CPIA Detailed Report

Country: Zimbabwe

Exercise Year: CPIA Exercise 2023

Currency: Zimbabwean Dollar (ZWL)

City: Harare

Income Group: Lower middle income

Lending Category: Blend

Final CPIA Score: 3.075

(A) Economic Management

Cluster Score: 2.5

01. Fiscal Policy

Criteria Score: 3

1. Fiscal Policy

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

A tight fiscal stance has been maintained since 2021 despite spending pressures created by the impact of 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. The fiscal deficit was estimated at 1.8% of GDP and it further narrowed to 1.0% of GDP in 2021 and 2022, respectively. The 2023 budget estimated a fiscal deficit of 1.5% of GDP with revenues projected to grow from 16.8% to 18% of GDP while expenditures are contained 19.5% from 19% of GDP. The depreciation of the local currency and the resultant general price increases posed major challenges to the attainment of the target fiscal deficit. The government continued to implement fiscal reforms including enhancing domestic resource mobilization, rationalization of travel expenses, value for money in public procurement, and recruitment freeze on non-essential services.

The IMF Article IV report of April 2022 also noted that government pursued prudent fiscal measures and encouraged the authorities that fiscal policy should aim to restore macroeconomic stability and create fiscal space for priority spending. The IMF emphasized the need to enhance revenue mobilization, including through broadening the tax base and improving tax administration and compliance. On the spending side, accelerating reforms of state-owned enterprises and enhancing fiscal controls will be critical to limit fiscal risks.

The IMF further noted that fiscal policy supported output recovery since 2021 although at a slower pace.

Real GDP grew by 6.5% in 2022, a marginal decline from an impressive COVID-19 recovery growth of 8.5% in 2021. The slowdown in economic growth was mainly due to both exogenous and endogenous shocks. The outlook is positive for 2023 and 2024 with growth projections of 3.5% for both years, respectively, largely anchored by agriculture, mining, and services sectors.

Inflation remains high but moderated from the peak of 175% reached in April 2023. August 2023 annual inflation was estimated at 77%. Inflation dynamics has basically been a result of inconsistent monetary policies. During the last two years, the exchange rate policy has had a significant impact on macroeconomic stability. The exchange rate depreciated by 521% against the US Dollar in 2022 as the Zimbabwe Dollar (ZW$) fell from ZW$108 to US$1 in January 2022 to ZW$671 to US$1 by December 2022. Since April 2023 there has been another rapid depreciation of the local currency when the country adopted a market determined exchange rate. Subsequently the ZW$ depreciated by 380% between May and June 2023. Although from July 2023 the official exchange rate stabilized around ZW$4,500 to US$, the parallel exchange rate widened ZW$6,300 to US$1 during the same period. As of June 2023 month-on month inflation stood at 74.5% an increase from 15.7% in May 2023 indicating that Zimbabwe was in a hyperinflation. Since July 2023 annual inflation decelerated reaching 101% and 77% in July and August, respectively mainly attributed to a general price stability during that period.

As a result of the rise in inflation interest rates remained very high at about 150%.Growth

In the IMF Article IV report of April 2022, the IMF made the following recommendations on fiscal policy in Zimbabwe. An overarching policy priority is to strengthen coordination between the fiscal and monetary authorities to significantly curtail currency and price pressures. To lower inflationary pressures, monetary policy should be further tightened. Greater exchange rate flexibility and elimination of FX restrictions are needed to promote external competitiveness and tackle rent-seeking. Fiscal policy should aim at containing the deficit in line with available non-inflationary financing and creating fiscal space for critical spending by mobilizing additional revenues, based on tax policy reforms, and by scaling back non-priority outlays. The RBZ's quasi-fiscal operations should be transferred to the budget to enhance transparency. Addressing banking sector weaknesses, including on the AML/CFT regime, would strengthen banks' resilience and effectiveness. Building on the government’s anti-corruption strategy, greater efforts are needed to implement the recommendations of the 2020 IMF governance diagnostics report.

was projected at about 3.5% in 2022 and 3.0% over the medium term in line with potential. While the authorities aimed to limit the 2022 budget deficit at 1½ percent of GDP, nominal revenues and expenditures were underpinned by the assumptions of large price increases that deviate from the Reserve Bank of Zimbabwe’s (RBZ) objective of curtailing inflationary pressures. While fiscal policy remained prudent, coherence with monetary policy was weak. As such the IMF recommendation was to strengthen coordination between the fiscal and monetary authorities to significantly curtail currency and price pressures.In its Article IV Report of April 2022, the IMF made the following recommendation. An overarching policy priority is to strengthen coordination between the fiscaland monetary authorities to significantly curtail currency and price pressures. To lowerinflationary pressures, monetary policy should be further tightened. Greater exchange rateflexibility and elimination of FX restrictions are needed to promote externalMarch 2, 2022ZIMBABWE2 INTERNATIONAL MONETARY FUNDcompetitiveness and tackle rent-seeking. Fiscal policy should aim at containing the deficitin line with available non-inflationary financing and creating fiscal space for criticalspending by mobilizing additional revenues, based on tax policy reforms, and by scalingback non-priority outlays. The RBZ’s quasi-fiscal operations should be transferred to thebudget to enhance transparency. Addressing banking sector weaknesses, including on theAML/CFT regime, would strengthen banks’ resilience and effectiveness. Building on thegovernment’s anti-corruption strategy, greater efforts are needed to implement therecommendations of the 2020 IMF governance diagnostics report.MADE THE FOLLOWING RECOMMENDATION

Since 2021 government focused on improving quality of public services and goods. The country has seen a significant investment in transport and energy infrastructure that is seen aas the key enabler for economic growth. Similarly, government enhanced social spending in key sectors of education and health. For example, the 2023 budget thrust was anchored on maintaining a sustainable fiscal position that support inflation and exchange rate stability, whilst enabling Government to finance critical public services in an affordable and sustainable budget framework. However, fiscal policy was limited by the high wage bill estimated at 52% of the national budget and the high debt levels estimated at about 70% of GDP in 2023.

02. Monetary Policy

Criteria Score: 2.5

2. Monetary Policy

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5

Second Draft Score	2.5
Final Score	2.5

Country Notes:

Monetary policy in Zimbabwe is the responsibility of the Reserve Bank of Zimbabwe (RBZ). The RBZ is responsible for the formulation and implementation of monetary policy, directed at ensuring low and stable inflation levels. A further core function of the Bank is to maintain a stable banking system through its supervisory and lender of last resort functions. Other secondary roles of the Bank include the management of the country's gold and foreign exchange assets. The bank is the sole issuer of currency and acts as banker and advisor to Government. Monetary policy is governed by several Laws including the RBZ Act and the Finance Act. In 2029, the RBZ also establishment of the Monetary Policy Committee (MPC) and added transparency to monetary policy and boosted credibility.

Monetary policy has been at the centre of macroeconomic instability in Zimbabwe. The country has a dual currency monetary policy with the Zimbabwe Dollar (ZWL) and the United States Dollar (USD) being officially authorized currencies in Zimbabwe. The Government issues a statutory instrument in 2022 making the US Dollar as an official currency till 2025. At the same time the Zimbabwe dollar is also an official currency and used interchangeably with the US Dollar.

The US Dollar has grown in terms of use and as a stole of value. In terms of share the US Dollar is well over 80% as a preferred currency. Trust and confidence in the local currency is low because of the past experiences where people lost money due excessive devaluations. Preference of use in both formal and informal transactions was on the US$ unlike the local currency especially as a store of value. As a result, demand for the US Dollar could not be contained hence creating uncertainty and speculation in the economy. As a result, the ZW$ to US$ exchange rate depreciated by 521% against the US Dollar in 2022 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 sale of gold coins and 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 end June 2023. This followed the government announcement that it would be pursuing a market determined exchange rate policy. This steep depreciation of the local currency has had significant impacts on the population on account of a sharp rise in the prices of basic commodities.

The difficulties on the execution of monetary policy have had an impact on inflation in Zimbabwe. Since 2022 the Zimbabwe economy has been characterized by a high inflation environment. The inflation rate rose sharply from 60.6% in January 2022 reaching a peak of 285% in June 2022 triggered by exchange rate depreciation that led to a general increase in prices.

The IMF singled out exchange rate policy and quasi fiscal operations of the Reserve Bank to be major causes of macroeconomic instability in Zimbabwe. This coupled with the dual currency policy exercebated challenges around execution of credible macroeconomic policies in Zimbabwe.monetary policy

The RBZ introduced new measures on the 6th of June 2023 to stabilize the exchange rate as follows:

i. Increased the Bank Policy rate by 10 percentage points from 140% to 150% per annum to curtail speculative borrowing.

ii. Allowed the Interbank exchange rate to be market-determined to reduce arbitrage opportunities.

iii. Reviewed the interbank maximum trading limits from US$100 000 to US$500 000 consistent with the current auction limits to further liberalise the currency market.

iv. Merged the main and MSME currency auction under the US$5 million per week limit.

v. Allowed the foreign currency auction market to remain active for “price-discovery” to remove price distortions in the currency market.

These measures have helped to stabilize the exchange rate and have also curbed the rise in inflation.

Monetary policy has in the past two years exerted pressure on the fiscal position of the Government especially on international payments. However, the government remained on course in line with budget fiscal deficit as the government implemented a cash budget. The fiscal deficit was estimated at 1.8% of GDP and it further narrowed to 1.0% of GDP in 2021 and 2022, respectively. The 2023 budget estimated a fiscal deficit of 1.5% of GDP with revenues projected to grow from 16.8% to 18% of GDP while expenditures are contained 19.5% from 19% of GDP. The current account balance also narrowed to 1.0% of GDP in 2022 from 2.9% of GDP in 2021 due to increased fuel and imported commodity prices.

RBZ 2022 Mid-Term Monetary Committee Statement: https://www.rbz.co.zw/index.php/monetary-policy/monetary-policy-statements/1128-2022-mid-term-monetary-policy-statement

RBZ Annual Report 2021: https://www.rbz.co.zw/documents/ar/ANNUAL-REPORT-2021.pdf

IMF Article IV Report April 2022

03. Debt Policy

Criteria Score: 2

3. Debt Policy

Score Type	Value
Draft Score	2.0

Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

Zimbabwe remains in debt distress, with large external arrears to official creditors. Zimbabwe is classified as a country in “debt distress”[1]. The country’s total consolidated public debt is estimated at US$18.0 billion as of 30th June 2023. External debt is estimated at US$12.8 billion while domestic debt is at US$5.2 billion. Arrears make up the bulk of external debt accounting for 45% of total external debt.

Zimbabwe remains in debt distress. According to the Government public debt report of July 2023, As of 31st August 2023, Zimbabwe’s debt arrears to the AfDB amounted to US$758.0m (2.4% of GDP). The country’s total public debt amounts to US$18,028m (99.6% of GDP). External debt stands at US$12,827m (70.9% of GDP) and domestic debt at US$5.2 (28.7% of GDP).

Zimbabwe has requisite debt management legal framework that are rated quite strongly by development partners including the International Monetary Fund and the World Bank and the Macroeconomic and Financial Management Institute as one that meets minimum standards for debt management. However, the government has been failing to comply with it. This is largely due to structural and political reasons that have made it difficult for the country to address its debt burden.

The IMF Article IV report of April 2022 noted the weak coordination of various public agencies in contracting debt. The report, however, noted some improvements since 2022. A new Medium-Term Debt Strategy (MTDS), under preparation, would guide future debt management operations. Also, a new framework is being used to evaluate, monitor, and manage domestic guaranteed and on-lent loans. Consistent with the provisions of the Public Debt Management Act, starting in 2022, public entities and local authorities would be required to submit to Treasury information on borrowings, debt service, and overdraft facilities.

To also improrve coordination between the Treasury and the Reserve Bank, the Government announced in May 2023 that it would remove all quasi-fiscal operations of the Reserve Bank to the Treasury. This would ensure that only the Treasury has the responsibility of acquiring debt and managing debt.

Since 2021, the Government of Zimbabwe (GoZ) has strengthened its commitment to arrears clearance with its 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. The Government also launched the arrears clearance and debt resolution process in 2022 to engage further with its creditors. The government has developed a road map for debt arrears clearance by 2025. The debt clearance strategy includes plans to clear external arrears and seek debt relief under two approaches: a HIPC Initiative process; or a non-HIPC Initiative process, involving debt restructuring, and arrears’ clearance via bridge financing and own resources.

[1] IMF 2020 Zimbabwe Debt Sustainability Report

IMF Article IV Report April 2022

Zimbabwe Government Public Debt Report July 2023

(B) Structural Policy

Cluster Score: 3.055

04. Policies and Institutions for Economic Cooperation, RI and Trade

Criteria Score: 2.833

4.a. Regional Integration and Economic Cooperation

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Zimbabwe is a signatory to numerous regional trade agreements, but regional trade remains constrained by relatively higher tariffs, and hurdles in access to foreign currency and trade facilitation. 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 to Zimbabwean firms to integrate into regional value chains. However, Zimbabwe's high tariffs with an average of 15.8% are a disincentive. Similarly, foreign currency retentions on exports are an additional tax on exports.

Zimbabwe is a member of SADC, Preferential Trade Area (PTA) of Eastern and Southern Africa, and Common Market for Eastern and Southern Africa which are the main regional bodies that promote regional integration. Zimbabwe has bilateral trade agreements with Namibia, Botswana, and South Africa.

Zimbabwe also signed the interim Economic Partnership Agreement (EPA) under the Eastern and Southern African (ESA) bloc with the European Commission in 2009.

The country has a National Trade Policy (2019-2023) in place which speci?es measures and strategies that guide Zimbabwe's trade regionally and internationally towards export-orientation and international competitiveness. Zimbabwe's central location in the SADC region makes it a critical transit country for other countries like Zambia, Malawi, 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 especially under the Southern African Power Pool (SAPP).

According to ZIMSTAT data. The country's exports in 2022 amounted to US$6.58 while imports amounted to US$8.62 billion. South Africa, United Arab Emirates, China, Mozambique and Zambia were major export destinations. In terms of imports, South Africa, China, Singapore, Mozambique and Zambia were major trading partners.

Zimbabwe's transport infrastructure plays a major role in facilitating regional integration. In terms of road transport, the country has Regional Trunk Roads (~2,300km) and it is estimated that 85% of the paved Regional Trunk and Primary roads are in good condition. 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. The network therefore plays a pivotal role also in the SADC region. The aviation sub-sector includes three international airports, Harare, Bulawayo, and Victoria Falls. Traffic is highly concentrated in Harare, with over 70% of the country's passenger traffic, followed by Victoria Falls with about 20%.

4.b. Trade restrictiveness

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

Zimbabwe is generally open to international trade. Like most countries the country has relevant law and regulations that govern international trade. In general, the government charges higher import duties on finished goods than on raw materials and intermediate goods, as a means of assisting the country's manufacturing sector. There are three different types of payments upon importation of goods into Zimbabwe: import duty, surtax, and value added tax (VAT) as described in the Harmonized System Tariffs

Handbook and other relevant legislation. Most imported goods are subject to surtax and VAT. The government uses the General Agreement on Trade and Tariffs (GATT) method of customs valuation. In terms of exports, all exports require a customs declaration form (CD1) to ensure that exporters remit proceeds back to the country within 90 days.

Trade restrictions have since 2021 been elevated mainly because of monetary policy reasons. The government increased the foreign currency surrender requirements in January 2021 for all exporters from 30 percent to 40 percent and retained the policy that forces companies selling products domestically in foreign currency to convert 20 percent of such sales into Zimbabwe dollars. These proceeds go to the auction and the RBZ. Such surrender requirements act as a tax on exports to subsidize priority imports at the auction rate.

Customs Duty is levied on imported goods in terms of the Customs and Excise Act [Chapter 23:02], whilst Excise Duty is levied on certain locally manufactured goods, and other imported goods falling under the Excise Tariff even if they are entered under Trade Agreements. Applicable rates of Customs and Excise Duties are set-out in the Customs Tariff Handbook, which is published in the form of a statutory instrument. The applicable rates of duty depend on the category of goods. Value Added Tax (VAT) is another tax levied on imported goods in terms of the Value-Added Tax Act [Chapter 23:12]. Duty may be reduced or waived where the following circumstances exist: suspensions, rebates, bilateral and multilateral agreements, and remissions. Applicable customs duty rates range from 5% on books to 90% on wines with most of goods ranging around 50% of import cost or estimated value.

Zimbabwe does have non-tariff barriers that also affect international trade. Although the government allows the importation of a limited amount of goods for personal use, the government generally requires importers to obtain product-specific import licenses. At times of foreign currency shortages and diverging parallel-market exchange rates, the RBZ has exerted a great deal of control in determining which companies receive foreign currency at the official (and beneficial) exchange rate for priority imports.

The Government of Zimbabwe is generally committed to a policy of import substitution, and as a result will sometimes impose a ban on the export of a good for which it believes there is sufficient domestic processing capacity. For example, in August 2021 the government announced, without warning and with immediate effect, a ban on the export of raw chrome in a bid to support the domestic ferrochrome industry. Such unpredictable changes in government policy make long-term planning difficult.

4.c. Customs/trade facilitation

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

On 17 October 2018, Zimbabwe ratified the WTO Trade Facilitation Agreement (TFA) becoming the 139th WTO Member State to ratify this Agreement. The ratification of the TFA is a step in the right direction towards reducing informal cross border trade (ICBT) and promoting formal cross border trade.

The Zimbabwe Revenue Authority (ZIMRA) is core in facilitating trade in line with the Revenue Authority Act and Finance Act. ZIMRA has the requisite systems in place to facilitate trade and operates the Automated Systems for Customs Data (ASYCUDA) World for all its customs processes. ZIMRA is the first revenue authority in the COMESA region to migrate to ASYCUDA World. This has belped in a number of functions including Trade facilitation (faster clearance of goods at ports of entry); enhanced system controls (shift from paper-based control to electronic); Intelligent electronic Risk Management System that is updated periodically; and Easy compilation of trade statistics.

The UN Global survey on digital and sustainable trade facilitation scored Zimbabwe at 51.61% in 2023 an increase from 39.78% in 2021 suggesting that Zimbabwe has made significant progress in terms of trade facilitation in the last two years. The country scored highly on institutional arrangements at 77.78% and on paperless facilitation at 70.37% in 2023. However, weaknesses exist on border paperless trade at 16.67% and transparency at 40%.

05. Financial Sector Development

Criteria Score: 3.333

5.a. Financial stability

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Zimbabwe’s financial sector has been resilient and sound while operating in a challenging and uncertain environment. According to the Reserve Bank of Zimbabwe (Annual Report 2022), the banking sector comprised of 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 1.5%, and liquidity ratio 60%, all above minimum regulatory minimums of 12%, 5% and 30%, respectively.

Total banking sector loans amounted to $567.49 billion 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 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. Their Minimum Capital Requirement (MCR) improved 87% in 2020 to 93% in 2021. However, 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.

In the medium term, the stability of the financial sector remains vulnerable to shocks. The share of NPLs and the level of capital at risk are moderately high. Adherence to Basel Core Principles is limited (capital adequacy requirements in line with or below Basel I requirements but enforcement is weak) and quality of risk management in financial institutions is poor but improving. Supervisors' ability to adequately assess risk is very limited.

5.b. Sector's efficiency, depth, and resource mobilization strength

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

According to the Reserve Bank of Zimbabwe Annual report for 2022, the banking sector was adequately capitalized as at 30 June 2022. The average capital adequacy and tier one ratios were 33.87% and 18.84%, respectively, and above the regulatory minimum of 12% and 8%, respectively. The top 5 Banks by balance sheet size control 69.5% of the total market. CBZ Bank accounted for 20.20% of the market's total assets. Top 5 banks, by market share by deposits, control 75.35% of the local deposits. The market had foreign lines of credit amounting to US$189.87 million as at 30 June 2022.

CABS controlled 59.22%, FBC Bank 32.67, ZB Bank 5.66% IDBZ 2.26% and NMB Bank 1.06% of the market's lines of credit. The five banks controls 99.87% of the total lines of credit. The average prudential liquidity ratio for the banking sector stood at 58.8% as at 30 June 2022 was above the minimum regulatory requirement of 30%. Top three (3) banks with the largest total income that is CBZ, Metbank, and Stanbic. ZB BS and NBS have the lowest total income. Only four (4) banks were able to create return on equity (RoE) greater than 60% and that that is FBC Bank, Nedbank, ZB BS and NBS. Only two banks recorded

RoA greater 20% and these are FBC BS and ZB BS. Market NPL ratios deteriorated to 1.37% in H1, 2022 up from 1.02% in H1 2021. However, all institutions' NPL ratios were below the international benchmark of 5% expect for IDBZ.

Overall the size and reach of financial markets, and capital markets, underdeveloped but growing. High but falling interest rate spreads, and moderately low ratio of private sector credit to GDP. Microfinance moderately inefficient.

5.c. Access to financial services

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Zimbabwe has a financial inclusion strategy 2022 to 2026. The strategy aims at increasing access to quality, affordable, and accessible financial services by all Zimbabweans on a a sustainable basis, provided in a fair and transparent manner and hrough formal/regulated entities. The objective of the strategy is to increase the overall level of access to formal financial services within the country from 69% in 2014 to at least 90% by 2020; and to increase proportion of banked adults from 30% in 2014 to at least 60% by 2020.

According to the Resrve Bank Statistis, Zimbabwe had a total of 6.9 million bank accounts as of June 2022. Out of these 4.2 million were low-cost bank accounts. the banking sector comprised of 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. It is estimated that 94% of the urban population and 61% of the rural population is banked in Zimbabwe.

The country also has mobile money. The number of active mobile money users is just 4.3 million, according to the Reserve Bank of Zimbabwe's 2022 report. With difficulties accessing cash from banks, Zimbabwe is "among the leaders on the continent in the use of mobile money" owing to the "pervasiveness of mobile money adoption.

Payment and clearance systems and credit reporting systems are moderately developed and functional. A moderate share of the population has access to formal sector financial services. SMEs have moderate access to finance. The legal and regulatory framework still has weaknesses but generally supports access to finance..

06. Business Regulatory Environment

Criteria Score: 3

6.a. Regulations affecting entry, exit, and competition

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The World Bank Report of 2020 on doing business ranked Zimbabwe 140 out of 190 countries in the World with a score of 54.5. This meant that the country was poorly placed in terms of ease of doing business. Specifically, in terms of starting a business the country was ranked 167th, enforcing contracts was ranked 169th while resolving insolvency was ranked 142nd.   The Global Competitiveness Index 2017-2028 ranked Zimbabwe 124th out of 137 countries. However, the situation has greatly improved since then.

Since 2019, the government embarked key reforms aimed at attracting ionvestors and improving the general business environment. These reforms targeted 16 areas including starting a business, improvements in taxation, , and imports and exports policy and regulatory reforms.

As of 2022, Zimbabwe now has a One Stop Investment Services Center (OSISC) under the Zimbabwe Investment and Development Agency (ZIDA) through the Zimbabwe Investment Development Agency Act. brings together all key institutions that are involved in the processing and approval of investment proposals and legal and regulatory requirements pertaining to all investments. The key institutions include the ZIDA, the Immigration Department, Zimbabwe Revenue Authority (ZIMRA), Special Economic Zones Authority, Companies Registry Office, Local Government, the Reserve Bank of Zimbabwe (RBZ), Ministry of Mines, Ministry of Labour, Zimbabwe Energy Regulatory Authority (ZERA), National Social Security Authority (NSSA), Zimbabwe Tourism Authority (ZTA) and the Environmental Management Authority (EMA). The OSISC thus facilitate quicker, faster and more efficient handling of investments approvals whilst also enabling convenient inter-agency cooperation in compliance screening, scrutiny and expedited approval of investments, which reduces the cost of doing business in the country.

In law and in principle, there is clarity, predictability and certainty in the protection of investments in Zimbabwe, whilst the ZIDA Act espouses the principles of non-discrimination and Most-Favoured Nation, which allows for equal, equitable and fair treatment of all investors. Specifically, Section 6 of the ZIDA Act protects investors against denial of justices and cases whereby there are substantial procedural delays and changes in the terms and conditions stated in their investment licences. Another merit embodied in the ZIDA Act is the guarantees—expressed under Section 17 of the Act—against possibilities of nationalisation and expropriation of their properties without compensation.

Zimbabwe was ranked 167 in World Bank's DB 2020 ease in ease of starting a business. The total number of procedures to register a firm is 9 procedures and takes 27 days to register the firm. The institution in charge of business registration is the Chief Registrar of Companies. Zimbabwe made starting a business easier by improving online name search and by reducing the Harare Municipality business licensing fee. The DB report of the World Bank ranked Zimbabwe 140 on the ease of getting a permit. It takes between 178 days and 1o procedures to obtain permits. The requirements for obtaining permits are not easily accessible but it's free of charge. Zimbabwe made dealing with construction permits faster by streamlining plan approvals. Ease of settlements of dispute/arbitration According to the DB report of the World Bank, resolving insolvency framework in Zimbabwe provides that a creditor or debtor has the right to object to decisions accepting or rejecting creditors' claims. The insolvency framework provides for the possibility of the debtor obtaining credit after the commencement of insolvency proceedings. Zimbabwe made resolving insolvency easier by introducing a new reorganization procedure, allowing creditors to vote on the reorganization plan, and granting debtors the possibility of obtaining post-commencement finance. According to the US Department of State, the government does not always accept binding international arbitration of investment disputes between foreign investors and the state.

6.b. Regulations of ongoing business operations

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The Global Competitiveness Index 2017-2028 ranked Zimbabwe 124th out of 137 countries. Main factors that contributed to this poor ranking were policy instability, foreign currency regulations, inefficient government bureaucracy, access to financing, corruption, poor infrastructure and taxation policies. This has pushed most business activities into informal sector.   The informal sector accounts for nearly two-thirds of Zimbabwe's output and four-fifths of its employment, which is high in comparison with other lower-middle income countries. Repatriating profits and paying overseas suppliers is cited by international businesses as the main challenge.

Zimbabwe is a signatory to international legal instruments on intellectual property rights. These include: ARIPO, both the Banjul Protocol on Marks and the Harare Protocol on Patents and Industrial Designs; Berne Convention for the Protection of Literary and Artistic Works; Madrid Protocol for the International

Registration of Trademarks; Paris Convention for the Protection of Industrial Property; Patent Cooperation Treaty; TRIPS Agreement; and WIPO Convention.

According to the US Department of State, Zimbabwe presents a challenging, and yet potentially rewarding, investment climate. Foreign and domestic private entities have a right to establish and own business enterprises and engage in all forms of remunerative activity, but foreign ownership of businesses in certain reserved sectors is limited. The government of Zimbabwe did not make any significant changes in the past year. According to the World Bank, Zimbabwe strengthened access to credit by giving secured creditors absolute priority during insolvency proceedings. According to the US Department of State, foreigners can remit capital appreciation, dividend income, and after-tax profits provided the foreign exchange is available. Firms may find difficulty in accessing foreign exchange at the auction rate.

6.c. Regulations of factor markets (labor and land)

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Zimbabwe’s legislation regarding land rights includes: the Constitution of Zimbabwe, 1979 (as amended); Communal Land Act 20 of 1982, which vests ownership of communal lands in the state; Land Acquisition Act of 1992, which allows land to be expropriated by the state for redistribution; Agricultural Land Settlement Act; Agricultural Corporations (Commercialization) Act 13 of 1997; Regional Town and Country Planning Act; Land Survey Act; Deeds Registry Act; Commercial Premises (lease control) Act 27 of 1983; Protected Places and Areas Act 27 of 1959; and Immovable Property (prevention of discrimination) Act 19 of 1982 (Reynolds and Flores 2009; Saller 2004). Tenure types include: (1) freehold ownerships; (2) occupancy rights to land in communal areas; and (3) leases of land granted by the government through various redistribution schemes. Leases are generally granted for periods of 99 years (Shumba 2001a).

Land within communal areas is vested in the President, and the Rural District Councils (RDCs) allocate land for occupancy and use. In allocating the land, the RDCs must consult and cooperate with the chief appointed to preside over the community (Sithole 2002). Land rights in Zimbabwe are highly insecure. Zimbabwe does not have a formal land-sale market for agricultural land. Zimbabwe’s commercial farmland is leased for 99-year periods, and transfer of leases requires government approval. Land in communal areas (66% of agricultural land) cannot be legally sold.

The protection of individual labour rights in Zimbabwe is deficient despite the fact that the Constitution protects these rights. The environment has largey remain the same in the last three years. The main legal frameworks are the Constitution of Zimbabwe 2013, the Labour Act (chapter28;01) and the various regulations promulgated thereunder, industry-specific collective bargaining agreements, common law, judicial precedents and authoritative texts. Application for trade unions registration are made to the registrar of labour under section 33 of the Labour Act (Chapter 28;01) (https://iclg.com/practice-areas/employment-and-labour-laws-and-regulations/zimbabwe). The ability of working people to have a fair representation is still undermined in Zimbabwe.

According to the US Department of State, the Government strongly encourages foreign investors to make maximum use of Zimbabwean management and technical personnel and any investment proposal that involves the employment of foreigners must present a strong case to obtain work and residence permits. Normally, the maximum contract period for a foreign national is three years with a possible extension to five years for individuals with highly specialized skills. According to the DB report of the World Bank, there are 5 procedures and 29 days process involved in registering property in Zimbabwe. The type of land registration system in the economy is the Deed Registration System Deeds Registries Office is the institution in charge. There is no electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system). The High Court of Zimbabwe is the Court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights located in the largest business city. According to US Department of State, the Government of Zimbabwe enforces property rights in residential and commercial properties in urban areas. This is not the case with agricultural land, as discussed above. Mortgages and liens do exist for urban properties, but liquidity constraints have led to a fall in the number of mortgage loans.

(C) Policies for Social Inclusion/Equity

Cluster Score: 3.427

07. Gender Equality

Criteria Score: 3.667

7.a. Promotion of equal access for men and women to human capital development opportunities

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Gender equality is relatively high in Zimbabwe. The AfDB’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), Social Dimension (0.986) all favourable except Empowerment and Representation (0.452) which is below average. The Global Gender Gap (GGG) Index and rank for Zimbabwe has been improving slightly over ?me, from 56 out of 144 in 2016 to 47 out of 153 countries in 2020. According to UNCEF data percentage of women (aged 15-49 years) attended at least four times during pregnancy by any provider stands at 72%. The percentage of deliveries attended by skilled health personnel is at 86%.

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 Ministry of Women Affairs, Community, Small and Medium Enterprise Development supports implementation and promotion of gender equality across all government programmes in line with the National Gender Policy. The Zimbabwe Gender Commission monitors implementation gender equality actions; investigates possible violations of rights relating to gender equality; and consider complaints from the public and recommends action where appropriate.

As per above both men and women, girls and both have equal access to human capital development opportunities. The Gender Profile conducted in 2020 note that Whilst there is parity in school atendance and completon at primary school level up to lower secondary school (Forms 1-4), the situaton changes in upper secondary school level (Forms 5-6) and tertary level where the gap widens in favour of boys. Child marriage, poverty, socialisaton, GBV and early pregnancies influence this trend.

7.b. Promotion of equal access for men and women to productive and economic resources

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Again, the Constitution of Zimbabwe promotes equal access for men and women to productive and economic resources. Similarly, the gender policy and other regulatory frameworks. The Zimbabwe Gender Commission monitors implementation gender equality actions; investigates possible violations of rights relating to gender equality; and consider complaints from the public and recommends action where appropriate. In 2017, Government developed a Monitoring and Evaluation Framework that deals specifically with Gender Equality and Women Empowerment to enable the national gender machinery to monitor, assess and report implementation of national, regional and international commitments on Gender Equality and Women Empowerment.

While relevant Laws, regulations and policies are in place, there exist significant disparities in terms of access for men and women to productive and economic resources. According to the Zimbabwe Statistics labour force survey report of Q1 in 2023, labour participation rates reflect a disparity between men and women. Labour participation rate stood at 54.6% for men and 34.7% for women. Employment to population rate stood at 45% for men and 27.2% for women.

The Zimbabwe Country Gender Profile conducted in 2021 concluded that most poverty-related indicators by gender indicates that most of the indicators were lower for females compared to men, clearly indica?ng that women are generally poorer than men. Furthermore, several challenges s?ll underpin progress towards women economic empowerment namely; dominance of the informal economy and its associated decent work deficits that include lack of social security, limited formalisation from informal to formal economy and the associated, overrepresentation in vulnerable employment and the existing gender-pay gaps, limited financial inclusion, increasing UCDW, limited ICTs usage, dominance in subsistence agriculture with limited support mechanisms, limited access to and ownership of critical economic resources especially in agriculture, limited participation in technological innovations, structural and material inequalities, among others.

As part of the global community Zimbabwe has signed and ratified several international treaties, conventions and protocols linked to gender equality and women's empowerment that include the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW), Beijing Declara?on and Pla?orm for Action, Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa and the SADC Protocol on Gender and Development.

7.c. Men and women equal status and protection under the law

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Zimbabwe's 2013 Constitution provides a strong legal framework for the promotion and attainment of gender equality and women's empowerment. The Constitution addresses the intersectionality of discrimination through provisions for elderly persons, prohibiting discrimination on basis of class, age, disability, colour, and many other grounds.

As part of the global community Zimbabwe has signed and ratified several international treaties, conventions and protocols linked to gender equality and women's empowerment that include the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW), Beijing Declaration and Platform for Action, Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa and the SADC Protocol on Gender and Development.

In line with the Constitution, the Labour Act of Zimbabwe enforces gender equality and the protection of both men and women under the law. The Judiciary is a key institution that interprets and implements laws that protect the people's rights. The continued implementation of a dualist legal system in Zimbabwe implies that both general law and customary law are applied concurrently. The right to culture which enhances the dignity, well-being and iden?tity is protected by the law and when there is conflict between what is practised customarily and what the law provides the Constitution supersedes all laws and culture. This helps to eliminate harmful and discriminatory cultural and religious practises. Although the Constitution contains the core components of a gender-responsive framework, it only provides a platform upon which equality rights can be claimed. Challenges exist in the implementation of the law as well laws not in line with the Constitution hence needing review/reform.

According to the Country Gender Profile of 2021, both women and men experience GBV in Zimbabwe, but women and girls are disproportionately affected. GBV has been on the rise since 2020. Preliminary data suggests a sharp rise in violence against women and girls emanating from the COVID-19 pandemic which is synonymous with the global trend. Nationally, 39% adolescent girls and women aged 15-49 experienced some form of physical violence since they were 15 years old. Of these, 5.5% suffered some form of violence in the last 12 months preceding the 2019 MICS. 36% and 41.6% were from urban and rural areas respectively, suggesting rural women are more vulnerable to physical abuse than their urban counterparts. 39.6% of married women between the ages of 15 and 49 across Zimbabwe have experienced physical or sexual violence from their current or most recent husband/partner and 43.9% of these have experienced physical injury as a result.[12]?

In terms of women representation in the National Assembly, following the August 2023 elections, 29% are women, thus 60 women members of parliament out of the elected 209 members.

08. Equity of Public Resource Use

Criteria Score: 3

8.a. Poverty Measurement

Score Type	Value

Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

With effect from November 2020, the Zimbabwe Statistics (ZIMSTAT) is producing the Poverty Datum Lines (PDL) using the lower bound poverty line. The method refers to the sum of food poverty line and the average amount derived from non-food items of households whose total expenditure is equal to the food poverty line.

The food poverty line (FPL) as at April 2023 was $25,170.43. This means that the minimum needs basket cost that much per person in April 2023. This represents an increase of 11.6 percent over the March 2023 figure of $22,560.53. The Total Consumption Poverty Line (TCPL) for Zimbabwe stood at $33,044.46 per person in April 2023. This means that an individual required that much to purchase both non-food and food items as at April 2023 in order not to be deemed poor. This represents an increase of 11.0 percent when compared to the March 2023 figure of $29,778.08. The poverty datum lines vary by province as prices vary from place to place. The differences are explained by differences in average prices in the provinces. The quantities of commodities consumed at base year in the minimum needs basket which is consistent with the preferences of the poor individuals and households in Zimbabwe are fixed. The variations in the value of the basket are explained by changes in average prices.

8.b. Public Expenditures: Priorities and strategies

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The National Development Strategy NDS1 guides the preparation of sectoral strategies and priorities. These then translate into the national budget. The NDS1 also has a three year rolling medium-term expenditure framework that outlines projected revenues and expenditure allocations to various priorities. The challenge for Zimbabwe is the high wage bill that constitutes 52% of the national budget. This leaves a smaller share for all other priorities.

Economic transformation has been the priority for the Government of Zimbabwe in the last three years. This has emphasized enhanced investment in key economic sectors including agriculture and mining. These sectors are key for poverty reduction. Agriculture alone is estimated to employ over 60% of the population. The Government also prioritized social protection for those that may not be employed. Various programmes are being implemented. Most of these are donor supported. Notably, there has been a significant increase in the social welfare sector budget from 0.6 per cent of the total national budget in 2022 to 2.2 per cent in 2023.

8.c. Regressive Tax

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Zimbabwe tax system is largely progressive. The Zimbabwean tax system is currently based on source and not on residency. Income derived or deemed to be derived from sources within Zimbabwe is subject to tax. It has been indicated that Zimbabwe is considering moving to a residence-based system during the current tax reform exercise. Source is the place where income originates or is earned, not the place of payment. If goods are sold pursuant to a contract entered into within Zimbabwe, the source of income is deemed to arise in Zimbabwe, regardless of the place of delivery or transfer of title. The source of services is the place in which the services are rendered. Certain types of income arising outside Zimbabwe may, in the hands of a Zimbabwean tax resident, be deemed to arise in Zimbabwe and be taxed as such. Examples are interest, dividends, and certain copyright royalties arising outside Zimbabwe.

According to the Income Tax Act, individual tax is deducted through the Pay As You Earn (PAYE). PAYE is redistributive and is deducted directly by the employer on gross earnings by tax brackets. Personal Income Tax Rate in Zimbabwe range between 20% and 40%. The VAT system of taxation was introduced in 2004 and levied on goods and services by Registered Operators. It is not redistributive because it is applicable to everybody. The standard VAT rate on goods and services is 15%, however, Zimbabwe cuts VAT to 14.5%.

09. Building Human Resources

Criteria Score: 3.667

9.a. Health and nutrition services

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Health is a fundamental human right in terms of the Constitution of Zimbabwe. Improved health is central to human happiness, well-being and economic progress, as healthy populations live longer, are more productive and accumulate more savings. The overall outcome of the Health and Wellbeing priority area during the NDS1 period is to improve quality of life, increase life expectancy at birth, benefiting from underlying strengths within the Health System that include; skilled, knowledgeable and professional health workforce, firm foundations of Primary Health and Hospital Care and improved quality of Public Health Expenditure.

The health sector is saddled with several challenges that continue to affect the delivery and access of quality health services. The COVID-19 pandemic erupted when the country's health system faced numerous challenges. The country has not been spared by the ravages of the COVID-19 pandemic, which over-stretched and tested the resilience of the sector to major shocks.

The size of Zimbabwe's health infrastructure has remained largely static with the exception of rural health centres and clinics. Recent survey work has found that 6 in 10 Zimbabweans do not live in areas with nearby health facilities. Resource constraints have negatively impacted Zimbabwe's ability to provide appropriate healthcare services. Hygiene and sanitation deficits remain the primary causal factors and experts point to the Government's investment in these areas as 'wholly inadequate'. This raises questions about Government's investment priorities and the need for greater transparency in these areas to augment a greater understanding of where available resources are being allocated, as well as improving opportunities for related advocacy and lobbying. Zimbabwe has suffered massive skills flight of medical doctors and other health care workers since the advent of the economic crisis and political tensions.

The health sector continues to face a myriad of human resources challenges. The massive emigration has particularly involved skilled people (55% had an education degree and were aged 30 and above) to South Africa, USA, UK and Australia. This has resulted in reduced productive capacity in many critical economic and social sectors, especially in health, engineering, education and finance. The public sector has been hard hit, reflected in diminished public service delivery.

Nevertheless, despite these unprecedented challenges, health outcomes are improving, and the country has managed to post positive results. Under-five mortality rate (U5MR) declined from 75 deaths per 1,000 live births in 2014 to 65 deaths per 1,000 live births in 2019.1 Overall, the percentage of children that received vaccinations increased from 69.2% in 2014 to 76% in 2019. Maternal mortality rate dropped significantly from 614 deaths per 100,000 live births in 2014 to 462 in 2019. The number of births attended by a skilled professional also increased from 78% in 2014 to 86% in 2019.2. However, with the challenges facing the sector there is risk that the gains in health outcomes might be reversed.

Public health funding has increased significantly and accounts for 13% of the total 2021 national budget. Zimbabwe is commended in its effort to increase health spending and is urged to continue gradually increasing to achieve the 15% Abuja Declaration target. v The MoHCC allocated 70% of its total budget to Curative Services. Domestic financing has increased significantly and as a share of total health sector financing account for 58% in 2021 up from 30% in 2020.

The nutrition situation in Zimbabwe is precarious. According to the 2022 Zimbabwe Vulnerability Assessment (ZimVAC), wasting (acute malnutrition) has increased since COVID-19. Approximately 15,000 children are now treated for severe wasting every year. Despite improvements in the last ten years, nearly one out of four

Zimbabwean children (23.5% or over half a million) are stunted (chronically malnourished) and do not grow and develop to their full potential. Nutrition status in Zimbabwe is influenced by several factors, in particular poor quality of children's diets, low rates of exclusive breastfeeding, lack of safe water and basic sanitation services, reduced vaccination coverage since COVID-19, and other consequences due to climate change and the Ukraine war which are impacting household purchasing power and choice of foods, posing a real threat to the progress made on stunting reduction.

9.b. Education, ECD, training and literacy programs

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The administration of the Zimbabwe Education System comes under two main ministries: MoPSE and the Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development (MoHTEISTD). MoPSE is responsible for primary, secondary and non-formal education and MoHTEISTD is responsible for tertiary education. A sector strategic plan is in place for the period 2021-2025. The country's economic crisis has had significant impacts on the education system, which has created and reinforced inequalities between schools in comparatively less poor and poorer communities.

Primary and secondary enrolment has increased over the last five years. However, there was a drop in Gross Enrolment Rate (GER) in lower secondary school in 2020 to 69.38% and a drop in the Net Enrolment Rates for junior (Grades 3-7) to 78.14%. The NERs for ECD A, ECD B and junior (Grades 3-7), increased between 2018 and 2019, and then dropped in 2020. The same pattern was seen for GERs for lower secondary and upper secondary levels. Transition rates increased between 2018 and 2019 for Grade 7 to Form 1, and for Form 4 to Form 5 all increased. However, for 2019 to 2020, these transition rates decreased. This is likely to be due to the impact of school closures due to the Covid-19 lockdowns. The number of SEN learners in primary and secondary schools increased between 2018 and 2019, but then decreased in 2020. Despite this decrease, the target set in the ESSP (2016-2020) of 50,000 children was surpassed (the numbers of SEN learners in school was 67,306). It is thought that the decrease in 2020 was due to the Covid-19 school closures.

Government spending on education at school level has been dominated by employment costs at over 90 percent of all spending, although there has been a drastic change in the budget for 2020. Very little has been spent on goods and services and on capital items in past years, although this has been changed in the current budget. The small proportions allocated to goods and services have been underspent, although this has often been because funds were not released to the Ministry of Primary and Secondary Education. The issue of teacher remuneration has remained persistently a threat to education service delivery, primarily because inflation has continued to erode their earnings to the point of rendering teacher incapacitation.

9.c. Prevention and treatment of HIV/AIDS, tuberculosis, and malaria

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

HIV and AIDS remain a challenge in Zimbabwe, with a prevalence of 11.58 per cent, translating into an estimated 1.3 million people living with HIV in 2021. Of these, about 72,100 were children 0 – 14 years and 77,300 adolescents aged 10 – 19. An estimated 53,000 pregnant women required prevention of vertical transmission of HIV services in 2021. Women have a higher prevalence rate (14.7%) than men (8.7%). HIV incidence is highest in females ages 15-29 years. Among the 15-19 years, the incidence among females is six times higher than their male counterparts. Zimbabwe has made great strides in prevention, resulting in a decline in estimated HIV prevalence rates from 25 per cent in 2002 to around 11.58 per cent in 2021. Similarly, the incidence (new HIV infections) and AIDS-related deaths peaked in 1994 and declined sharply to less than 20,200 in 2021. Rapid progress must be made during this decade to remain on track to end AIDS by 2030 and meet the set global targets: 95 per cent of people living with HIV know their HIV status; 95 per cent of people who know their status are on treatment, and 95 per cent of people on treatment are with suppressed viral loads. Currently, 96 per cent of adults know their HIV status; 96 per cent of adults living with HIV are on treatment, and 93 per cent of adults on treatment have a suppressed viral load.

Malaria incidence has declined markedly between 2003 and 2019 (by 81% from 2003 to 2015), but has risen since, particularly during the Covid-19 pandemic (Gwitira et al., 2020; Tapera, 2019). Zimbabwe is among the 14 high burden countries for TB, multi-drug resistant TB and TB-HIV coinfection (UNDP, 2020c). TB case incidence and mortality have declined by over 60% between 2011 and 2018, however, TB mortality remains high, at 15% among notified TB clients (Global Fund, 2020; UNDP, 2020b).

10. Social Protection and Labor

Criteria Score: 2.8

10.a. Social safety net programs

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Zimbabwe's constitution founding provisions section 30 of Chapter 1 generally defines the right to social security and social protection (United Nations Department of Economic and Social Affairs, n.d). Sections 81, 82 and 83 of this constitution provide for children, older persons and persons with disabilities' rights. GoZ continues to prioritise poverty reduction in pursuit of Vision 2030 which seeks to rebuild and transform Zimbabwe into an Upper-Middle Income Economy by 2030. Poverty alleviation and safety nets are considered as cross cutting issues and a key pillar in the implementation of the NDS1.

It is estimated that the country's poverty rate is at about 44% in 2022. Despite high poverty levels the UN Zimbabwe Country Team (2021) further notes that social protection coverage remains very low with only 5 ?% of the national population covered by at least one social protection system. Zimbabwe's social protection expenditure still falls far short of the expected coverage particularly of women and men in the informal sector.

Zimbabwe's social protection is more concisely defined in the relevant Parliament Acts covering social insurance. The significant acts are Pension and Provident Fund Act, Insurance Act, State Services (Pensions) Act, National Social Security Authority Act. Older persons, the Zimbabwe Pension Rights Trust notes, are largely unlikely to be covered under these private provision schemes given the high unemployment in the country. The schemes have been publicly condemned for benefits entitlements below reasonable expectations (Zimbabwe Pension Rights Trust n.d).

As for Zimbabwean social assistance provisions and for the advancement of the social protection agenda the Government developed a National Social Protection Policy Framework in 2015, but it is not yet operationalised. This policy framework recognises Zimbabwe's commitment to poverty eradication in the Constitution; the Sustainable Development Goals; and other international declarations that identify social protection as a basic human right (World Bank, 2016).

The country's primary social protection programmes are the Basic Education Assistance Module (BEAM) and the Harmonised Social Cash Transfer Programme (HSCT). The country's core social protection programmes include: the Basic Education Assistance Module (BEAM); Children in difficult circumstances; the Strategic Grain Reserve; the Health Assistance; Support to older persons; the Food Deficit Mitigation Programme; Harmonised Social Cash Transfer (HSCT) programme and the Food for work programme. Under the BEAM which was introduced in 2000, the GoZ gives assistance to vulnerable children in the form of school fees, tuition, levies and examination fees. It covers all schools both primary and secondary as well as special schools for children with disabilities. BEAM only has a coverage of about 530 000 out of the about 1 300 000 million children in need, while the HSCT programme, which is implemented by government and supported by the United Nations, only covers about 55 509 very poor and labour-constrained households in 20 districts (Chitambara, 2020).

10.b. Protection of basic labour standards

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Zimbabwe has the relevant statues that protect basic labour standards. These include the country's Constitution of 2013, the Labour Act updated in 2019. Zimbabwe ratified both ILO Convention No. 138 (1973) on the Minimum Age and Convention No. 182 (1999) on the Worst Forms of Child Labour in 2000. These frameworks declare and define the fundamental rights of employees; to give effect to the international obligations of the Republic of Zimbabwe as a member state of the International Labour Organisation. The Children's Act [5:06] prohibits child labour and further prohibits hazardous work for children.

The Ministry of Labour and Social Services (MoLSS) is the arm of government with statutory responsibility for the protection of vulnerable populations in Zimbabwe. Zhe Zimbabwe Occupational Safety and Health Council (ZOSHC) is a tripartite body that comprises of Government, Labour and Employer ensures that there is consultation and cooperation between Employers and Labour. The government also set minimum wage levels that are reviewed from time to time.

However, effectiveness of all these legal frameworks depends on the functionality of the courts to enforce laws and regulations. The challenge for Zimbabwe is the time it takes to resolve court cases.

10.c. Labour market regulations

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

Zimbabwe employment & labour laws and regulations address all key aspects of labour market regulations. These included terms and conditions of employment, employee representation and industrial relations, discrimination, maternity, and family leave rights etc. In accordance with the Labour Act 1985, the Minister has the authority to specify the minimum wage and benefits for any class of employees in any undertaking or industry; require employers to grant or negotiate increments on annual income of such minimum amount or percentage as he/she may specify; and prohibit the payment of less than such specified minimum wage, benefits or increments to such class of employees. The Minister may appoint advisory councils to investigate and make recommendations to him or her, in connection with wages, salaries or benefits, on the fixing of minimum wages and benefits for employees or any other matters that may relate to minimum wage notice. Minimum wages are usually issued for industries not covered by the employment councils. Criteria for establishing minimum wage have not been determined by the Labour Act. Compliance of minimum wage is ensured by the labour inspectorate. If an employee is earning less than minimum wages, he/she can complain to the Ministry of Labour Officials. A person who contravenes a notice issued by the Minister.

10.d. Community driven initiatives

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

The Government of Zimbabwe identified devolution as a key pillar to achieving an upper middle income economy status by 2030. Under devolution, citizens are involved in setting the development agenda in their communities. The framework for devolution is enshrined in section 264 of the Constitution of Zimbabwe and other subsidiary legislation such the Urban Council Act (Chapter 29:15), Rural Councils Act (Chapter 29:13), Regional and Town and Country Planning Act (Chapter 29: 12), Rural Councils and Administration Act (Chapter 29:11) which need to be reviewed and amended to align with the Constitution. The amendment of the Provincial Councils and Administrative Act (Chapter 29:11) to align with the Constitution is already underway. There are three tiers of government as defined in section 5 of the Constitution of Zimbabwe that will implement the devolution agenda. Implementation of devolution will build on and fine tune the existing decentralised administrative structures. The Constitution provides for the financing of the devolution agenda, through the intergovernmental fiscal transfer (IGFT) target of at least 5% of national revenue in any financial year as stipulated in section 301(3).

10.e. Pension and old age savings programs

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Zimbabwe has a public service pension scheme. This is a mandatory pay-as-you–go defined pension benefit scheme that caters for all civil servants. The scheme was established by the Parliament Act and is not regulated by the Insurance and Pension Commission (IPEC). The scheme is currently being transitioned from a pay-as-you-go to a funded scheme. Currently, GoZ offers workers two mandatory social security schemes under NSSA: the National Pension Scheme (NPS), which supports retirees above the age of 60; and the Workers Compensation Insurance Fund (WCIF) for workers injured or killed in work-related accidents or suffer from work-related diseases (Towindo, 2020). Furthermore, National Building Society (NBS) a NSSA subsidiary has created a tailor-made loan facility for pensioners. Under the scheme the pensioners would receive loans amounting to ZW $100 000 (310.56 US Dollars) to fund income-generating projects.

There is also a national pension scheme that is also mandatory for all people who are formally employed, both in the private and the public sector. The scheme is administered by the National Social Security Authority (NSSA) and accordingly is commonly known as “NSSA Pension”.

There are also occupational voluntary pension schemes. These funds are set up by employers for the benefit of their employees. The majority of these (95%) are Defined Contribution (DC) schemes.

Occupational pension fund can either be self-administered or insured funds in Zimbabwe. As of 30 September 2021, there were 982 registered funds, 621 were active, thus constituting 63.24% of the industry funds. The industry's asset base was US$2.76 billion.

11. Environmental Policies and Regulations

Criteria Score: 4

11. Environmental Policies and Regulations

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Zimbabwe has a National Climate Policy adopted in 2017. The government's national environmental policy framework covers all the relevant sectors, and there are funds and good institutional capacity to implement the policies and programmes. The Ministry of Environment, Water and Climate, play complimentary roles in promoting the protection of the environment, its mandate is to promote sustainable utilisation of natural resources and protection of the environment, prevention of pollution and environmental degradation; whilst the Forestry Commission specialises in the conservation of gazetted and non-gazetted forests and Zimbabwe's vegetation. The legal instruments used to control deforestation are the Forest Act (Chapter 19:05) and the Communal Land Forest Produce Act (Chapter 19:04). These Acts are administered by Forestry Commission. https://www.ema.co.zw/agency/downloads/file/Deforestation%2C a cause for concern.pdf. The Environmental Management Agency (EMA) plays an important role in regulating hazardous substances in Zimbabwe. In particular, the Agency regulates the generation, disposal, recycling, storage, transportation, transit, sell or use of the hazardous substances.

Despite being guided by a robust legal, policy and institutional framework, and having high level of biodiversity with global significance, Zimbabwe is experiencing increasing environmental challenges which include water, land and air pollution, littering, mushrooming of illegal waste dumps, siltation, illegal mining, veld fires, deforestation, climate change, poaching and biodiversity loss. Zimbabwe is vulnerable to climate variability and climate change. Zimbabwe ranks 2nd of the World's countries most affected by climate externalities (Germanwatch, 2021). Climate change has increased the frequency of extreme weather conditions such as drought, floods, storms, and heat waves. In recent years, rainy seasons have been characterized by heavy rains, hailstorms, and floods.

In 2021, Zimbabwe prepared a revised Nationally Determined Contribution (NDC) to climate change. The revised NDC represents a fair but ambitious 7% reduction in emissions from 33% in the first NDC to 40%

in the revised NDC. Zimbabwe needs a significant scale up of climate financing if the country is to strengthen its climate resilience.

Despite the environmental challenges the country is confronted with, the government of Zimbabwe has demonstrated a strong engagement in responding to these challenges, Zimbabwe developed a national climate policy in 2017 which provides an overarching framework that gives the country basic principles and guidance under which climate change response strategy will be implemented. The government has stated its intention to reduce emissions of sectoral greenhouse gasses without specifying action plans to achieve these objectives. The policy does not specify any regulatory incentives towards achievement of set objectives. In 2021, Zimbabwe updated its Greenhouse Gas (GHG) reduction target from a 33% reduction in per capita energy sector GHG emissions to a 40% reduction from all sectors, compared to 2030 baseline emission scenarios. This work aims to demonstrate how the actions identified in Zimbabwe's Nationally Determined Contribution (NDC) can achieve this updated target, and what development benefits could occur in Zimbabwe through the implementation of these actions.

The magnitude of GHG emissions in Zimbabwe are modelled historically and to 2030 to quantify GHG emission reduction potentials, and contributions to selected sustainable development goal targets, from implementation of 28 mitigation measures. The estimated ?37 million tonnes CO2-equivalent emissions emitted by Zimbabwe in 2017 are projected to increase by 109% to ?77 million tonnes without implementation of any mitigation measures. The mitigation measures included in the updated NDC could reduce GHG emissions by 40% in 2030 compared to the baseline, while additional measures included in other plans and strategies in Zimbabwe could achieve a further 23% reduction. The government, through the Procurement and Regulatory Authority of Zimbabwe, introduced in 2023 a framework that compels businesses to make environmental, social, and governance issues an integral part of their business strategy. The framework aims to ensure transparency, fairness, honesty, and competition as required by the Zimbabwean Constitution.

(D) Public Sector Management and Institutions

Cluster Score: 3.075

12. Property Rights and Rule-based Governance

Criteria Score: 2.875

12.a. Legal basis for secure property and contract rights

Score Type	Value
Draft Score	2.5

Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

The 2013 Zimbabwean Constitution provides for the legal basis for secure property and contract rights. Property rights are provided for in section 71 of the Constitution of Zimbabwe Amendment (No.20) Act 2013. Subject to section 72, every person has the right, in any part of Zimbabwe, to acquire, hold, occupy, use, transfer, hypothecate, lease or dispose of all forms of property, either individually or in association with others. Section 71 (3) of the Constitution prohibits ‘compulsory deprivation’ of property unless the listed conditions are satisfied. Put differently the State can acquire a person’s property if the stated conditions are met. What is critical to note is that this section applies to any property. This means the State may for example compulsorily acquire a person’s private vehicle or privately owned land in the city if it proceeds in terms of a law of general application and such deprivation is in the interest of the public (in the interests of the defence, public safety, public order, public morality, public health or town and country planning, or in order to develop or use that any other property for a purpose beneficial to the community). Reasonable notice of the intention to acquire must be given and the State has to pay “fair and adequate compensation”. The acquisition may be challenged before a competent court which has the power to confirm or set aside the acquisition.

In terms of Section 72 of the Constitution it is highlighted that all agricultural land vests in the state meaning not all agricultural land can be privately owned. Compensation for land that has be reclaimed by the state is given only in instances where proof is shown of improvements having been affected on the land. Section 72 (3)(b) “no person may apply to court for the determination of any question relating to compensation, except for compensation for improvements effected on the land before its acquisition, and no court may entertain any such application” hence highlighting that property rights are not absolute and aggrieved parties have no recourse in the courts, save for the one exception.

While the law protects property rights in theory, but in fact registries and other institutions required to make this protection effective function poorly, making the protection of private property uncertain. This is the case for Bilateral Investment Partnership Agreements that were violated in Zimbabwe’s land reform programme. Land rights in Zimbabwe are poorly protected, and in rural areas, the nationalization of land has left both commercial farmers and smallholders with limited security of tenure. Controversies persist over efforts to enact new land reforms. However, since 2017 the government is reviewing these agreements in order to compensate farmers. It is not surprising then that the World Bak Doing Business report 2020 ranked Zimbabwe 109th out of 190 countries in terms of property rights.

12.b. Predictability, transparency, and impartiality of laws affecting economic activity

Score Type	Value

Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

The Zimbabwean Constitution has magnified opportunities for access to justice and the rule of law in Zimbabwe. Zimbabwe has an open court system that requires that court proceedings presumptively be open and accessible to the public and to the media. Public access to the courts guarantees the integrity of judicial processes by demonstrating that justice is administered in a non-arbitrary manner, according to the rule of law. Openness is necessary to maintain the independence and impartiality of courts. It is integral to public confidence in the justice system and the public's understanding of the administration of justice. Moreover, openness is a principal component of the legitimacy of the judicial process and why the parties and the public at large abide by the decisions of courts.

To combat corruption Zimbabwe has set up specialized Anti-Corruption courts in the magistrate's courts and in the High Court. The Zimbabwe Anti-Corruption Commission (ZACC) is in place and undertakes awareness, citizens education and investigation of corruption cases.

The judiciary has also adopted an Integrated Electronic Case Management system that has created great potential to automate court services and proceedings as a way to make the administration of courts more efficient, transparent and accountable. The Judicial Service Commission (JSC) has recently become an independent body with separate administration from the Ministry of Justice and Legal Affairs. This is critical in ensuring independence of courts.

The above notwithstanding, the World Bank Doing Business Report 2020 ranked Zimbabwe was ranked 169th out of 190 countries in 2020 in terms of enforcing contracts. This suggested that predictability, transparency, and impartiality of laws affecting economic activities remains poor.

12.c. Difficulty in obtaining business licenses

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The 2020 World Bank Doing business report shows that businesses spend an average of 140 days to secure a construction permit and 109 days to get property registered. Overall, the report ranked Zimbabwe’s ease of doing business at position 140 out of the 190 economies surveyed globally. While the ranking marked a marginal improvement from position 155 the previous year, it indicated Zimbabwe improved scores on most of the parameters but slipped in some which include Trading across borders and Paying taxes.

To address investor and business environment challenges, the government of Zimbabwe established the Zimbabwe Investment and Development Agency (ZIDA) in 2029. ZIDA is an investment agency responsible for promoting and facilitation of both local and foreign investment in the country. It came up as an integration of three investment authorities, which were previously housed in different Government Ministries and Departments. The promulgation of the ZIDA Act, which repealed the Zimbabwe Investment Authority, the Zimbabwe Special Economic Zones Authority and the Joint Ventures Act, provides a clear, comprehensive and binding legal and regulatory framework for conducting investment activities, by both domestic and foreign investors in the country. ZIDA operates a One Stop Investment Services Centre (OSISC), which provides investment services ranging from investment analysis, company registration, tax registration and clearance, licencing, connecting to all necessary utilities, investment promotions, public relations and aftercare services. These services were previously provided by different entities scattered all over the place. Furthermore, the Joint Ventures Unity and PPPs previously operating in the Ministry of Finance and Economic Development will now be under the dispensation of ZIDA. The entities had diverse administrative systems and procedures. ZIDA has thus significantly integrated and abridged the procedures thereby reducing the turnaround time for investing in the country. In order to expedite approval decisions from the cabinet, ZIDA is headed by Chief Executive Officer, who reports directly to His Excellency, the President. The Agency will also be supported by the necessary corporate governance structures. The establishment of ZIDA has greatly reduced the burden of obtaining a business licence.

12.d. Crime and violence as an impediment to economic activity

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Zimbabwe is generally a peaceful and secure country for doing business. Inidents of crime and violence are minimal if ot rare. However, petty crimes have been on an increase recently. However, non-violent, perpetrators are generally armed with weapons, which can include firearms. A popular crime committed in Zimbabwe is the "smash and grab," in which thieves break the windows of cars stopped at intersections and take items from inside vehicles.

Government statistics showed that the country recorded a 45% surge in crime in 2022 after 208 027 criminal cases were reported to the police in the last quarter of 2022, compared to 143 923 cases in the first quarter, latest Zimbabwe National Statistics Agency (ZimStat) figures have shown. A majority of the criminal cases reported were acts against public safety and State security, whereby 89 775 offences were committed, with a crime rate of 591,4 per 100 000 people. In a related development, a 2022 Herald newspaper article indicated that incidents of crime had increased by 8.5% in northern Harare.

A Safeguard crime and safety report of September 2022 indicated that crime increased by 14% with armed robberies (incidents in which firearms were used) increasing by double. Daylight robberies were increasingly reported in the past two months. Between September and October 2022, police managed to arrest at least 20-armed robbery suspects who were involved in significant armed robberies nationwide. Of the arrested, four soldiers and a police officer were identified as being involved in armed robbery incidents. In Harare, two incidents were reported in which explosives were utilised to blast open safes. Theft and connivance by employees remain a cause for concern at business premises.

The government has made progress in ensuring peace and stability in the country. The police is capacitated by the Maintenance of Peace and Order Act (MOPA) enacted in 2019 to ensure that there is peace and order in the country. Police is also available in cities and towns to ensure safety and security of citizens. Security companies are widely used to protect economic entities.

13. Quality of Budgetary and Financial Management

Criteria Score: 3.5

13.a. Comprehensive and credible budget

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Zimbabwe has the relevant Laws and systems that should ensure credibility of the national budget. The Minister of Finance is empowered by Section 305 of the Constitution and Section 28(1) read together with Section 7(2)(a) of the Public Finance Management Act (PFMA). Overall, the national budget reflects the country’s National Development Plan (NDS1). Linked to NDS 1, Zimbabwe has a 3-year Medium-Term

Expenditure Framework in place and efforts are made to adhere to this framework. Sector ministries and departments prepare budgets in line with ceiling guidance and supervision from the Ministry of Finance. Budget consultations are also conducted with all ministries and departments. Consultations are also conducted with Parliament and, by extension, the generality of Zimbabweans at the formulation stage of the national budget, helps in actuating a participatory and transparent budget process which is inclusive of all classes of people as envisaged in Section 141 of the Constitution. The final budget is presented to Parliament for approval and there are normally constructive discussions leading to the approval of the national budget. The national budget is generally comprehensive with clear budget classifications of expenditures and revenues. The budget also is presented by votes for each beneficiary institution with full details. This is in line with international best practice and the principles of good budgeting. However, Zimbabwe receives significant amounts of donor resources that are off budget as they are directly managed by donors

13.b. Effective financial management systems

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Zimbabwe has an extensive Public Finance Management (PFM) framework. These include relevant laws such as the PFM Act, Audit Office Act, Anti-Corruption Act, Local Government Act and National Prosecution Act. In addition, Zimbabwe has the Parliamentary Accountability Committee (Parliamentary Standing Rules and Orders) that stipulate the roles and obligations of the National Assembly including their roles on public financial management. The the Civil Service Commission and the Judicial Service Commission also weigh in on obligations of public servants through their respective laws and regulations. The Local Government Act, the Urban Councils Act, and the Rural District Councils Act governing accountability of local governance and service delivery.

Despite existence of extensive public finance management (PFM) institutions, implementation of reforms has been a challenge. The global 2018 Public Expenditure and Financial Accountability (PEFA) report highlighted the need for better institutions and systems for revenue collection and arrears payments; reduce the increase in the number of unreported extra-budgetary government operations; and produce in-year budget execution reports. The December 2022 IMF Article IV emphasizes the need for enhanced revenue mobilization, acceleration of reforms of state-owned enterprises and increased operational independence of the Central Bank. The Ministry of Finance is implementing the International Public Sector Accounting Standards (IPSAS) for central government, local government and non-revenue generating state owned enterprises to improve reporting and ensure timely recording of arrears. The overall effectiveness of the oversight function has improved through timely submission of audit reports, the 2021 reports were presented to Parliament in 2022, in compliance with the PFM Act. To enhance financial management parliamentary oversight, the Parliamentary Accounts Committee (PAC) has been split into three sub committees to allow deeper scrutinization of audit reports from the OAG. The sub-committees of PAC consider reports from Central Government, Local Government and State-Owned Enterprises respectively. The Zimbabwe Anti-Corruption Commission continues with investigations and sanctioned the arrest of senior government officials, including cabinet ministers, but more needs to be done if corruption index scores are to improve.

13.c. Timely and accurate fiscal reporting

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The Zimbabwe Public Financial Management Act Part IV outlines all financial reports that are expected to be prepared by the Miistry of Finance. These include monthly, quarterly, annual financial reports and consolidated financial statements. Every accounting officer of each Ministry is required by this Act to prepare these reports and submit to the Ministry of Finance. The content of all these reports is clearly outlined in the PFM Act. The Law also requires the Minister of Finance to publish monthly and quarterly reports within a month. The Accountant General is expected to prepare within three months consolidated financial statements which are submitted to the Auditor General. The auditor general's report is expected to be submitted to Parliament within 6 months of the end of the financial year.

Based on the above requirements of the Law, Zimbabwe has made significant progress in terms of timely reporting. Monthly and quarterly financial reports are prepared and published on the Ministry of Finance website(zimtreasury.gv.zw). Annual financial statements are also published although with some delay. Zimbabwe has also made progress on consolidated financial statements submission to the auditor general and submission of audited financial statement to the National Assembly. There has also been improvement on consolidated financial statement audits. Currently the Auditor General has published the 2021 report. The AG is also on course with special audits of parastatals and local authorities although there are some notable delays.

13.d. Clear and balanced assignment of expenditures and revenues to each level of government

Score Type	Value
Draft Score	3.0

Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Zimbabwe has a central government system and the execution of the national budget is centralized at headquarters in Harare. However, the national budget clearly outlines revenues and expenditures at decentralized levels of provincial governments. Zimbabwe is making progress to devolve the functions of government to province. The 2013 Constitution envisaged that the government would take steps toward devolution of planning authority to 10 Provincial Councils, which would be responsible for development and economic planning in their respective areas. Most administrative functions have been decentralized but execution of the national budget is yet to be fully decentralized. The government has taken measures of devolving powers and resources from Central Government to Provincial Councils and Local Authorities and recognizes the right of communities to manage their own affairs, drive development at the subnational level, and ensures other tiers of Government do not rely on the goodwill of the Central Government for resources.

While the budget is clear on various levels of national government, it remains unbalanced with most of the revenue and expenditure centralized. The 2023 budget was the 4th sice 2019 to allocate at least 5% of revenue collections as inter-governmental transfers to lower-level tiers of government as per the 2013 Constitution. In 2023, a total of ZWL$195.5 billion or 5% of the national budget was ring-fenced for provincial government. The allocations are based on an agreed formula based on a number of factors such as poverty levels in all rural districts, quality of infrastructure and size of population. This has contributed to a increase of development projects. According to the 2023 National Budget Statement, government is in the process of developing requisite policy and regulatory frameworks aimed at strengthening the management of public resources including accountability and transparency in the use of these resources.

14. Efficiency of Revenue Mobilization

Criteria Score: 3.5

14.a. Tax policy

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Zimbabwe has various Laws that govern taxation in the Country. These include the Finance Act, Revenue Authority Act, Income Tax Act, Value Added Tax Act, Capital Gains Act but just to mention a few. The country operates on a source-based tax system. This means that income from a source within, or deemed to be within Zimbabwe will be subject to tax in Zimbabwe unless a specific exemption is available. While the relevant frameworks are in place, revenues have been well behind acceptable limits reaching 15% of GDP in 2020 and 16.5% of GDP in 2021. The target for 2023 was to reach 18% of GDP. The IMF Article IV report of April 2022 noted that Zimbabwe had scope to raise its revenues to comparable levels of its peers in Southern Africa.

The IMF made four main recommendations to improve tax system in Zimbabwe. These are simplification of the tax system, broadening the tax base, improved administration and compliance. An overly complex tax regime prevents a clear public understanding of the system, causes uncertainty in compliance and administration as well as in understanding its economic impact. Streamlining the system will help to identify areas to improve collection. Base broadening by streamlining and limiting exemptions will improve collection efficiency and has the potential to increase fairness. In the last two budgets the authorities introduced additional tax incentives to encourage domestic production and exports. The IMF further advised that Tax Administration System (ITAS) should be swiftly adopted to provide a holistic view of taxpayers across all aspects of tax administration and improve operational efficiency.

The current tax structure is somewhat attractive with maximum income tax rates at 24%, capital gains tax at 20%, dividends at 10% to 15% and value added tax at 15%. Royalties on minerals range from 1% to 15%.

Tax revenues have grown in nominal terms since 2020 for two main reasons. Resumption of economic activities in the post COVID period and the impact of exchange rate depreciation. Total tax revenues grew from ZW174 billion in 2020 to ZW810 billion in 2022. Corporate tax and Value Added tax are the main contributors to this growth as they each accounted for about 25% of tax revenues in 2022. Customs revenues constitute a small share of tax revenues at 5% in 2022. The tax base is therefore very narrow and vulnerable to shocks as was the case in 2022. Implementation of key reforms that promote the doing business environment could further increase domestic revenues. Exemptions for tax payments are made and require approval of the Minister of Finance ion line with the PFM Act. Exemptions are usually determined and granted to foreign investments as incentives. There are also exemptions or concessions granted to the elderly people.

14.b. Tax administration

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The Zimbabwe Revenue Authority (ZIMRA) through its mandate from the Revenue Authority Act (Chapter 23:11) is the mandated tax administration entity in Zimbabwe. Its main mandate as per Law is to collect tax revenue on behalf of government, facilitate trade and travel, and provide advice on taxation to government. The existence of a separate entity responsible for tax administration is one of the steps to ensure efficiency in tax administration and collection of revenues. ZIMRA has two main arms Customs and domestic tax. apart from the core responsibility of tax collection ZIMRA has other key responsibilities which include tax education and awareness, tax compliance, tax audit, whistle blower, and anti-money laundering. ZIMRA also has electronic tax systems in place that contribute to the efficiency of the tax administration system.

The IMF Article IV report observed that the government relied on improved administrative capacity to increase revenue mobilization during the pandemic. Digitalization has helped to broaden the tax base and provided tools to increase compliance. Recent CD reports indicate scope for further revenue mobilization through improved compliance: matching tax and customs data on a regular basis and conducting post clearance audits; and a focused audit approach for companies with data-matching anomalies. Also, with a view to enhancing tax compliance, the practice of exempting entities (including government ministries and parastatals, and charities) from filing tax returns should be ceased. In addition, the introduction of a new Integrated Tax Administration System (ITAS) should be swiftly adopted to provide a holistic view of taxpayers across all aspects of tax administration and improve operational efficiency.

With support from the African Development Bank the Zimbabwe Revenue Authority is implementing a Tax and Revenue Management System Modernization project. This system is expected to be fully operational in 2024 and should enhance tax administration. ZIMRA also uses a program called Automated Systems for Customs Data (ASYCUDA) World for all its customs processes. The system can be hooked with other systems and/or other equipment. The major aim of the system is to streamline Customs procedures and enhance systems controls while eliminating the need of human interventions during operations.

15. Quality of Public Administration

Criteria Score: 3

15.a. Policy coordination and responsiveness

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

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 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 and the sustainable development goals (SDGs), and African Union's Agenda 2063's.

The government of Zimbabwe also has sector policies in place and these include health, agriculture, education, energy, trade and private sector development, and water and sanitation. These sector policies are all linked to the NDA1 and are designed to contribute to the achievement of its objectives. The country also has cross cutting policies including gender, women and youth, environment and climate change that have ensured streamlining and mainstreaming of these issues in sector policies. These sector policies provide mechanisms in that promote mutually supporting actions across sectors, departments and levels of government; and resolve divergencies between sectoral priorities and policies.

In line with NDS1, the Government has institutionalized the Development Cooperation Policy Dialogue Forum (DCPDF) to provide space for policy level dialogue between Government and its development partners. Sector Working Groups have also been established in most sectors although their activeness differs from sector to sector. Policy coordination is done through these structures and ensures that duplication of efforts are eliminated. There are also structures that provide for policy and implementation coordination with development partners. Dialogue and coordination among development partners takes place through the Zimbabwe Development Partners Forum (ZDPF).

15.b. Service delivery and operational efficiency

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Zimbabwe 2013 Constitution provides for a single Civil Service, which is responsible for the administration of Zimbabwe, Government also has the Public Service Act that governs the functionality of the public service in Zimbabwe. the Civil Service Commission whose major function is to ensure that the Civil Service is staffed by highly motivated, efficient and competent workforce to effectively implement the Vision 2030.

Service delivery has improved in general since 2018 in Zimbabwe. The government has enhanced its revenue mobilization that has enabled implementation of an incremental budget. While funding to sector ministries is constrained, there is a strong commitment to ensure that implementing ministries are adequately funded. Zimbabwe also benefits from direct support from development partners that may not be included in the national budgets. For example, the health sector is one of such sectors that is a significant beneficiary of direct assistance from development partners. Operational efficiency is challenged mainly on account of constrained financial resources. But comparatively, Zimbabwe has functioning systems for service deliveries.

On February 2019 government started preparing performance contracts for senior officials such as permanent secretaries and directorates and parastatals to measure the extent to which they would have implemented their objectives in line with strategic plans for their entities and Government's new thrust aimed at improving efficiency.

15.c. Merit and ethics

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Zimbabwe has a Public Service Commission that constitutes and presides over the planning and management of the institutional and human capital in civil service. Its function is to guide and enable Line Ministries, their Departments and Agencies to plan and execute their respective mandates. Zimbabwe public service also has client service charter and individual entities have also adopted client service charters. This is one way of ensuring that public institutions are focused and deliver on their mandates. The Commission has crafted a national transformation and modernization strategy that ensures that the core-functions, missions, strategies, structure, leadership and frontline personnel of all public institutions are fully devolved and aligned with Vision 2030. In 2018, the Public Service Commission formulated a Code of Ethics for the Public Service. The Code outlines broad principles of core values and behavioural standards that call for a high level of ethical conduct by Public Service employees designed to enhance public confidence in the Public Service.

Consistent with best practices and in line with the code of ethics recruitments in public service are managed by the public service commission. Advertisements, shortlisting and interviews are done by the commission. However, senior public servants are appointed by the President and this may not follow the same screening procedure of the public service commission. In some cases the commission recommends to the President. Dismissal also follow the code of ethics and due processes.

There are perceptions, however, that some civil servants are hired are hired and promoted purely on merit, and based on patronage, nepotism, corruption or other nefarious considerations. It is difficult to qualify this perception in the absence of credible information.

15.d. Pay adequacy and management of the wage bill

No score data available for this subcriteria.

16. Transparency, Accountability, and Corruption in the Public Sector

Criteria Score: 2.5

16.a. Accountability of the executive to oversight institutions

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

Zimbabwe has the 2013 Constitution that recognizes the three arms of government, Parliament, Judiciary and Executive. These are independent of each other although very interrelated. The executive is expected to be accountable to oversight institutions in line with the Constitution and other relevant laws such as the Public Finance Management Act. The challenges have often come from effective implementation of these statutes. So it can be said that the legal framework that ensures accountability to oversight institutions is in place. But its implementation has not often been effective.

The Constitution of Zimbabwe Is cl"ar, 'tating that "all institutions and agencies of the state and Government at every level are accountable to Parliament". However, the government has had a majority in Parliament and decisions have often gone through without proper scrutiny or debate. However, following the harmonized elections in August 2023, the ruling party (ZANU PF) failed to attain two thirds majority and this could exert pressure on the executive's accountability to Parliament.

The 2022 Ibrahim Index of African Governance gave Zimbabwe an overall score of 48.1/100, with a ranking of 29 out of 54 countries represents marked improvement from 42.6 in 2014. IIAG cluster scores in 2022, weighed down by Accountability and Transparency (35.7) and Anti-Corruption (30.6); Participation, Rights, and Inclusion (39.1). The Transparency International Corruption Perceptions Index (CPI) scored Zimbabwe 23 points out of 100, with a ranking of 157 out of 180 countries just like in 2021.

Across all sectors, corruption is considered a very high risk for companies operating in Zimbabwe. Investors face both high-level corruption in the form of nepotism, patronage and abuse of power, as well as petty bribery and extortion. However, the Prevention of Corruption Act prohibits active and passive bribery , gifts and facilitation payments. www.ganintegrity.com/portal/country-profiles/zimbabwe/. To restore sanity and accountability, as well as enhance transparency in administration of public funds, the government of Zimbabwe is implementing the PFMEP that is directing expansion reforms on the current PFMS system which aim to improve the Quality of Public Administration in the country (http://www.zimtreasury.gov.zw/).

16.b. Access of civil society to information on public affairs

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

The Civil Society access to public information is guaranteed under Section 62 of the 2013 Constitution of Zimbabwe which provides for the right to public access to information. In 2019, the Cabinet approved the repeal of the Access to Information and Protection of Privacy Act (AIPPA), this raised hope the country was on the right path towards cementing the full enjoyment of the right to access to information. The government has made strides to repeal key laws including the Freedom of Information Act that became law in July 2020. Two other Bills have advanced, the Zimbabwe Media Commission Bill, and the Protection of Personal Information/Data Protection Bill. Once enacted into law these will provide greater rights to access to public information. The PFM Act also highlights the importance of public access to government financial information. As a result the Ministry of Finance publishes online its financial staments and audit report including those of State Owned Enterprises. Zimbabwe has made progress in making public information available online on http://www.zim.gov.zw/. The 2022 Ibrahim Index of African Governance gave Zimbabwe an overall score of 48.1/100, with a ranking of 29 out of 54 countries represents marked improvement from 42.6 in 2014. Beyond these developments not much has changed in the last two years.

16.c. State captured by narrow vested interests

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5

Second Draft Score	2.5
Final Score	2.5

Country Notes:

Zimbabwe is greatly endowed with natural resources and there have been reports of leakages of this wealth. It is often believed that the law enforcement institutions have favoured those in power. Major business and investment opportunities are also often linked to those in power. As a result, the country is said to be losing significant financial resources every year. In 2022, the Ministry of Home Affairs established that Zimbabwe is losing $100-million dollars each month through gold smuggling. Annually, this figure adds up to $1.2-billion, a figure roughly equal to Zimbabwe’s total gold export earnings. Zimbabwe is said to have lost about $1.5-billion through gold smuggling in 2020, due to the lack of a policy framework that can promote small scale mining and incentivise it to contribute directly to the gold earnings.

There have been strides towards combating corruption in Zimbabwe but more needs to be done. The IMF Article IV report of April 2022 noted that In July 2020, Zimbabwe adopted a National AntiCorruption Strategy (NACS) and established a Steering Committee. The Zimbabwe AntiCorruption Commission (ZACC) has begun implementing the priority areas of the NACS, but implementation capacity is constrained by, inter alia, funding availability. The Auditor General (AG) has conducted and transmitted to ZACC a special audit of the COVID-19 pandemic financial management and utilization of public resources. The AG is taking steps to address impediments to the publication of beneficiaries’ information of successful bidders on COVID-19 procurement. The government has established the Financial Governance and Smart Regulation Forum (FGSRF) aimed at improving the effectiveness of regulations and improving the public transparency and accountability. Principles for a new draft whistleblower bill are being finalized.

Across all sectors, corruption is considered a very high risk for companies operating in Zimbabwe. Investors face both high-level corruption in the form of nepotism, patronage and abuse of power, as well as petty bribery and extortion. However, the Prevention of Corruption Act prohibits active and passive bribery, gifts and facilitation payments. www.ganintegrity.com/portal/country-profiles/zimbabwe/. To restore sanity and accountability, as well as enhance transparency in administration of public funds,the government of Zimbabwe is implementing the PFMEP that is directing expansion reforms on the current PFMS system which aim to improve the Quality of Public Administration in the country (http://www.zimtreasury.gov.zw/).

(E) Infrastructure and Regional Integration

Cluster Score: 3.084

17. Infrastructure Development

Criteria Score: 3.167

17.a. Sector strategy/policy

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The Government is a signatory to a number of SADC protocols that have implications for the design and implementation of infrastructure policy and programmes within Zimbabwe. Most of these protocols were established in the 1990s. Infrastructure refers to assets held in transportation services, electricity, water and sanitation, and telecommunications sectors. The transport sector has four sub-sectors: road, rail, aviation and inland water. A National Transport Policy was launched in 2013. The policy aimed to reduce the cost of movement of goods, persons and services as a result of improved transport infrastructure. The government adopted a revised transport sector policy in 2019. This policy aims at facilitating the roles of the transport sector in social and economic developments for both the private and public sectors. The departure from the earlier policy is the involvement of the private sector in infrastructure development and service provision under a regulated environment. Government's interventions in the transport sector has been focused around enhancing accessibility and promoting regional trade and investment particularly through the promotion of private sector participation.

On the energy sector the Zimbabwe has the National Renewable Energy Policy in place adopted since 2019. The goal is to increase access to clean and affordable energy through addition of installed renewable energy capacity of: (1) One thousand one hundred Mega Watts (1,100 MW) by the year 2025 or sixteen comma five percent (16.5%) of the total generation from renewable energy sources, whichever is higher; and (2) • Two thousand one hundred Mega Watts (2,100 MW) by the year 2030 or twenty six comma five percent (26.5%) of total generation from RE sources, whichever is higher. Some of the objectives of the policy include (1) to have a strong institutional and regulatory framework for promoting up-take of renewable energy; and (2) to have a robust procurement mechanism framework for purchase of RE, thereby promoting investment in the sector. The policy includes incentives for private sector investment in renewable energy.

On the energy ector the Energy Act was promulgated in 2011. It provided for singular point of reference for all energy related matters. The Zimbabwe Energy Regulatory Authority (ZERA) was established under the Energy Act and took over the mandates of the Zimbabwe Electricity Regulatory Commission (ZERC) and the Petroleum Regulatory Authority. Zimbabwe is also signatory to the SADC Protocol on Energy and an operating member of the Southern African Power Pool (SAPP). The National Energy Policy (NEP) is also in place and seeks to promote the optimal supply and utilisation of energy, for socio-economic development in a safe, sustainable and environmentally friendly manner.

There are two main acts governing water affairs: the Water Act of 1998, and the Zimbabwe National Water Authority (ZINWA) Act of 2000. A Water Fund was established under the 1998 Water Act. The 2012 national water policy seeks to ensure a safe and abundant water supply to the population. The 2016 National Policy on ICT seeks to deepen the use of ICT in the economy, targeting e-Government and e-learning programmes.

Transport Sector Policy:
https://www.motl.gov.zm/?wpfb_dl=7#:~:text=This%20National%20Transport%20Policy%20aims,provision%20under%2

National Renewable Energy Policy: https://www.zera.co.zw/National_Renewable_Energy_Policy_Final.pdf

17.b. Legal and regulatory frameworks for infrastructure

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Zimbabwe has adequate legislation covering almost all the key infrastructure sectors. In the case of road transport,responsibility for technical standards for road construction and safety rests with the DoR, while responsibility for oversight of the road transport industry is dispersed among several entities. The Energy Regulatory Act of 2011 amended the Electricity Act of 2002 and Petroleum Act of 2006. It provided for the establishment of the Energy Regulatory Authority, ZERA. Regulation of water supply and sanitation services is dispersed among various acts of Parliament. The Water Act regulates the management of water resources, while the regulation of water and sanitation services is guided by other Acts (including the Mines and Minerals Act of 1961, Urban Councils Act of 2015, Rural District Councils Act of 1988, and Environment Act). Civil aviation is regulated by the CAAZ, which is also the operator of airport and navigation services for the industry. Similarly, the NRZ acts as both operator and regulator. The Government controls the ICT regulatory agencies and commissions, Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ), Broadcasting Authority of Zimbabwe (BAZ), Zimbabwe Media Commission (ZMC) and a number of the dominant service providers in the market. These entities fall under the auspices of the Ministry of Information Communication Technology and Cybersecurity's portfolio. POTRAZ is governed by the Postal and Telecommunications Act of 2000 (chapter 12:5), the Broadcasting Services Act of 2001, the Interception of Communications Act of 2007 (chapter 11:20) and Competition Act of 2001 (chapter 14:28). At present, regulation of the ICT sector is divided between POTRAZ and the Broadcasting Authority of Zimbabwe (BAZ), with POTRAZ reporting to the Ministry of ICT and BAZ reporting to the Ministry of Media, Information and Publicity. all the laws are posted on the web pages of the relevant Ministries and the 2013 constitution. As indicated above legal and regulatory frameworks for infrastructure in Zimbabwe are slightly comprehensive and stable, however, the infrastructure legislations and regulations are not yet transparent.

While these regulatory frameworks are place, The reality is that the regulatory environment for infrastructure service providers in Zimbabwe is deficient. AfDB (2018) reports that an "inappropriate regulatory framework limits private sector participation in infrastructure funding". One of the important areas to address in the medium-term is the strengthening of the Zimbabwean regulatory framework. There is importance in instituting reforms that will promote economic growth. On the political side, regulation requires a degree of autonomy from government interference while remaining accountable to society.

17.c. Public resource management and accountability in the infrastructure sector

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The past two decades have been marred with economic challenges which led to difficulty in ensuring the continuous rehabilitation and maintenance of transport infrastructure. The quality of Zimbabwe railroad and road infrastructure is ranked by the World Economic Forum at 86 and 116 respectively out of 137 in 2018. This is down from 83 and 101for railroad and road infrastructure respectively. The 2019 infrastructure report by the African Development Bank estimated that in the road sector alone, Zimbabwe needs about USD589 million for periodic maintenance of its road infrastructure. Various sources of revenue collection are in place and these include vehicle licence fees, fuel levy, and transit fees. Zimbabwe's needs for infrastructure maintenance and rehabilitation in other sectors are equally huge. In the energy and water sectors tariffs have tended to be lower than economic costs and have made it difficult for utility companies to mobilize the much-needed revenues. The Government has often used its national budget to implement urgent maintenance and rehabilitation works and it has been almost impossible to invest in new infrastructure.

Zimbabwe has various public and semi-public institutions that oversee and manage public resources in the infrastructure sector. For example, in the transport sub-sector the Road Act establishes four road authorities namely the Department of Roads, District Development Fund, Urban and Rural District

Councils to manage the road network as prescribed by the Roads Act. The Rural District Council (RDC) oversees almost 40% of the road network.

Department of Roads is housed under the Ministry of Transport and Infrastructural Development (MoTID). The DoR constructs, maintains, rehabilitates all state and trunk roads. The DoR is therefore a major recipient of government funding. The DoR is responsible for 17,243km (19%) of the road network. Zimbabwe National Road Agency (ZINARA) acts as the Road Fund manager. The functions of ZINARA are defined by the Road Act. They include: (Set road user charges and collect such charges, fuel levies and other revenue for the RF. (Allocate and disburse funds from the RF to the road authorities. (Monitor the use of funds by the road authorities including the implementation of road maintenance works.

Public procurement in the infrastructure sectors like all other public institutions is guided by the Zimbabwe has a Public Procurement and disposal of assets Act of 2018 that governs public procurement activities. The Act facilitated the establishment of the Procurement Regulatory Authority of Zimbabwe (PRAZ) and Board appointed in January 2018. The country has been implementing public reforms with support from the World Bank and the African Development Bank. A five-year strategic plan 2019-2023 for PRAZ was also developed. Key reforms include the following:

Improving Public Procurement effectiveness through targeted capacity building of market players; Increasing competition of private sector in public markets; Increasing value for money; Increasing transparency and accountability in the public procurement processes; and guaranteeing an efficient regulatory function which promotes regulatory compliance.

Audits in the infrastructure sector are conducted by the Auditor General. These are conducted in line with the Public Finance Management Act.

18. Regional Integration

Criteria Score: 3

18.a. Movement of persons and labor and right of establishment

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Zimbabwe ranks 12th highest amongst African countries on free movement of people ranking on the Africa Regional Integration Index with a value of 0.387. Zimbabwe has signed Zimbabwe is a member of SADC, Preferential Trade Area (PTA) of Eastern and Southern Africa, and Common Market for Eastern and Southern Africa which are the main regional bodies that promote regional integration. The Protocol on the Establishment of the COMESA and SADC Common Market provides for the free movement of goods, labour; services; and capital. Over 40 nationalities may enter Zimbabwe visa-free for stays up to 90 days simply by presenting a valid passport upon arrival at border checkpoints of the country. The majority of these visa-exempt citizens are passport holders of other Southern, East and Central African countries. Well over 30 nationalities may obtain visa on arrival. Zimbabwe also offers work permits to foreign national subject to acceptance of their application.

Zimbabwe ranks 12th highest amongst African countries on free movement of people ranking on the 2023 Africa Regional Integration Index with a value of 0.40 coming 3rd in Africa. Zimbabwe has signed Zimbabwe is a member of SADC, Preferential Trade Area (PTA) of Eastern and Southern Africa, and Common Market for Eastern and Southern Africa which are the main regional bodies that promote regional integration. The Protocol on the Establishment of the COMESA and SADC Common Market provides for the free movement of goods, labour; services; and capital. Zimbabwe obtained an impressive scored (0.68) in the free movement of person dimension. Foreigners wishing to work in Zimbabwe can obtain work permits and residence permits which are subject to renewal. Over 40 nationalities may enter Zimbabwe visa-free for stays up to 90 days simply by presenting a valid passport upon arrival at border checkpoints of the country. The majority of these visa-exempt citizens are passport holders of other Southern, East and Central African countries. Well over 30 nationalities may obtain visa on arrival. Zimbabwe also offers work permits to foreign national subject to acceptance of their application.

Zimbabwe has signed the Free Movement Procol and has ratified the AfCFTA. Zimbabwe scored 0.472 ranking 23rd on the 2022 Visa Openness Index, thus reflecting the liberalization of Zimbabwe's visa regime. FDI flows to Zimbabwe has been on the rise. According to the UNCTAD 2023 FDI report, FDI inflow to Zimbabwe rose to 342 in 2022 from 250 in 2021.

A person who has resided or lived in Zimbabwe for a continuous period o five years on a residence permit or on a dependent residence permit is eligible for permanent residence application. However, this does not apply to a holder of a Temporary Employment Permit. Employees of Non-Governmental Organizations (NGO’s), those on Government to government agreement contracts and on Diplomatic posting, do not qualify for permanent residence regardless of having lived in Zimbabwe for a continuous period of five years or more. Expatriates working for the Government must have their applications supported by the line Ministry.

Issuance of resident or work permits is allowed in Zimbabwe subject to fulfilment of prescribed conditions. A person who has resided or lived in Zimbabwe for a continuous period o five years on a residence permit or on a dependent residence permit is eligible for permanent residence application. A fee of US$500 is charged. However, this does not apply to a holder of a Temporary Employment Permit. Employees of Non-Governmental Organizations (NGO's), those on Government-to-government agreement contracts and on Diplomatic posting, do not qualify for permanent residence regardless of having lived in Zimbabwe for a continuous period of five years or more. Expatriates working for the Government must have their applications supported by the line Ministry.

18.b. Regional financial integration

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Zimbabwe is a member of Southern African Development Community Real Time Gross Settlement (SADC-RTGS) system effective 1st of October 2018. SADC- RTGS System is an automated interbank settlement system, which settles payment obligations between participating banks in real-time in all the SADC countries. Zimbabwe has an Anti-Money Laundering Act of 202 in place. The country was also removed from the Financial Action Task Force (FATF) grey list on money laundering in 2022. . The country ranks moderately on macroeconomic integration in Africa with a value of 0.33 against an Africa average of 0.37 in 2020.Zimbabwe has several regional banks that include Standard Bank, Ned Bank and First Capital Bank. This facilitates regional financial integration by promoting regional transactions. The country also has other financial service providers like Mukuru and Western Union that facilitates international transatcions.

Zimbabwe has a well-developed banking sector modeled on the British system. The Reserve Bank of Zimbabwe is the central bank responsible for management and implementation of monetary policy with the reintroduction of the local currency, Zimbabwe dollars, in 2019. The government again allowed the U.S. dollar to be used for all domestic transactions in March 2020 to facilitate economic activity during the COVID-19 pandemic.

Zimbabwe has several regional banks that include Standard Bank, Ned Bank and First Capital Bank. This facilitates regional financial integration by promoting regional transactions. The country also has other financial service providers like Mukuru and Western Union that facilitates international transatcions

Commercial banks are the largest subsector; merchant banks, whose function is to finance trade, underwrite rights offerings of listed companies, and assist in mergers and acquisitions; building societies, which provide mortgages for real estate transactions; the People's Own Savings Bank, development financial institutions; and micro-finance institutions. Other key players in Zimbabwe's financial sector include insurance companies, pension and provident funds, investment trusts, and offshore portfolio investors.

Zimbabwe is a member of Southern African Development Community Real Time Gross Settlement (SADC-RTGS) system effective 1st of October 2018. SADC- RTGS System is an automated interbank settlement system, which settles payment obligations between participating banks in real-time in all the SADC countries. These include cards (mainly debit cards), mobile money, Internet-based bank payments and multiple-currency cash. Zimbabwe has an Anti-Money Laundering Act of 202 in place. The country was also removed from the Financial Action Task Force (FATF) grey list on money laundering in 2022. . The country ranks moderately on macroeconomic integration in Africa with a value of 0.33 against an Africa average of 0.37 in 2020.

The Reserve Bank of Zimbabwe (RBZ) has started implementing the Pan-African Payment and Settlement System (PAPSS) aimed at connecting all banks, non-bank financial institutions, switches, and regional systems to enhance cross-border payment across the continent. The system, expected to save the continent US$5 billion annually in transaction costs, is being promoted by the African Export and Import Bank (Afreximbank) as the settlement bank. According to DeVere Zimbabwe, the number of financially included people in Zimbabwe has reached 83% so far this year but remains under a 90% target set by the Reserve Bank of Zimbabwe (RBZ) in 2016. The 83% equates to around 12.45 million people in the country who are now on banking platforms. The surge is the result of a robust mobile money transfer system.