



ZIMBABWE

THREE YEAR STRATEGIC PLAN ON THE UTILISATION OF IMF SDR ALLOCATIONS TO ZIMBABWE

Tabled in Parliament

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by

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Introduction

1. Government, on 23 August 2021 received Special Drawing Rights (SDRs) under the general allocation amounting to **SDR677,436,012.00 (approximately US\$958 million)**, from the International Monetary Fund (IMF). The SDR is an international reserve asset, created by the IMF in 1969 to supplement its member countries' official reserves. On August 2, 2021 the Board of Governors of the IMF approved a general allocation of SDRs equivalent to US\$650 billion (about SDR 456 billion) to boost global liquidity. This allocation addresses the long-term global need for reserves, helps build confidence, fosters the resilience and stability of the global economy, and supports liquidity-constrained countries in addressing the impact of the COVID-19 pandemic. The allocation provided a huge stimulus to the Zimbabwean economy, following the devastating impacts of the COVID-19 pandemic and has assisted Zimbabwe in its post COVID-19 recovery path.
2. Zimbabwe's statement of account on the SDR allocation up to end of October 2022 is as follows:

Table 1: Zimbabwe SDR Statement of Account – August 2021 to October 2022 – SDR Millions

Date	Allocation (SDR)	Drawdown (SDR)	Net Interest Charges	Balance (SDR)	Balance (US\$)
22-Aug-21	-	-	-	1.12	
23-Aug-21	677.44	-	-	678.55	958.00
7-Oct-21	-	50.00	-	628.55	885.21
1-Nov-21	-	-	0.05	628.51	
9-Dec-21	-	150.00	-	478.51	667.37
1-Feb-22	-	-	0.08	478.42	
1-May-22	-	-	0.36	478.06	
1-Aug-22	-	-	1.13	476.93	
22-Aug-22	-	200.00	-	276.93	362.38
12-Sep-22	-	30.00	-	246.93	322.85
31-Oct-22	-	-	-	246.93	316.90

Note: The US\$ numbers are reflected using the balances at the SDR prevailing exchange rate on the date of reporting. For example, the exchange rate of US\$ to SDR moved from 0.7664 on 12 September 2022 to 0.7792 on 31 October 2022.

3. The IMF charges interest on Zimbabwe's net SDR holding at the IMF, using the flexible SDR interest rate. The rates have been increasing from the rate of 0.05% in August 2021, to 2.48% in October 2022.
4. When the SDRs were allocated, the Government made a commitment to be transparent in the utilisation of the SDRs, as reflected by the publication of information in the 2021 National Budget Statement and

2021 Public Debt Bulletin. In addition, frequent updates on the utilisation of SDRs have been posted on the Treasury website <http://www.zimtreasury.gov.zw>

- The SDRs allocation was targeted to be utilized over a three-year period, beginning in August 2021 and this has been adhered to.

SDR Utilisation Plan

- As approved by Cabinet and Parliament in November 2021, the 3 year utilisation plan is as reflected in Table 2.

Table 2: SDRs Utilisation Plan (US\$ millions)

Sector	Priority Area	Allocations
1. Investments in social sectors		212
	Health Support	80
	<i>Support to Covid-19 vaccination programs</i>	77
	<i>Construction of health infrastructure in regions with extreme poverty (NMS)</i>	35
	<i>Support for health consumables and equipment</i>	10
	Sub total	122
	Education Support	
	<i>Construction of education infrastructure in regions with extreme poverty</i>	10
	Sub total	10
	Productive social safety nets	
	<i>Agriculture Productive Social Protection Scheme</i>	80
2. Agriculture support		50
	<i>Horticulture export revolving fund for agriculture targeting floriculture, blueberries and macadamia</i>	30
	<i>Small holder farmer irrigation schemes</i>	20
3. Industry Support		30
	<i>Retooling/revolving fund for new equipment and replacement for the value chains</i>	
	<i>Cotton</i>	10
	<i>Leather</i>	10
	<i>Pharmaceuticals</i>	5
	<i>Other Agro-processing</i>	5
4. Infrastructure Development		154
	<i>Transport Sector- Harare Beitbridge Road, Masvingo Road Interchange Development Project (Mbudzi) and Emergency Road Rehabilitation Project</i>	144
	<i>Housing Development</i>	10
5. Mining Sector	<i>Establishment of Gold Centres</i>	10
6. Contingency		222
	<i>Contingency Fund</i>	222
7. International Reserves		280
	<i>Foreign Exchange Reserves</i>	280
GRAND TOTAL		958

7. The utilisation of the SDRs was premised on the following key priority areas:
- Social sectors;
 - Infrastructure development;
 - Agriculture support;
 - Industry support; and
 - Mining support (gold production).
8. Fifty-two (52) per cent of the SDRs were allocated for the Contingent Fund and build-up of Foreign Exchange Reserves.

SDR utilisation

9. In 2021 and 2022, Government made four drawdowns amounting to **US\$582 million** and the resources were utilised as shown in Table 3.

Table 3: SDR Utilisation (US\$)

Sector	Utilisation	US\$
First Drawdown - 7 October 2021		70,000,000.00
Health		35,600,000.00
	<i>Covid-19 vaccines - Sinopharm</i>	<i>17,250,000.00</i>
	<i>Syringes</i>	<i>300,000.00</i>
	<i>Covid-19 vaccines - (vero cell) Inactivated</i>	<i>17,250,000.00</i>
	<i>Ambulance procurement</i>	<i>800,000.00</i>
Transport	<i>Harare- Beitbridge Road Construction</i>	17,736,159.76
Agriculture	<i>Irrigation Development, including dams</i>	16,048,500.00
Balance BF		615,340.24
Second Drawdown - 9 December 2021		209,697,825.43
Usable Resources		210,313,165.67
Health	<i>Covid-19 Vaccines</i>	142,561,564.53
Infrastructure Development		21,389,450.17
	<i>Harare-Beitbridge Road</i>	<i>10,810,174.58</i>
	<i>Dams Construction</i>	<i>10,579,275.59</i>
Social Safety Nets	<i>BEAM and Transfers</i>	45,000,000.00

Sector	Utilisation	US\$
Balance BF		1,362,150.97
Third Drawdown - 22 August 2022		263,389,747.03
Usable Resources		264,751,898.00
Investments in social sectors		45,000,000.00
	Health – NMS I	35,000,000.00
	Education infrastructure and equipment	10,000,000.00
Agriculture support		50,000,000.00
	Export revolving fund for Horticulture	30,000,000.00
	Smallholder Farmer Irrigation Development Fund	20,000,000.00
Industry Support	Retooling/revolving fund for new equipment and replacement for the value chains	30,000,000.00
	Retooling/revolving fund for new equipment and replacement for the value chains	22,500,000.00
	Tourism Facilities Services Development and Upgrading Revolving Fund	7,500,000.00
Infrastructure Development	Housing Development	10,000,000.00
Mining Sector Development	Gold Centres	10,000,000.00
Balance BF		118,389,747.03
Fourth Drawdown - 12 September 2022		38,918,127.93
Usable Resources		157,307,874.96
Fertilisers for Productive Social Protection Programmes	Fertilisers	155,000,000.00
Unutilised Drawn Balance		2,307,874.96

Note: The undrawn balance as at end of October 2022 at IMF is SDR246,927,139.00 (appx US\$316,046,510.94)

2023 SDR Utilisation Plan

- Based on the 3 year Utilisation Plan, all the drawn down SDRs have been utilised according to the approved plan, with the implementation of projects and programmes underway, including the use of contingency fund to finance fertiliser imports. In 2023, Government will make SDR drawdowns on a need basis to support any emergencies (US\$38.3 million, the balance of the Contingent Fund after drawdown for fertilisers), while ensuring sufficient resources are set aside for building adequate levels of international reserves (US\$280 million).

11. The breakdown of the remaining balance of US\$318 million is reflected in Table 4:

Table 4: Planned utilisation of remaining balance – US\$ millions

	Amount (US\$)
Unutilised Drawn Balance	2.31
Balance at the IMF	316.90
Total available balance	319.21
<i>Of which</i>	
<i>Contingent Fund</i>	39.21
<i>Foreign Exchange Reserves</i>	280.00

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