

Joint Statement by the Ministers of Finance of South Africa and Zimbabwe

21 September 2012

Pretoria, South Africa

The Ministers of Finance of South Africa and Zimbabwe, Honourable Pravin Gordhan and Honourable Tendai Biti, met today to discuss ways of deepening cooperation between the Governments of South Africa and Zimbabwe.

The discussions centred on the resolution of the Extraordinary Summit of the SADC Heads of State and Government held at the Lozitha Palace, Kingdom of Swaziland, on 30 March 2009, to provide support to Zimbabwe's Short Term Economic Recovery Programme (STERP).

At the Summit, South Africa pledged to explore a number of possible support measures for Zimbabwe, including:

- Budget support grants;
- A line of credit; and
- Export credit facilities.

The two Ministers recognised Zimbabwe's positive recovery from a period of hyper-inflation and the successful implementation of STERP.

However, they noted that the country continued to face significant economic constraints, including cash flow challenges arising from revenue collections that are below target, a high debt over-hang, an uncompetitive business environment, infrastructural deficits, and limited access to lines of credit for business.

The Ministers of Finance of the two countries also acknowledged the reform measures that Zimbabwe has been undertaking to achieve fiscal sustainability and overall economic recovery.

These include:

- Revenue enhancing measures, including an increase in fuel taxes, coupled with the incorporation of the Zimbabwean Revenue Authority (ZIMRA) into the diamond value chain, as well as closing tax loopholes and slippages;
- Strengthening the budget process to better support fiscal management, planning and control of spending;
- Continued restructuring of the balance sheet of the Reserve Bank of Zimbabwe;
- Tightening of financial markets regulation and banking supervision;

- Implementation of the Zimbabwe: Accelerated Arrears Clearance, Debt and Development Strategy (ZAADDS) and limiting non-concessional borrowing; and
- Supporting improvement in the business environment and the reduction of the cost of doing business.

The Ministers agreed to consider the following:

- The facilitation of a line of credit;
- A request for further budget support, which will be aligned to South Africa's 2012 budget process;
- Encouraging the participation of development finance institutions, including the DBSA, to invest in infrastructure projects, particularly in energy and roads; and
- Strengthening the collaboration between SARS and ZIMRA, with particular focus on the harmonisation of customs systems and procedures and investments in Beitbridge Border Post infrastructure.

South Africa further committed itself to continue supporting Zimbabwe's efforts to normalise its relations with multilateral financial institutions.

Honourable Pravin Gordhan
Minister of Finance
Republic of South Africa

Honourable Tendai Biti
Minister of Finance
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