

January 2019

In retrospect, 2018 was a varied bag of progress and challenges for the Trust Fund. It was an election year in the country and inadvertently this resulted in some delays as project implementation slowed down to pave way for the process. Once concluded, restructuring and reassignments of individuals and ministries brought about some adjustments too.

Meanwhile the country also faced some economic hurdles characterized by foreign currency (forex) and liquidity challenges which led the Central Bank to direct Banks to separate nostro (forex) and local accounts (Real Time Gross Settlement-RTGS) to strengthen the multi-currency system to increase foreign currency inflows while reinforcing economic reforms. The “teething problems” experienced with the new systems affected the Recipient-Executed projects as there is no facility to transfer and make payments from nostro to nostro in different banks.

The Government also introduced a new policy thrust called the Transitional Stabilization Programme (TSP) premised on fiscal consolidation and financial sector stabilization; stimulating growth and investment to increase revenue collection and foreign exchange generation; protecting social gains; and improving governance outcomes through continued legislative and institutional reforms.

The TSP’s vision is in keeping with ZIMREF’s vision of contributing to the strengthening of Zimbabwe’s systems for reconstruction and

development with a focus on stabilization and reform, reconstruction, development, and poverty alleviation.

Highlights from 2018

- An improved score of 155 out of 190 countries in DB19 in the Doing Business index from 159 out of 190 economies owing to ZIMREF supported legislative and administrative reforms.
- Improved access to water and sanitation through new connections in both Zimunya and Lupane. To date 327 out of 639 households in Guruve have been connected and 140 out of 240 in Zimunya.
- Contributing to State owned governance through a Public Entities Corporate Governance Act which complements the Public Financial Management (PFM) Act in calling for submission of audited reports. Establishment of an online portal by the Office of the President and Cabinet’s Corporate Governance Unit where any citizen of Zimbabwe interested in serving on the boards of public entities can submit their credentials.
- Computerizing PFM systems at local government level in six districts (with plans to expand to the remaining 57 districts), current integration of statutory fund into the PFMS system and the establishment of the Business Intelligence (BI) module and internal audit committees which is in progress.
- The development of the Public Procurement and Disposal of Public Assets Act which established a new Procurement Regulatory board to oversee public procurement and development of an e-procurement strategy.
- Supporting the introduction of program budgeting in 11 ministries to date, as well as key reforms to strengthen the management of financing and public expenditures in key social sectors.
- Support to the development of a health financing policy and strategy to provide an enabling environment anchored on evidence, upon which the Ministry of Health and Child Care can lobby for

reprioritization of Government spending and increase allocation of resources to finance the sector. These efforts are envisaged to broadly facilitate equitable access to quality health care even amongst poor vulnerable communities, hence contributing to the goal of Universal Health Coverage.

- Supporting the Government's efforts to improve education outcomes and spending efficiency through teacher training, development of a Teaching Council Bill and the development of a draft Mathematics handbook in place to improve student learning.
- Support to an amendment of the National Statistics and Census Act and an accompanying a Statutory Instrument (S.I.) making it feasible for the release of anonymized data from the 2017 Poverty Income Consumption and Expenditure Survey (still in the pipeline) for in-depth analysis of poverty data to inform policy making.
- Capacity building of Government to integrate climate change in the planning, design and implementation of development activities in four sectors (water, irrigation, forestry and agriculture) and capacity to access international climate/environmental financing and to implement its Nationally Determined Contributions NDCs.

Challenges

- Inability to respond to disasters or epidemics: The country experienced a cholera outbreak in 2018 which highlighted ZIMREF's inability to respond to urgent issues.
- Accessing new financing to close a funding gap for projects that received lower financing than envisaged such as the Zimbabwe National Water Project and the Public Financial Management Enhancement Project which have a funding gap of US\$10 million each.

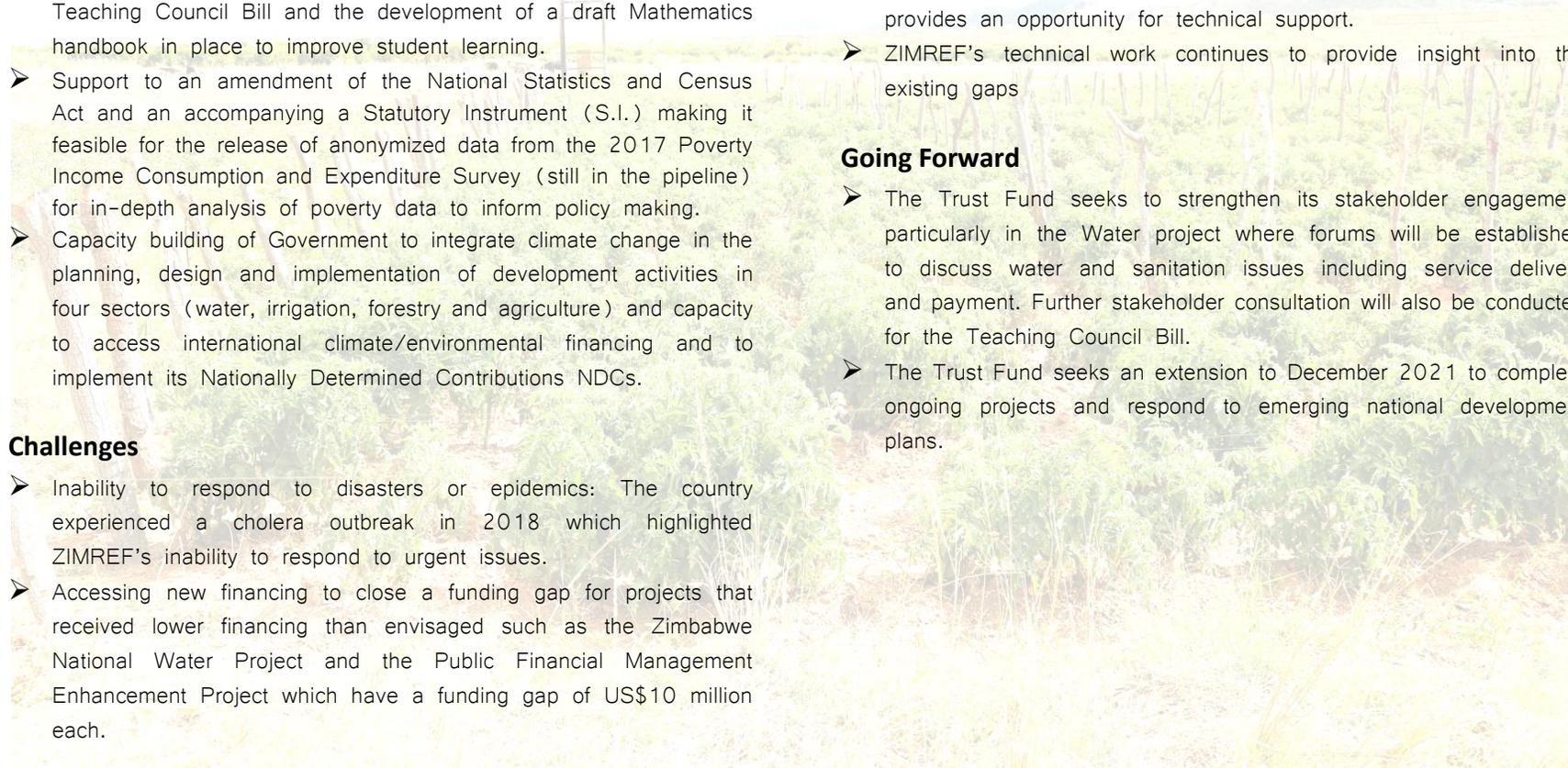
- The pace at which legislative reforms are adopted hamper the pace at which Zimbabwe's score could further improve on the Doing Business Index.

Opportunities

- The Government's policy direction continues to unveil opportunities for ZIMREF. Government is set to commence devolution, and this provides an opportunity for technical support.
- ZIMREF's technical work continues to provide insight into the existing gaps

Going Forward

- The Trust Fund seeks to strengthen its stakeholder engagement particularly in the Water project where forums will be established to discuss water and sanitation issues including service delivery and payment. Further stakeholder consultation will also be conducted for the Teaching Council Bill.
- The Trust Fund seeks an extension to December 2021 to complete ongoing projects and respond to emerging national development plans.



The Zimbabwe Reconstruction Fund (ZIMREF) is a World Bank administered multi-donor trust fund that has received contributions of US\$40 million from Denmark, European Union, Norway, Sweden, Switzerland, UK and the World Bank's State and Peace Building Fund. ZIMREF aims to support the strengthening of Zimbabwe's systems for reconstruction and development. Visit our website to find out more. For feedback and comments please email ckhuphe@worldbank.org



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