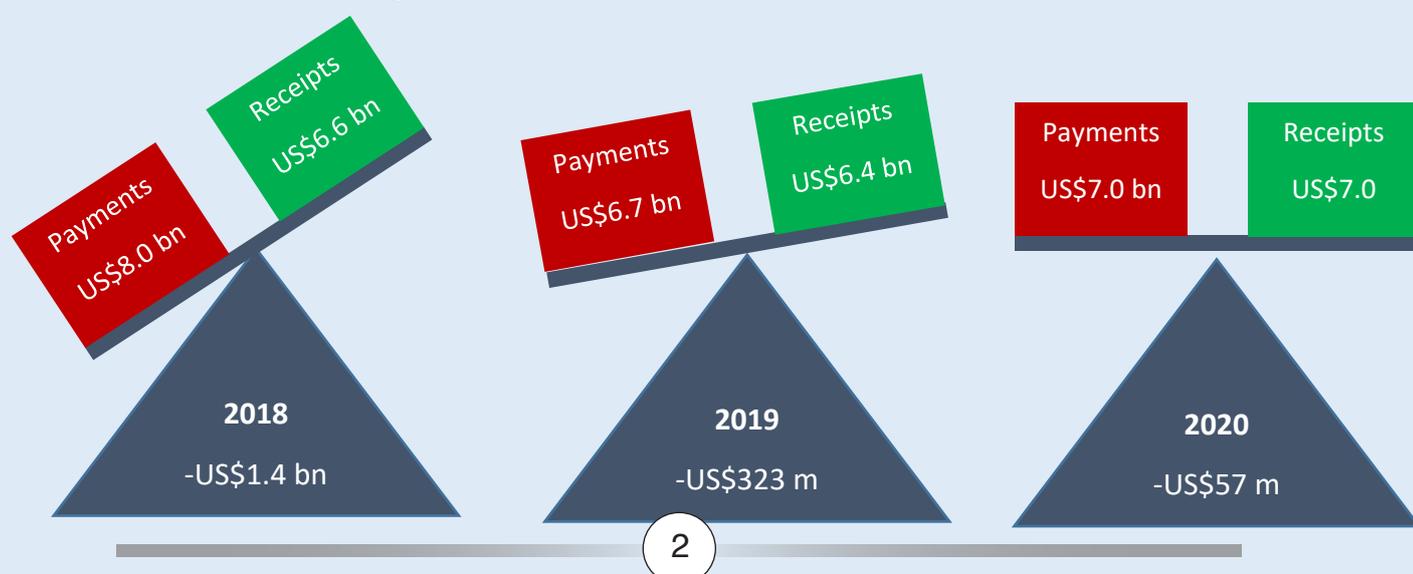
	GDP Growth	+ 3.0%	
	Agriculture	+ 5.0%	<ul style="list-style-type: none"> ✓ Average rainfall season expected ✓ Expanded irrigation programme ✓ Timely provision of inputs
	Mining	+ 4.7%	<ul style="list-style-type: none"> ✓ Improved electricity supply ✓ Major investment agreements coming into effect ✓ Reduce mineral leakages ✓ Improved export environment
	Manufacturing	+ 1.9%	<ul style="list-style-type: none"> ✓ Improved electricity supply ✓ Resuscitation of Steel Industry ✓ Strengthening of industrial value chains, mineral beneficiation and export led industrialisation
	Construction	+ 2.3%	<ul style="list-style-type: none"> ✓ Facilitate access to building permits ✓ Mobilisation of affordable lines of credit
	Distribution, Hotels and Restaurants	+ 3.3%	<ul style="list-style-type: none"> ✓ Operationalisation of the Routes Development Committee ✓ Renewal of fiscal incentives

3.1 Current Account

The Current Account is the main measure of a country's trade, and a Current Account deficit means that the country is paying more to the rest of the world than it is receiving.

Following introduction of the local currency, competitiveness has improved and as a result, the country's Current Account has also improved, from -US\$1.4 billion in 2018, to a projected -US\$323 in 2019.

In 2020, the current account is poised to further improve on the back of improved export performance and a shift of demand towards locally produced goods.



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4.0 2020 MACRO-FISCAL FRAMEWORK

	2018	2019	2020	2021	2022
National Accounts (Real Sector)					
Real GDP (ZWL\$m)	19 845.7	18 555.2	19 114.1	19 738.3	20 998.0
Nominal GDP (ZWL\$m)	44 331.9	130 768.5	340 094.5	42 9626.9	46 9442.3
Real GDP Growth (%)	3.4	-6.5	3.0	3.3	6.4
Government Accounts					
Revenues (ZWL\$m)	5 491.4	21 000.1	58 641.0	78 685.0	82 395.0
% of GDP	12.4	16.1	17.2	18.3	17.6
Expenditures (ZWL\$m)	7 857.9	26 188.7	63 641.0	78 685.0	82 395.0
% of GDP	17.7	20.0	18.7	18.3	17.6
Recurrent Expenditures (ZWL\$m)	5 182.9	17 720.7	38 851.0	55 013.9	56 664.0
% of GDP	11.7	13.6	11.4	12.8	12.1
Employment Costs (ZWL\$m)	3 934.7	7 700.0	17 751.4	34 889.1	36 909.7
% of GDP	8.9	5.9	5.2	8.1	7.9
Capital Expenditure (ZWL\$m)	2 675.0	8 468.0	24 790.0	23 671.2	25 731.0
% of GDP	6.0	6.5	7.3	5.5	5.5
Overall Balance (ZWL\$m)	-2 366.5	-5 188.6	-5 000.0	0.0	0.0
% of GDP	-5.3	-4.0	-1.5	0.0	0.0

Budget Balance Target

Government is aiming for a low deficit of around 1.5% of GDP in 2020, such that little additional lending will be necessary.

Revenue	\$58.6 bn
Expenditure	\$63.6 bn
Recurrent Expenditures	\$38.9 bn
Employment Costs	\$17.8 bn
Capital Expenditure	\$24.8 bn
Overall Balance	(\$5.0 bn)

5.0 2020 FISCAL POLICY THRUST

The fiscal policy objective in 2020 is directed at managing spending (a) within the Budget (b) through non-inflationary financing and (c) complemented by a tight monetary policy.

Fiscal Policy

- Delivering a sustainable overall Budget balance consistent with SADC thresholds. (*Under tight circumstances, an annual deficit of up to -5% of GDP may be temporarily recorded, while resolving the crisis*). However, in our quest for immediate macro stability, a near balanced budget of 1.5% of GDP from 2020 is targeted.
- Zero tolerance on expenditures outside the Budget and without Parliamentary approvals.
- Observance and enforcement of 'hard' Budget constraints through strengthening PFMS.
- Prioritising infrastructure including social sectors investments;
- A strict prudent approach to ensure expenditures are phased, controlled and directed to maximise benefits.

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6.0 2020 BUDGET ALLOCATIONS

Vote Appropriations

Vote Appropriations	CRF ZWL\$	2020 Estimates Retention ZWL\$	Total ZWL\$
Office of the President and Cabinet	2,353,887,000		2,353,887,000
Parliament of Zimbabwe	1,869,495,000		1,869,495,000
Labour and Social Services	2,370,562,000	407,000	2,370,969,000
Defence	3,112,708,000		3,112,708,000
Finance and Economic Development	3,987,042,000	5,000	3,987,047,000
Audit Office	151,930,000		151,930,000
Industry and Commerce	367,260,000	753,000	368,013,000
Lands, Agriculture, Water, Climate and Rural Resettlement	11,163,481,000	170,978,000	11,334,459,000
Mines & Mining Development	293,197,000	60,528,000	353,725,000
Environment, Tourism and Hospitality Industry	425,100,000	190,276,000	615,376,000
Transport and Infrastructural Development	3,089,800,000	119,378,000	3,209,178,000
Foreign Affairs and International Trade	1,385,435,000		1,385,435,000
Local Government, Public Works and National Housing	1,760,278,000	19,506,000	1,779,784,000
Health and Child Care	6,459,100,000	108,217,000	6,567,317,000
Primary and Secondary Education	8,495,794,000	30,429,000	8,526,223,000
Higher & Tertiary Education, Science and Technology Development	2,213,900,000	676,989,000	2,890,889,000
Women Affairs, Community, Small and Medium Enterprises Development	503,820,000	156,000	503,976,000
Home Affairs and Cultural Heritage	2,397,160,000	421,009,000	2,818,169,000
Justice, Legal and Parliamentary Affairs	815,799,000	9,714,000	825,513,000
Information, Publicity and Broadcasting Services	409,799,000		409,799,000
Youth, Sport, Recreation, Arts and Culture	323,900,000	6,287,000	330,187,000
Energy and Power Development	419,200,000	106,604,000	525,804,000
Information Communication Technology, Postal and Courier Services	114,560,000		114,560,000
National Housing and Social Amenities	246,403,000	16,167,000	262,570,000
Judicial Services Commission	292,533,000	35,537,000	328,070,000
Public Service Commission	1,509,660,000	20,882,000	1,530,542,000
Council of Chiefs	25,200,000		25,200,000
Human Rights Commission	26,680,000		26,680,000
National Peace and Reconciliation Commission	31,200,000		31,200,000
National Prosecuting Authority	72,167,000		72,167,000
Zimbabwe Anti-Corruption Commission	71,550,000		71,550,000
Zimbabwe Electoral Commission	91,200,000		91,200,000
Zimbabwe Gender Commission	25,900,000		25,900,000
Zimbabwe Land Commission	163,100,000		163,100,000
Zimbabwe Media Commission	13,900,000		13,900,000
Sub Total	57,052,700,000	1,993,822,000	59,046,522,000
Cons and Stats			
President	5,200,000		5,200,000
Parliament	2,600,000		2,600,000
Public Service, Labour and Social Welfare	1,300,000		1,300,000
Comptroller and Auditor General	1,300,000		1,300,000
Justice and Legal Affairs	2,600,000		2,600,000
Judicial Service Commission	37,700,000		37,700,000
National Prosecuting Authority	1,300,000		1,300,000
Council Of Chiefs	57,200,000		57,200,000
Welfare Services for War Veterans, Ex-Political Detainees and Restricttees and War Collaborators	22,100,000		22,100,000
Pensions	2,814,500,000		2,814,500,000
Sub Total	2,945,800,000	-	2,945,800,000

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Vote Appropriations	CRF ZWL\$	2020 Estimates Retention ZWL\$	Total ZWL\$
Interest			
Domestic	504,320,000		504,320,000
External	200,000,000		200,000,000
Sub Total	704,320,000	-	704,320,000
Other Constitutional and Statutory Appropriations			
Transfers to Provincial Councils and Local Authorities	2,932,000,000		2,932,000,000
Refunds of revenue	6,380,000		6,380,000
Sub Total	2,938,380,000	-	2,938,380,000
Grand Total	63,641,200,000	1,993,822,000	65,635,022,000

Expenditure by Economic Classification

Row Labels	Sum of Consolidated Revenue Fund
Defense	2,933,731,000
Economic affairs	16,235,751,000
Education	10,789,817,000
Environmental protection	84,344,000
General public services	17,610,577,000
Health	6,459,100,000
Housing and community amenities	2,340,348,000
Public order and safety	4,126,874,000
Recreation,culture,and religion	591,876,000
Social protection	2,468,782,000
Grand Total	63,641,200,000

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7.0 2020 PRIORITY AREAS

7.1. Enhancing Productivity For Growth

Agriculture

- ⊙ Embracing Climate Smart Agriculture (CSA) that harmonises agriculture development, with shared funding, environment protection and reduction to vulnerabilities to climate change.
- ⊙ Forward planning: Early build up and ring-fencing of resources for production and importation of inputs.
- ⊙ ZWL\$422.8 million towards irrigation development: Target to guarantee grain production of around 1.8 million tonnes.
- ⊙ Fiscal buffer of ZWL\$165 million to cater for drought shocks and to strengthen early warning systems, among other drought proofing measures.
- ⊙ ZWL\$281.5 million towards agricultural extension and advisory services.
- ⊙ ZWL\$380 million toward interim compensation of former farm owners, prioritising the vulnerable and elderly.

Mining

- ⊙ Reaping benefits from concluded investment agreements in platinum, gold and chrome and others expected to boost mining output.
- ⊙ Continued re-engagement with mining companies over power supply and viability challenges.
- ⊙ Fine-tuning of fiscal regime for the mining sector.
- ⊙ Support of Minerals Marketing Corporation through credit guarantee scheme to support non-gold sector.
- ⊙ ZWL\$293.2 million towards Ministry of Mines and Mining Development for its capacitation in terms of planning, promotion of exploration, data capturing and automation, among others.
- ⊙ Tightening of the Gold Trade Act and capacitation of Gold Mobilisation Unit to reduce leakages.
- ⊙ Concluding legal reforms

Industry

- ⊙ Implementation Zimbabwe national Industrial Development Policy and Local Content Strategy;
- ⊙ Promoting value chains, export led-industrialisation and import substitution.
- ⊙ Capitalising Industrial Development Corporation (IDC) by ZWL\$240 million, to support the

promotion of research and development, diversification and broadening of product range.

- ⊙ Developing rural growth poles.
- ⊙ Guarantee scheme for companies to access capital for retooling purposes.
- ⊙ ZWL\$368.0 million to Ministry of Industry and Commerce.

Tourism

- ⊙ Renewal of Fiscal Incentives
- ⊙ ZWL\$291 million to the Ministry of Environment, Climate Change Tourism and Hospitality Industry.
- ⊙ Increasing connectivity
- ⊙ Continuous improvements of facilities and products
- ⊙ Improved visa facilitation

Construction & Housing

- ⊙ ZWL\$2.68 million towards addressing housing backlog, including modernisation of dilapidated superstructures and infrastructural services such as sewer and water.
- ⊙ Construction of New City in Mt Hampden, with New Parliament Building as the catalyst.
- ⊙ Encouragement of private sector to invest in new technologies such as fibre networks, solar biogas, as well as buildings infrastructure through Public Private Partnerships (PPPs).

Tripartite Negotiating Forum

- ⊙ Reinvigorating social dialogue under the auspices of the Tripartite Negotiating Forum (TNF).
- ⊙ Establishing an independent secretariat to oversee the work of the TNF as provided for in the TNF Act.
- ⊙ Harmonisation of the country's labour legislation, ensuring robust legislative framework that promotes productivity and upholds fair labour standards.
- ⊙ Cooperation on ensuring a stable macro-fiscal environment.

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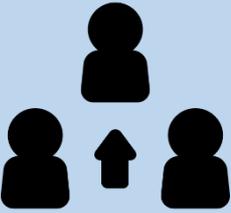
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7.2 Jobs Creation and Entrepreneurship

Employment is at the core of the 2020 Budget.

The main driver of employment is a general economic upswing and increased investment on the back of improved macroeconomic stability.

Government will support targeted initiatives for job creation, ensuring that the fruits of economic recovery are shared across all parts of society, and serve to catalyse sustained economic development in the medium and long run.

			
Youth Employment Corporate Income Tax Credit	National Venture Fund	Labour-Intensive Infrastructure Development	Empowerment
<p>Fiscal incentive to support employers who generate jobs for young job seekers.</p> <p>Introducing a tax credit of ZWL\$500 per month per employee for corporates that employ additional employees in a year of assessment.</p> <p>The credit will, however, be limited to a maximum of ZWL\$60 000 per year of assessment, subject to prescribed conditions.</p> <p>This measure will reduce employers' cost of hiring young people through a cost sharing mechanism.</p>	<p>The National Venture Fund for financing start-up projects for the youth through affordable loans.</p> <p>Thoroughly scrutinising the recipients to avoid fraudulent use of the funds.</p>	<p>Targeted Public Sector Investment Programme (PSIP) projects which create jobs.</p> <p>Construction industry also targeted.</p>	<p>Capitalising the following:</p> <ul style="list-style-type: none"> • Zimbabwe Women Microfinance Bank • Women Development Fund • Community Development Fund • SMEDCO and • Empowerbank • Youth Employment Fund. <p>Construction of MSME industrial parks, incubation centres, production and marketing centres in major centres to increase local production and export capacity.</p>

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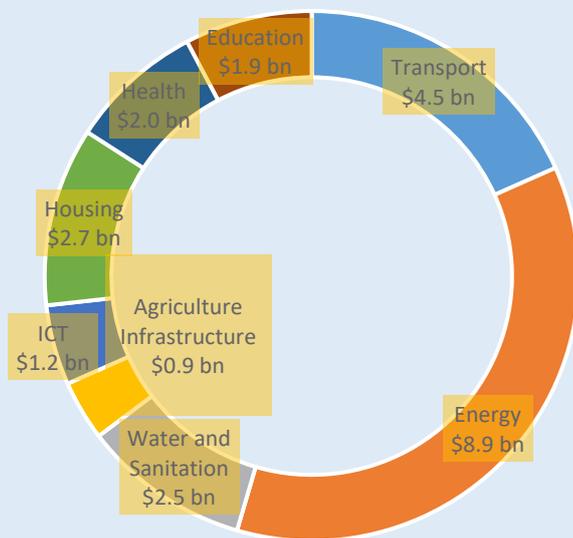
7.3 EQUITABLE AND INCLUSIVE DEVELOPMENT



Infrastructure

- ⦿ Infrastructure Priority Plan: Roadmap towards infrastructure recovery, ensuring public assets are restored to full working condition.
- ⦿ Funding includes resources from Budget, loans, development partners, public entities and statutory funds amounting to ZWL\$24.6 billion.

Infrastructure Priority Allocations



- ⦿ ZWL\$142 million allocated towards this development programme.



Devolution and Transfers to Local Authorities

- ⦿ Communities to manage their own affairs, drive development, and ensures lower tiers of Government do not rely on the goodwill of the Central Government for resources.
- ⦿ 5% (ZWL\$2.93 billion) statutory requirement for Provincial Councils and Local Authorities will be distributed to the lower tiers of government.



ICT/Digital Economy

- ⦿ Development of Smart Zimbabwe 2030 Master Plan for promoting ICTs across all sectors.
- ⦿ Rolling out of National E-Government Programme.
 - ✓ Simplify communication between citizens and Government.
 - ✓ Creation of an effective system for Government Departments to interact with each other.
 - ✓ Also enables citizens to gain quicker access to Government services, and leads to substantial monetary savings.
- ⦿ ZWL\$341.7 million allocated towards the above ICT programmes.



Electricity Supply

- ⦿ ZWL\$8.4 billion towards Rehabilitation and expansion of Hwange Thermal Power Station.
- ⦿ Support alternative sources of energy such as solar power projects through fiscal incentives.
- ⦿ 20 IPP solar projects lined up for implementation.



Rural Electrification

- ⦿ Rural Energy Master Plan (REMP) to broaden modern energy access through the development of Grid Connected Solar and mini hydropower plants, among others.
- ⦿ Rural Electrification Fund will invest in extending the grid to sites identified in the Rural Energy Master Plan (REMP), including Rural Growth Poles.



Water Supply and Sanitation

- ⦿ Restoring basic water and sanitation services through maintenance, rehabilitation and upgrade of infrastructure.
- ⦿ Harnessing of water through construction of dams, weirs, borehole rehabilitation and drilling, and water and sanitation in urban areas.

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Water Supply and Irrigation Priority Projects



- ⊙ ZWL\$8.5 billion for Ministry of Primary and Secondary Education.
- ⊙ ZWL\$2.2 billion for Higher and Tertiary Education, Science and Technology Development.
- ⊙ Provision for the supply of sanitary wear for female learners to the tune of ZWL\$200 million. Social Protection
- ⊙ Scaling up of social protection interventions in the wake of increased vulnerabilities among citizens.
- ⊙ Public Service, Labour and Social Welfare is allocated ZWL\$2.4 billion.

Transport

- ⊙ Sustaining Road Development Programme, including dualisation and upgrading of the Harare-Beitbridge Road, ongoing upgrading works on trunk roads, among others.
- ⊙ Further provision for Urban Mass Transport System, providing affordable transportation to citizens.
- ⊙ ZWL\$540 million subsidy allocated towards this programme.

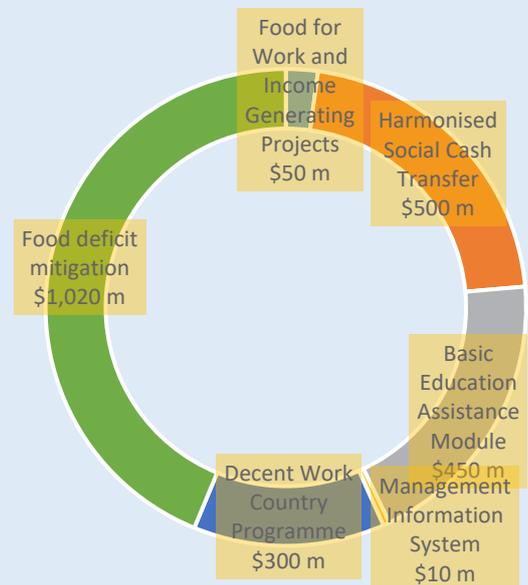
Health

- ⊙ ZWL\$6.5 billion allocated to the sector.
- ⊙ This will cater for health infrastructure, personnel welfare, medicines, drugs, and sundries, among other essential hospital equipment and necessities.

Education

- ⊙ Inclusive and equitable quality education and the promotion of lifelong learning opportunities remains top priority: Leave no child behind.

Social Protection Programmes



Development Partner Support

- ⊙ In 2020, Development Partners support is projected at US\$677.6 million, compared to an expected US\$610.4 million in 2019.
- ⊙ Government is taking a pro-active role to address concerns that partners continue to raise over cost of corruption, transparency and accountability, security of tenure and investment climate in mining.

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7.4 COMPETITIVENESS



Ease of Doing Business

Second round of ease of doing business reforms, targeting 16 key areas including

- ⊙ improvements in paying taxes
- ⊙ obtaining construction permits
- ⊙ starting a business
- ⊙ ease of doing transport business
- ⊙ clearance of imports and exports

Last year, significant milestones were achieved in this respect, and the country climbed from rank 155 to rank 140 in the World Bank's ease of doing business ranking.



ZIDA

- ⊙ Establishment of a consolidated Zimbabwe Investment and Development Agency (ZIDA) as a one stop shop investment centre.



Export Revolving Fund

- ⊙ Support of exporters through Export Revolving Fund with US\$20 million as seed capital, with a focus on horticulture.



Public Enterprises

- ⊙ Comprehensive programme to reform state enterprises and parastatals.
- ⊙ Fast tracking of implementation of PE reforms.
- ⊙ Enforce the provisions and regulations of the Public Entities Corporate Governance Act.
- ⊙ Make necessary adjustments to all administered prices to ensure cost recovery.



Research & Development

- ⊙ R&D Programmes supported by both Government and private sector.
- ⊙ Budget has set aside resources for the R&D programme, including launch of space satellite.



Fighting Corruption

- ⊙ Strengthening internal control systems through finalisation of the establishment of the Centralised Internal Audit Unit.
- ⊙ National anti-corruption strategy with periodic monitoring and evaluation.
- ⊙ Whistle blower legislation and protection in line with international best practices.
- ⊙ Capacitating institutions established to combat corruption.
- ⊙ Addressing conflict of interest issues where Government is both regulator and player.



Internal Systems Control & Compliance

- ⊙ Establishment of central coordinating unit for the internal audit and compliance function within Treasury.



Accountability & Transparency

- ⊙ Compliance with the Public Finance Management law and regulations by Ministries, Departments and Agencies.
- ⊙ Adherence to procurement guidelines including payments for goods and awarding contracts.
- ⊙ Spending within the Budget.
- ⊙ Implementing recommendations from Auditor General.

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8.0 SUPPORT TO INDUSTRY AND REVENUE MEASURES

Support to Industry

- ⊙ **Suspension of Duty on Semi-Knocked Down (SKD) Kits Used by the Motor Vehicle Industry** -Removal of SKD kits from the specified list of goods liable for duty in foreign currency extended to 3 years.
- ⊙ **Paint Manufacturing Industry** -Ring-fence under suspension of excise duty, 150 000 litres per month, of illuminating power kerosene.
- ⊙ **Furniture Manufacturers: Small Scale Manufacturers** -Introduce a Duty Refund Facility, whereby Small Scale Furniture Manufacturers pay duty on imported raw materials.
- ⊙ **Pharmaceutical Manufacturers Rebate** -Provide for additional raw materials to be imported under Rebate of Duty.
- ⊙ **Suspension of Duty on Milk Powder** - Extend Duty Suspension on milk powder for the year 2020.
- ⊙ **Suspension of Duty on Raw Cheese** - Suspend duty on ring-fenced quantities of raw cheese.
- ⊙ **Clothing Manufacturers' Rebate** - Extend Rebate Facility for the clothing industry for a further 2 years.
- ⊙ **Luggage Ware Manufacturers' Rebate** - Extend the Rebate of Duty facility for a period of 2 years.
- ⊙ **Suspension of Excise Duty on Raw Wine** - Extend and increase the excise duty free ring-fenced import quota from 175 000 litres to 200 000 litres per annum for a period of 2 years.
- ⊙ **Tourism Industry**
 - ✓ *Extend Rebate of Duty on capital equipment imported by operators for a further 3 years.*
 - ✓ *Extend Suspension of Duty on motor vehicles used by Safari Operators for game views and drives.*
 - ✓ *Introduce a Suspension of Duty facility to car hire companies for a period of 12 months.*
 - ✓ *Extend the Suspension of Duty on the remaining vehicles used by tour operators.*
 - ✓ *Cross-Border Luxury Coaches - Extend Suspension of Duty on the outstanding quota of luxury buses.*
 - ✓ *Public Services Buses -Extend the Suspension of Duty Facility for the importation of 100 buses.*

Revenue Enhancing Measures

- ⊙ **Deemed Motoring Benefits** - Review Deemed Motoring Benefits
- ⊙ **Excise Duty on Tobacco** - Review of the specific rate from ZWL\$50 to ZWL\$100 per 1 000 cigarettes.

Tax Relief Measures

- ⊙ **Youth Employment Tax Credit**
- ⊙ Introduce a tax credit of ZWL500 per month per employee for corporates that employ an additional employee in a year of assessment.

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- ⊙ **Personal Income Tax Tax-Free Threshold** -Review the tax free threshold from ZWL\$700 to ZWL\$2 000 per month and adjust the tax bands to begin at ZWL2 001 and end at ZWL50
- ⊙ **Bonus Tax-Free Threshold** -Review the tax free bonus from ZWL 1 000 to ZWL 5 000.
- ⊙ **Taxation of Retrenchment Packages** -Revise the non-taxable portion of the retrenchment package to from ZWL 10 000 to \$50 000 or one-third of the package, to maximum of \$80 000.

Intermediated Money Transfer Tax (IMTT)

- ✓ **Value of Non-Taxable Transactions**
 - Review the *Tax-Free* Threshold from the current ZWL\$20 to ZWL\$100 and the maximum tax payable per transaction by corporates from the current ZWL\$15 000 to ZWL\$25 000 for transactions with values exceeding ZWL\$1 250 000.
- ✓ **Bulk Payments through Mobile Banking Platforms** -Exempt from IMTT, social transfers by Development Partners accredited in terms of the Privileges and Immunities Act [Cap 3:03].
- ⊙ **Corporate Income Tax Rate** -Review the corporate income tax rate from the current rate of 25% to 24%.
- ⊙ **Value Added Tax Rate** -Reduce the VAT standard rate from 15% to 14.5% to **stimulate** aggregate demand.
- ⊙ **Export Tax on Raw Hides** - Extend the export relief facility for 2 years, renewable on an annual basis.
- ⊙ **Capital Gains Tax** - Where immovable property is disposed in foreign currency, capital gains tax is also levied in the **currency** of trade. However, where the seller fails to provide documentary evidence on the flow of transactions, such transaction shall be deemed to have been concluded in foreign currency.
- ⊙ **Royalty on Diamond** - review the royalty on diamond from 15% to 10% of gross revenue.

Customs and Excise

- ⊙ **Excise Duty on Fuel** - ring-fence 5% of excise duty revenue collected on fuel towards the construction and rehabilitation of Beitbridge-Harare-Chirundu highway.
- ⊙ **Customs Duty on Sanitary Wear** - extend duty exemption on sanitary wear by a further twelve months and also include sanitary cups and pants on the list of duty free products.

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9.0 DOWNSIDE RISKS MITIGATORY MEASURES



Risk: Spending Outside Budget

- Strictly refrain from unbudgeted activities
- No borrowing from the Central Bank
- No quasi-fiscal activities

Risk: Wage Pressures

- Government is committed to ensuring a decent standard of living to public servants.
- Take inflationary developments into account adequately in wage negotiations.
- Payment of all bonuses in November 2019.
- Establishment of the Public Service Pension Fund.



Risk: Subsidies & other Market Distortions

- New cost-reflective pricing frameworks for fuel and electricity in place.
- Targeted and budgeted new grain subsidy model.
- Apply single exchange rate throughout all sectors of the economy.
- Essential subsidies to be clearly targeted and budgeted.

Risk: Financing Modalities of Agriculture

- Government reiterates the policy position of shared financing between Government and private players.
- Financing of commercial agriculture, (including Command) now moving from being Government-led to Bank-led, with Government providing guarantees to banks.
- Thorough scrutiny of beneficiaries under bank-led financing.
- Loan guarantees by Government shall, however, only become effective after all legal efforts on loan recoveries have been exhausted.
- Direct financing support by Government will be targeted at vulnerable households under the Social Protection Programmes.



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10.0 CONCLUSION

