



ZIMBABWE

PRESS STATEMENT

GUIDELINES AND MODALITIES ON ACCESSING THE ZWL\$18.02 BILLION ECONOMIC RECOVERY AND STIMULUS PACKAGE

1. Further to the pronouncement on the 4th of May 2020 by the Minister of Finance and Economic Development on the Covid-19 Pandemic Economic Recovery and Stimulus Package, the Government has come up with the following modalities for accessing the various facilities.
2. Implementation of the Economic Recovery and Stimulus Package has already started in earnest with the Reserve Bank of Zimbabwe having already disbursed ZWL\$2.5 billion for the productive sectors and the winter wheat programme.
3. Other than capital grants which are being disbursed through various line Ministries all productive sector support will be financed by banks through the normal banking channels with Government providing requisite guarantees to the financial institutions based on a risk sharing model.

Productive Sector

4. The following Productive Sector facilities comprising of Agriculture Sector Support, Working Capital Support, Mining Sector Support and Tourism Support Fund will be accessed through the normal banking channels. Applicants/intended beneficiaries should therefore,

submit their requests to their banks with the requisite information. Through the risk sharing model, banks will conduct credit assessment and due diligence of the applicants. Government will provide guarantees and banks are expected to monitor and evaluate the use of the resources by borrowers to ensure that the beneficiaries will repay the loans accessed.

5. Banking institutions using the Know Your Customer principle after conducting due diligence are supposed to ensure beneficiaries adhere to the following conditions.

Conditions for Accessing Resources

- Valid tax clearance certificate from ZIMRA accompanied by record of tax compliance history;
- Valid compliance certificate from NSSA;
- Credit worthiness as assessed by banks;
- Priority to be given to existing projects;
- New projects will be considered in the health sector if they result in the localization of supply chains in the production of Personal Protective Equipment for the Covid-19 pandemic; and
- Registered with Zimbabwe Tourism Authority for the Tourism Sector Support Fund.

Non-Eligibility

- Defaulters and non-performers under previous facilities; and
- Funding for real estate, equity, illegal activities and speculative activities.

Productive Sector Facilities

Package	Amount
Agriculture Sector Support	ZWL\$6.08 billion
Working Capital Support	ZWL\$3.02 billion
Mining Sector Support	ZWL\$1.0 billion
Tourism Support Fund	ZWL\$0.5 billion
Total	ZWL\$10.6 billion

Lending Rate

6. Interest Rates - Productive Sector lending interest rates have been lowered to not more than 20% and existing qualifying loans must be restructured to allow businesses to recover. Loan restructuring will also entail review and relaxation of regulatory guidelines and benchmarks.

Grace Period

7. A grace period of up to three months will be given to allow businesses to effectively recover from the effects of the Covid-19 pandemic.

Liquidity Release from Statutory Reserves – ZWL\$2 billion

8. The Reserve Bank will accommodate banks with liquidity needs as part of its lender of last resort function. These funds will be released to banks via a reduction on the statutory reserve requirements for banks.

SME Support Fund – ZWL\$500 million

9. Government will capitalise EmpowerBank, Zimbabwe Women's Microfinance Bank, Small and Medium Enterprises Development Cooperation and Post Office Savings Bank. Small and medium scale enterprises should submit their applications to these institutions.

Grace period

10. Grace period of up to 90 days will be given to SMEs, with the maximum tenure of the loans being determined by the lending institutions in line with their credit policy.

Artists and Athletes Sector Support – ZWL\$20 million

11. The Ministry of Youth, Sports, Arts and Recreation will administer the fund, to cater for cultural and creative industries as well as the sporting fraternity. Applicants and beneficiaries should submit applications for processing, in line with guidelines which will soon be issued by the Ministry of Youth, Sports, Arts and Recreation.

Import Duty on Raw Materials

12. In order to reduce the cost of Covid related imports, Government has put in place a rebate of duty which is already operational. With respect to corporates and critical frontline health personnel, Government will be publishing the legal instruments to give effect to the measures announced earlier. Import Duty on selected raw materials starting from 1 April to 31 December 2020 have been significantly relaxed in order to reduce the cost of the production and to contain imported inflation.

Breakdown of Facilities

Facility	Amount
Productive Sector – Guarantees	ZWL\$10.6 billion
SME Support Fund	ZWL\$0.5 billion
Budget Reallocation	ZWL\$3.4 billion
Art Sector Fund	ZWL\$0.02 billion
Broad Relief Measures	ZWL\$1.5 billion
Liquidity Release – Lender of Last Resort	ZWL\$2 billion
Total	ZWL\$18.02 billion

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

4 June 2020

MINISTRY OF FINANCE AND
ECONOMIC DEVELOPMENT
SECRETARY TO THE TREASURY
04 JUN 2020