

Project Management Update from Harare¹



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Zimbabwe economy to shrink by 4.5% in 2021 due to Covid-19

“Zimbabwe’s economy is expected to shrink by 4,5% this year owing to the fallout from the COVID-19 pandemic and a brutal climate change-related drought,” Zimbabwe Government Finance Minister Mthuli Ncube said on Thursday 16 July 2020.

Announcing the midterm 2020 budget and economic review, Ncube said the mining sector will contract by 4%, although he projected that GDP would rebound to 7,4 percent growth in 2021. The Zimbabwe fiscal boss said that inflation was expected to gradually decline to 300 percent by December, compared with 737,36 percent currently.

The country’s exports, declining to Z\$1,53 billion in first five months of this year against Z\$1,56 billion during the same period last year.

However, he noted that government was on course to avoid a supplementary budget after ministries, on average used 46% amount of the 2020 budget by June, leaving 54% percent of the total budget unutilized.

Ncube highlighted that the 2020 revenue collection has been surpassed so far. After initially projecting collecting Z\$58.6 billion, comprising tax revenues of Z\$57.6 billion and non-tax revenue of Z\$1.1 billion in the budget, cumulative revenue collections for the period between January and June are estimated at Z\$34.2 billion, against a target of Z\$32.1 billion.

“This resulted in a positive variance of Z\$2.14 billion or 6.7% of projected revenues, notwithstanding the slowdown in economic activity that has been induced by the COVID-19 pandemic, he said.

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According to the review, expenditure has largely been impacted by the need to accommodate expenditures arising from previous successive droughts, extreme weather conditions and the advent of the COVID-19 pandemic.

“A difficult macro-economic environment, characterised by foreign currency shortages and inflation during the first half of the year, also increased cost of providing public services, including implementation of budgeted programmes and projects.

“Total expenditures disbursements to June 2020 amounted to Z\$30 billion. Of the expenditures recurrent expenditures amounted to Z\$19.7 billion, whilst Z\$9.3 billion was channelled towards capital expenditures with the balance of Z\$453 million being transferred to Local Authorities under the devolution and Z\$400 million for interest payments,” Ncube said. The amount paid as salaries to civil servants takes one of the biggest chunks.

“Employment costs, inclusive of pension for the period to June, amounted to Z\$8.8 billion, representing 39% of total expenditures. This is against the original target of Z\$7.1 billion for the period. “The increase in employment costs is on account of the salary review effected from January 2020, recruitment of additional 4 713 health personnel to fight COVID-19, payment of risk allowance to the frontline health workers, effective April 2020, as well as review of health specific allowances for health personnel,” said Ncube.

He added: “Expenditure on the use of goods and services amounted to Z\$3.9 billion, against a target of Z\$5.1 billion, as inflationary pressures continued to undermine budgeted provisions, including the cost of providing public services.

“Government redirected resources towards COVID-19 and travel and other avoidable expenditures such as infrastructure projects financing were suspended. Resources amounting to Z\$1.9 billion were directed towards the COVID-19 Preparedness and Response Plan, focusing on increasing testing capacity, case management, infection preventions and control, including facilitating the opening of schools.”



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Peter Banda is an agile Portfolio Manager with Change Management, Marketing & Project Management Skills, and an accomplished entrepreneur with broad stakeholder management experience. He is a founder member of Zimbabwe's largest Association of Project Managers with a membership of over 4000, Project Management Zimbabwe (PMZ). He has worked in both the private & public sectors during the last 20 years in Zimbabwe, Botswana & South Africa. Peter is a born & passionate teacher, mentor & trainer with skills ranging from Personal Development Planning to Project Management. Peter has presented & published over 30 papers at high profile international conferences & leading newspapers & publications respectively during the last 10 years.

Peter is currently Secretary- General & CEO of PROJECT MANAGEMENT ZIMBABWE (PMZ). Responsibilities cover strategic navigation of PMZ towards the vision covering board advisory and stakeholder management. He was previously a Higher Education Examiner, Facilitator, Lecturer, Curriculum Developer and Assessor for both local and International Diploma and Degree courses for the Zimbabwe Ministry of Higher & Tertiary Education. Peter holds a Bachelors (Hon.) degree and MSc qualification, and is currently studying for a PhD & other certifications. A God-fearing father of 2 lovely daughters & 1 son, Peter likes reading & researching current affairs, coaching others to realise their dreams, and watching soccer & cricket.

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