



**ZIMBABWE: STRATEGIES FOR CLEARING
EXTERNAL DEBT ARREARS AND
SUPPORTIVE ECONOMIC REFORM
MEASURES**

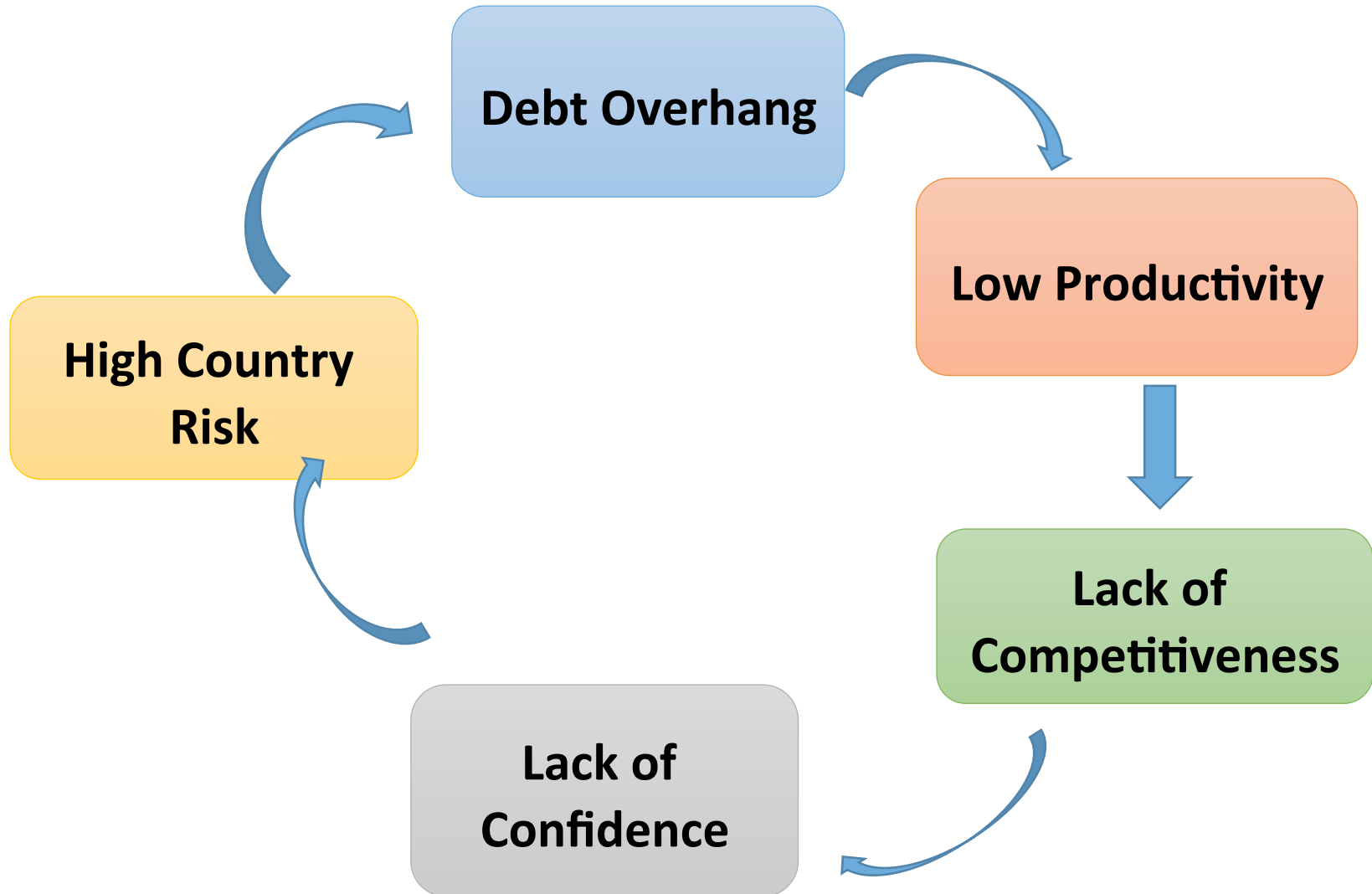
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LIMA, PERU
8 OCTOBER, 2015**

PRESENTATION OUTLINE

- A. Economic Challenges & Policies to Address them.
- B. Arrears Clearance Strategies
- C. Timelines.
- D. Supportive Macroeconomic Reforms.
- E. Conclusion.

ZIMBABWE ECONOMIC CHALLENGES (DEBT BURDEN VICIOUS CYCLE)



BREAKING THE VICIOUS CYCLE

- Arrears Clearance Strategy – two tier Non-HIPC approach.
- Strong Economic Reform Agenda (in collaboration with the IFIs):
 - Development of Infrastructure.
 - Promotion of private sector driven economic growth.
 - Poverty Eradication.
 - Social Development programmes.

REPAYMENT STRATEGY

■ Bridge Finance from Afreximbank

- AfDB: US\$585 million
- AfDF: US\$16 million
- IDA: US\$218 million
US\$819 million

■ Bilateral Loan Facility

- IBRD: US\$896 million

■ Own Resources (SDR Allocations)

- IMF: US\$110 million

TIMELINES (A)

- Visit to European Capitals i.e Rome, Brussels, Berlin and Paris: **21-25 Sept 2015 (Done)**.
- Engagement with bilateral and multilateral creditors during IMF and World Bank Annual Meetings in Lima Peru: **8 October 2015** (in session).
- Engagement with the European Investment Bank (EIB) and other Multilaterals: **November, 2015**.

TIMELINES (B)

- Third Review of the Staff Monitored Program (SMP) by IMF: **February/March 2016.**
- Clearance of arrears to IMF: **by June 2016**
- Clearance of Arrears to AfDB: **by June 2016**
- Clearance of Arrears to World Bank: **by June 2016**

SUPPORTIVE ECONOMIC REFORM AGENDA

- **ZIMASSET synthesized into the Ten Point Plan** enunciated by the President, on 25 August, 2015.
- Successful implementation of the IMF Staff Monitored Program.
- Establishment of a One Stop Investment Shop.
- Simplification of the Indigenization Policy Framework.
- Alignment of Laws to the Constitution.
- Compensation program for previous farmers

REFORM MEASURES (A)

- Strengthening financial sector confidence.
- Accelerating re-engagement with the international community.
- Re-vitalising agriculture and the agro-processing value chain.

REFORM MEASURES (B)

- Advancing beneficiation and/or value addition to the agriculture and mining resource endowment.
- Focusing on infrastructure development.
- Unlocking the potential of small to medium enterprises.
- Improving the investment climate.

REFORM MEASURES (C)

- Accelerating public enterprises reform and improving public finance management.
- Modernising labour laws and aligning of laws to the Constitution and adhering to the rule of law.
- Fighting corruption.
- Transparent use of the revenue from natural resources.

CONCLUSION

- ❑ Successful resolution of Zimbabwe's external payment arrears is expected to **send positive signals, reduce perceived country risk premium and unlock affordable credit lines.**
- ❑ Improved liquidity conditions and banking sector stability are expected to support sustained economic development and transformation that is necessary for economic prosperity and poverty eradication.

PRAYER

- Consensus from Bilateral and Multilateral creditors of the country's debt arrears clearance Strategy and Road Map.**

THANK YOU AND MAY

GOD BLESS YOU ALL

STRUCTURE OF DEBT: 31 Dec 2014

(US\$ Millions)

	Debt Outstanding Disbursed	Principal Arrears	Interest Arrears	Total Arrears excl. Penalties	Penalties	Total Arrears incl. Penalties	Total
Bilateral Creditors (PPG)	833	1398	400	1798	968	2766	3599
Paris Club	254	1337	395	1732	956	2688	2943
Non-Paris Club	579	61	5	66	11	77	656
Multilateral Creditors (PPG)	380	1306	864	2160	54	2224	2593
AfDB	0	287	298	585	0	585	585
AfDF	38	12	4	16	0	16	54
IBRD	0	464	432	896	0	896	896
IDA	317	165	53	218	0	218	534
IMF	0	97	13	110	0	110	110
EIB	11	194	41	235	54	289	302
Other Multilateral Creditors (PPG)	14	87	13	100	0	100	112
Other External Debt	0	566	0	566	0	566	566
Private Sector External Debt	4069	0	0	0	0	0	4069
TOTAL EXTERNAL DEBT	5283	3271	1262	4523	1023	5556	10827

BILATERAL DEBT

	DEBT OUTSTANDING DISBURSED	PRINCIPAL ARREARS	INTEREST ARREARS	PENALTIES	TOTAL
Bilateral Creditors-Public External	260	1,101	313	771	2,445
Paris Club	<u>156</u>	<u>1,040</u>	<u>308</u>	<u>759</u>	<u>2,264</u>
Austria	1	14	4	20	39
Belgium	-	25	4	47	76
Finland	-	51	6	-	56
France	-	166	35	218	420
Germany	83	247	100	98	528
Italy	13	86	10	26	135
Japan	11	64	21	51	147
Netherlands	0	52	16	7	75
Norway	-	20	1	33	54
Spain	7	27	6	18	57
Sweden	0	22	0	11	33
Switzerland	-	32	4	35	71
UK	0	133	34	152	319
USA	42	101	68	44	255
Non-Paris Club	103	61	5	11	180
China	103	48	1	-	152
Kuwait	-	5	2	-	7
Other	-	8	2	11	21

BILATERAL DEBT

	DEBT OUTSTANDING DISBURSED	PRINCIPAL ARREARS	INTEREST ARREARS	PENALTIES	TOTAL
Bilateral Creditors-Publicly Guaranteed	574	297	87	197	1,153
Paris Club	96	297	87	197	677
Austria	-	-	-	-	-
Belgium	-	-	-	-	-
Finland	4	27	2	21	54
France	39	17	4	21	82
Germany	8	114	42	46	210
Italy	-	7	1	7	15
Japan	43	54	28	33	159
Netherlands	-	10	2	10	22
Norway	-	5	-	8	13
Spain	-	-	-	-	-
Sweden	-	30	2	14	46
Switzerland	-	-	-	-	-
UK	2	33	6	36	76
USA	-	-	-	-	-
Non-Paris Club	476	-	-	-	476
China	476	-	-	-	476
Kuwait				-	-
Total PPG	1,801	3,272	1,263	1,021	6,768