2026

NATIONAL BUDGET

"Enhancing Drivers of Economic Growth and Transformation Towards Vision 2030"

Presented to the Parliament of Zimbabwe
by
HON. PROF. MTHULI NCUBE
Minister of Finance, Economic Development and Investment Promotion

27 November 2025

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ZIMBABWE

THE 2026 NATIONAL BUDGET STATEMENT

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MINISTER OF FINANCE, ECONOMIC DEVELOPMENT AND INVESTMENT PROMOTION

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INTRODUCTION

1. The 2026 National Budget is setting the stage for the second five-year national development strategy as integral to Vision 2030. This Budget has been crafted under the theme *“Enhancing drivers of economic growth and transformation towards Vision 2030”.* The National Development Strategy 2 (NDS2) (2026-30), the successor plan to the National Development Strategy 1 (NDS1) (2021-25), guided the crafting of the 2026 National Budget.

2. Significant milestones were achieved under NDS1, including positive economic growth over the past five years, attainment of food security, expansion in financial intermediation, exports growth, improved foreign currency generation, infrastructure development and progress on agriculture climate proofing, among other achievements.

3. Fiscal consolidation efforts are beginning to pay off handsomely. Judicious implementation of prudent fiscal policies (essentially expenditure alignment and cash budgeting), coupled with complementary monetary policy, has now anchored inflation and inflation expectations, underpinning price and macroeconomic stability over the twelve months.

4. The 2026 National Budget seeks a balance between expanding on the gains on NDS1, while safeguarding fiscal sustainability, underscoring Government's commitment to promoting durable and enduring macroeconomic stability. The impact of spiralling inflation, currency and exchange rate instability over the past decade, has been very high, therefore, anchoring macroeconomic stability is the number one priority. Accordingly, the thrust of the 2026 National Budget is to entrench currency, price and exchange rate stability complemented by mutually reinforcing monetary policy. Thus, fiscal and monetary policy coherence will be sustained in 2026 and beyond.

5. In line with Vision 2030, the Budget embodies a forward-looking approach that is both pragmatic and ambitious, setting the stage for a transforming economy characterised by innovation, enterprise development, improved competitiveness and structural transformation. It is through these concerted efforts that the country will achieve the goal of becoming an upper middle-income society, sustaining prosperity and wealth creation for current and for future generations.

ECONOMIC DEVELOPMENTS AND OUTLOOK

6. The domestic economy has remained resilient, notwithstanding heightened uncertainty occasioned by reciprocal tariffs and

adversarial trade restrictions leading to elevated geopolitical tensions. Declining official development assistance, diminished multi-lateral financing and limited access to global capital markets have compounded the domestic financial resource constraints, particularly for small open developing economies, including Zimbabwe. This, notwithstanding, Zimbabwe continues to make steady progress through fiscal prudence, expenditure alignment, domestic resource mobilisation, innovative financing and optimum resource deployment.

7. The risks facing the economy will likely persist in 2026 and beyond, implying further uncertainty, though the dark clouds of aggressive and reciprocal trade tariffs and other trade restrictions appear to be receding. In 2025, the domestic economy recorded higher economic activity, reflecting both domestic demand and net external demand growth. The ongoing sectoral (sector by sector) reduction in regulatory and compliance costs across will measurably improve the ease of business, lowering the cost of doing business, enhancing viability and growth.

Global Developments and Outlook

8. Global economic growth is projected to moderate from 3.3% in 2024, to 3.2% in 2025 and 3.1% in 2026, reflecting slower

expansion amidst heightened trade uncertainty and elevated geopolitical risks. Growth momentum registered in early 2025 is expected to moderate as front-loaded trade activity unwinds, while high inflation and tight fiscal conditions limit policy support in advanced economies. The medium-term outlook remains below the pre-pandemic average of 3.7%, highlighting residual uncertainty, possible headwinds and global risks elevation.

Table 1: Global Growth Estimates and Projections

	2024	2025 Proj.	2026 Proj.
World	3.3	3.2	3.1
Advanced economies	1.8	1.6	1.6
United States	2.8	2.0	2.1
Euro Area	0.9	1.2	1.1
United Kingdom	1.1	1.3	1.3
Germany	-0.5	0.2	0.9
Emerging markets	4.3	4.2	4.0
China	5.0	4.8	4.2
India	6.5	6.6	6.2

Source: IMF World Economic Outlook October 2025

9. Growth in advanced economies is projected to slow to 1.6% in 2025 and 2026, a slight moderation compared to 1.8% in 2024. Global economic activity will be supported by gradual easing monetary policy, given declining inflation outlook. However, higher tariffs, uncertainty and weak external demand weigh down prospects for robust growth. The United States economy is projected to grow by 2% in 2025 and 2.1% in 2026, slightly slower than in 2024, as fiscal expansion offsets trade frictions and policy uncertainty.

10. Euro Area GDP growth is expected to edge up to 1.2% in 2025, before easing to 1.1% in 2026, reflecting weak domestic demand, partly offset by stronger consumption in Germany and solid growth in Ireland. Germany is projected to recover modestly, expanding by 0.2% in 2025 and 0.9% in 2026, supported by fiscal easing and stronger exports. The United Kingdom is projected to record growth of 1.3% for both 2025 and 2026, benefiting from a new trade deal with the United States of America and improved external conditions.

11. In Emerging and Developing Economies (EMDEs), growth is projected to moderate from 4.3% in 2024, to 4.2% in 2025 and 4.0% in 2026. While trade disruptions and higher global borrowing costs remain headwinds, robust domestic demand in Asia and parts of Africa continues to underpin resilience. Growth in China is forecast at 4.8% in 2025, supported by stronger trade and fiscal expansion, before easing to 4.2% in 2026. India remains the fastest-growing economy in the world, with real GDP growth of 6.6% in 2025 and 6.2% in 2026, on the back of growing investment and higher domestic demand.

Sub-Saharan Africa

12. Sub-Saharan Africa’s economic growth is projected to remain resilient, albeit below pre-pandemic averages. The region

is expected to register growth of 4.1% both in 2024 and 2025, before edging up to 4.4% in 2026. While this marks a modest recovery, growth remains softer than expected due to persistent global headwinds, weak external demand and domestic financing constraints.

Table 2: Selected Sub-Saharan African Economies GDP Growth (%)

	2024	2025 Proj.	2026 Proj.
Sub-Saharan	4.1	4.1	4.4
Fuel Exporters	3.9	3.6	3.9
Nigeria	4.1	3.9	4.2
Angola	4.4	2.1	2.1
Middle-Income Countries	3.1	3.3	3.5
South Africa	0.5	1.1	1.2
Mauritius	4.9	3.2	3.4
Zambia	4.0	5.8	6.4
Low-Income Countries	6.0	5.9	6.2
Ethiopia	8.1	7.2	7.1
Tanzania	5.5	6.0	6.3
Uganda	6.3	6.4	7.6

Source: IMF World Economic Outlook October 2025

13. Economic growth in the SADC region is projected to improve from 2.6% in 2024, to 2.9% in 2025 and 3.0% in 2026. Despite this modest recovery, growth remains below the sub-Saharan Africa average of 4.1%, reflecting structural weaknesses, financing constraints, energy deficits and high debt levels in several member states.

Table 3: Selected SADC Countries GDP Growth Projections (%)

	2024	2025	2026
Southern African Development Community	2.6	2.9	3.0
Angola	4.4	2.1	2.1
Botswana	-3.0	-0.9	2.3
Lesotho	2.2	1.4	1.1
Madagascar	4.2	3.8	4.3
Mozambique	2.1	2.5	3.5
Namibia	3.7	3.6	3.8
Eswatini	2.8	4.3	4.6
Tanzania	5.5	6.0	6.3
South Africa	0.5	1.1	1.2
Zambia	4.0	5.8	6.4
Zimbabwe*	1.7	6.6	5.0

*Source: IMF REO October 2025 *MoFED&IP Projections*

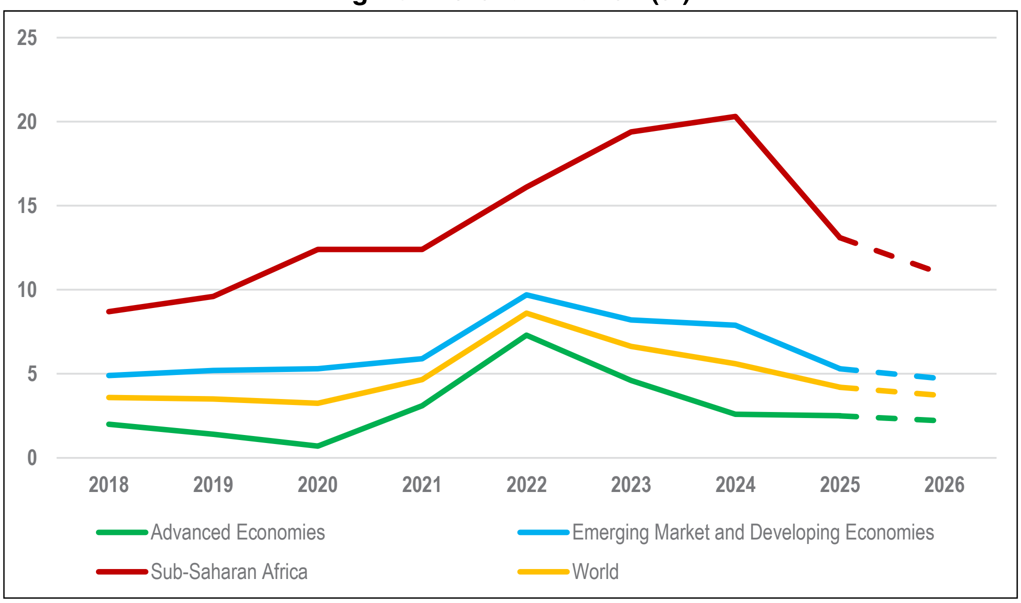
14. Sub-Saharan Africa's growth outlook faces growing risks in an everchanging global economic landscape. Escalating trade tensions and tighter global financial conditions are expected to weaken demand, depress commodity earnings and raise borrowing costs, further straining already heavy debt burdens for many Sub-Saharan African economies. Declining aid flows will further exacerbate the already tight fiscal space and many countries could struggle to fund essential services, such as health, education and food security.

15. Conflicts and climate shocks are worsening humanitarian conditions, with food insecurity affecting over 140 million people in Sub-Saharan Africa. Against the background of high inflation, low foreign currency reserves and limited fiscal space, many countries in the region lack the buffers to absorb such shocks, leaving them vulnerable to renewed instability.

Global Inflation

16. Global inflation continues to ease, after the post-pandemic and commodity price shocks, with the global annual inflation rate of 5.6% in 2024, projected to decline to 4.2% in 2025 and further to 3.7% in 2026, before stabilising around 3% by 2030. This moderation reflects easing food and energy prices, tighter monetary policies and improved supply conditions. However, progress remains uneven across regions, with persistent risks from trade tensions, geopolitical shocks and climate-related disruptions.

Figure 1: Global Inflation (%)



Source: IMF World Economic Outlook October 2025

17. Inflation in many industrial countries is nearing the normal long-term trend, with inflation projected to decline from 2.6%

in 2024, to around 2.2% by 2026. In EMDEs, inflation is expected to ease from 7.9% to about 4.7% over the same period. Inflation deceleration in Sub-Saharan Africa is slower, with the inflation rate projected to decline from 20.3% in 2024, to 10.9% by 2030, supported by better food supply and tighter monetary policies.

International Commodity Prices

18. Following several years of volatility, global commodity prices are generally expected to decline in 2025 and 2026. The World Bank projects the overall commodity price index to fall by 12% in 2025 and a further 5% in 2026, reaching a six-year low in nominal terms. These declines are broad-based across energy, metals and agriculture, though precious metals remain an exception, holding near record highs.

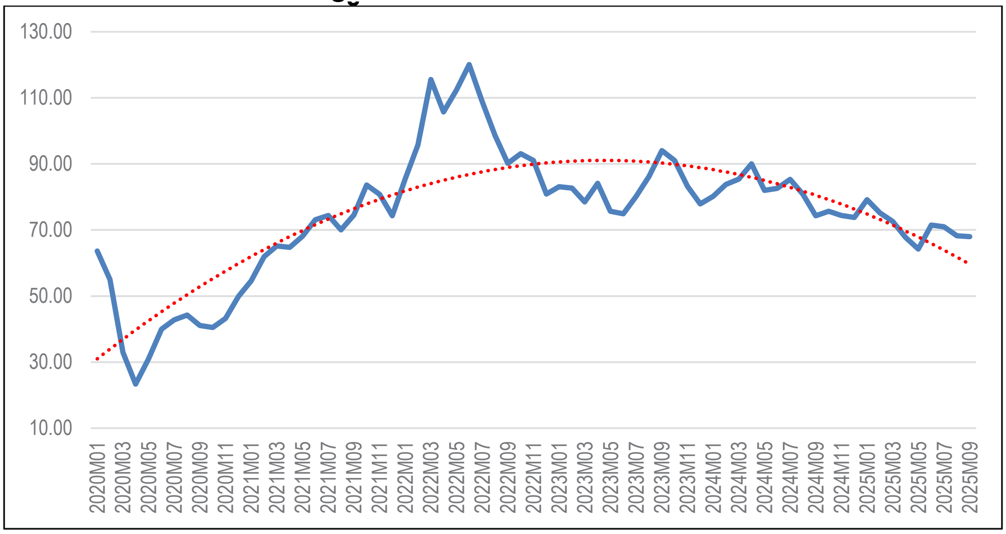
Table 4: Commodity Price Indices

	2023	2024	2025 Proj.	2026 Proj.
Energy	106.9	101.5	83.8	78.9
Crude oil brent $/bbl.	82.6	80.7	64.0	60.0
Agriculture	110.9	115.0	114.0	110.3
Beverages	107.8	176.4	211.1	187.9
Food	125.4	115.8	107.7	106.8
Grains	133.0	112.9	101.0	99.9
Fertilizers	153.5	117.6	126.1	124.8
Base metals	109.0	114.1	103.5	100.9
Precious metals	147.3	180.2	239.6	237.4

Source: Commodity Markets Outlook, April 2025

19. Energy markets are expected to drive much of the overall weakness of the commodity price index. The energy index is projected to decline by 17% in 2025 and 6% in 2026. Brent crude oil prices are projected to average US$64 per barrel in 2025, down from US$80 in 2024 and US$60 per barrel in 2026.

Figure 2: Brent Crude Oil Price



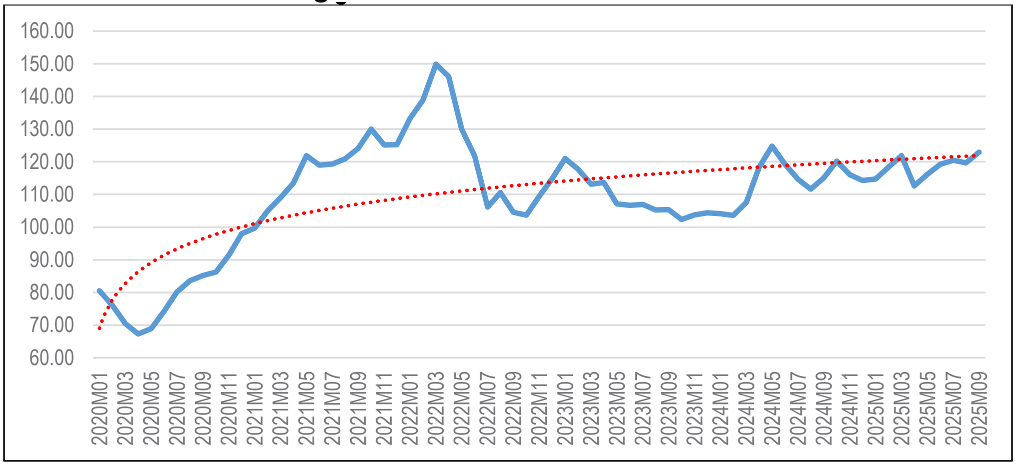
Source: World Bank Pink Sheets, October 2025

20. Coal price index is expected to decline sharply by more than 25% in 2025 and will continue to soften in 2026, with natural gas prices expected to diverge, as U.S. prices could rise by over 50% in 2025.

21. Base metals prices are projected to weaken over 2025/26 due to slowing global growth, softer manufacturing demand and China's sluggish construction sector. Copper price is expected

to decline to about US$8 200 per ton in 2025 and US$8 000 in 2026, while aluminium, nickel, zinc and lead prices are also projected to decline. Iron ore price is set to be one of the weakest performers, dropping to US$95 per ton in 2025 and US$88 in 2026, as supply expands.

Figure 3: Base Metals Price Index



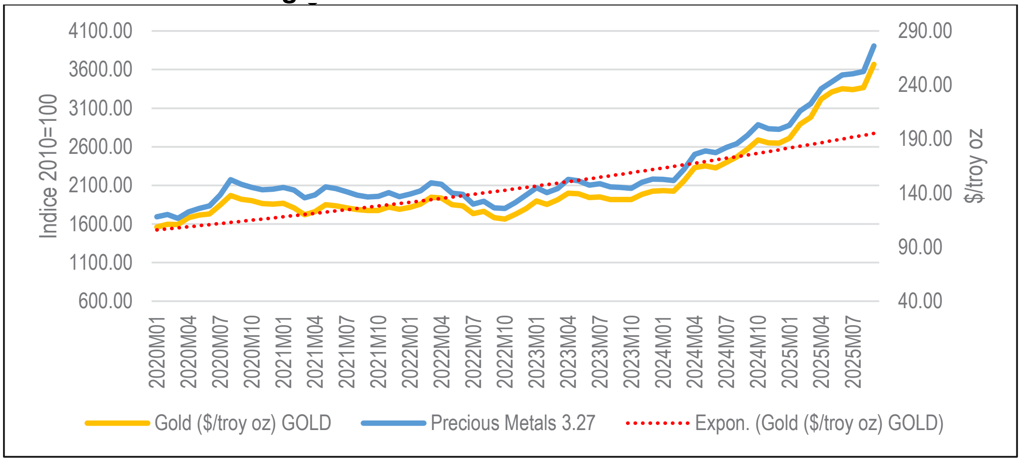
Source: World Bank Pink Sheets, October 2025

22. Tin stands out as the exception, with prices projected to rise slightly above US$31 000 per ton, supported by tight supply conditions. Overall, however, base metals are likely to remain under pressure.

23. Precious metals are the main outlier in an otherwise softening commodity landscape. Gold and silver prices are expected to remain near record highs through 2025 and 2026. Gold is projected to remain over 150% above its 2015 - 2019 average, supported by strong safe-haven demand amid trade tensions,

geopolitical instability and increased central bank buying. Silver prices are also expected to remain high, with investor demand offsetting weaker industrial use.

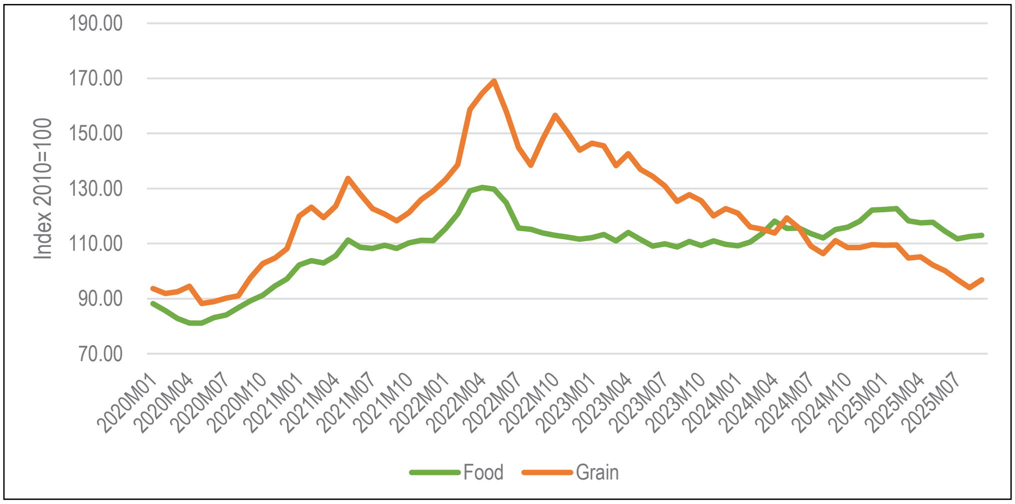
Figure 4: Precious Metals Price Indices



Source: World Bank Pink Sheets, October 2025

24. Agricultural prices are projected to decline by 1% and 3% in 2025 and 2026, respectively. Food prices will likely ease, led by grains, while oils, meals and other food items are projected to record smaller drops. Cocoa and coffee prices are the exceptions, reaching record highs in early 2025 due to weather shocks, before easing in 2026 as supplies recover. Agricultural raw materials such as cotton and tobacco are expected to soften in 2025 and stabilise in 2026.

Figure 5: International Food Price Indices



Source: World Bank Pink Sheets, October 2025

Risks to the Outlook

25. Downside risks to the global economic outlook remain elevated. Policy uncertainty and protectionism are major concerns, as well as continued trade tensions and higher tariffs which have weakened confidence, investment and productivity. The persistence of unclear and fragmented trade policies is discouraging long-term business planning and creating inefficiencies in global supply chains, weighing down on potential growth.

26. Fiscal vulnerabilities have also intensified across economies. High public debt levels, rising borrowing costs and debt service obligations, drastic cuts in Official Development Assistance (ODA) and limited fiscal space are constraining the ability of

many countries to respond to shocks. Without credible fiscal consolidation strategies, these pressures could trigger financial instability and debt distress, especially in emerging and low-income economies already facing tighter financing conditions.

27. Financial markets risks are steadily compounding as valuations particularly in technology and artificial intelligence (AI)-related sectors appear stretched. A sharp correction in these assets could spill over to broader markets, reducing wealth and consumption and threatening macroeconomic and financial stability. The IMF noted that growing interconnectedness between banks and non-bank financial institutions has increased systemic vulnerabilities.

28. Geopolitical tensions and commodity price volatility pose additional threats. Regional conflicts and supply disruptions could trigger spikes in energy and food prices, fueling inflation and straining external balances, particularly for low-income, commodity-importing countries.

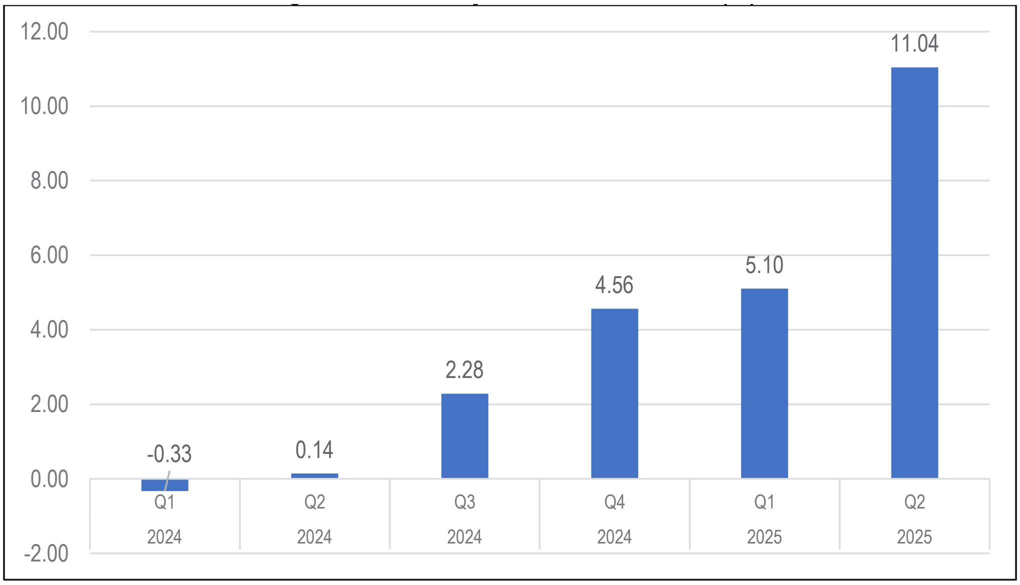
Domestic Economic Development and Outlook

29. In 2025, ZIMSTAT revised the national accounts statistics after undertaking an economic census which covered all economic activities for the year 2023. Resultantly, GDP estimates for

2023 and 2024 were revalued upwards to approximately US$44.5 billion and US$45.7 billion, respectively. In 2025, nominal GDP is projected at US$52.4 billion and GNI per capita income of US$3 200.

30. During the first half of the year, the domestic economy exhibited strong performance as evidenced by robust year on year quarterly GDP growth rate of 5.1% in the first quarter and 11.0% in the second quarter of 2025. As a result, the economy grew by an estimated 8.1% during the first half of 2025 as shown in the graph below.

Figure 6: Quarterly GDP Growth Rates (%)



Source: ZIMSTAT, 2025

31. The domestic economy is now projected to achieve growth of 6.6% in 2025, an upward revision of 0.6 percentage points from

the initial forecast of 6.0%. The revised projection is primarily on account of strong recovery in the agricultural sector, which is expected to record growth of 24%. The mining sector growth is projected at 7.3% in 2025. The growth is further bolstered by the positive performance in the manufacturing sector, which is projected to record growth of 4.2%, along with notable performance in key sectors such as electricity generation (6.7%) and construction (4.8%).

Table 5: GDP Growth Projections (%)

GDP Growth Rates	2024	2025 Init. Proj	2025 Rev. Proj	2026 Proj	2027 Proj	2028 Proj
Agriculture	-18.1	21.5	24.0	5.4	5.1	5.6
Mining and quarrying	12.9	5.3	7.3	6.3	5.7	5.4
Manufacturing	1.6	2.8	4.2	3.7	4.1	4.0
Electricity	10.5	6.8	6.7	6.5	5.0	6.0
Construction	3.5	4.8	4.8	5.0	5.2	5.3
Wholesale and retail trade	2.6	5.4	4.4	7.4	7.3	6.9
Information and communication	2.5	4.6	12.5	8.9	6.2	5.9
Accommodation and food	-6.4	2.9	2.9	3.1	3.6	3.7
Financial and insurance activities	1.3	4.7	4.5	6.5	6.3	6.1
Other service sectors	4.3	4.1	3.8	3.2	3.8	3.6
Overall GDP	1.7	6.0	6.6	5.0	5.1	5.0

Source: MoFED&IP, RBZ and ZIMSTAT 2025

32. In 2026, economic growth is projected at 5.0%, anchored on strong performance of key sectors, agriculture (5.4%), mining and quarrying (6.3%), manufacturing (3.7%), electricity generation (6.5%), and wholesale and retail trade (7.4%).

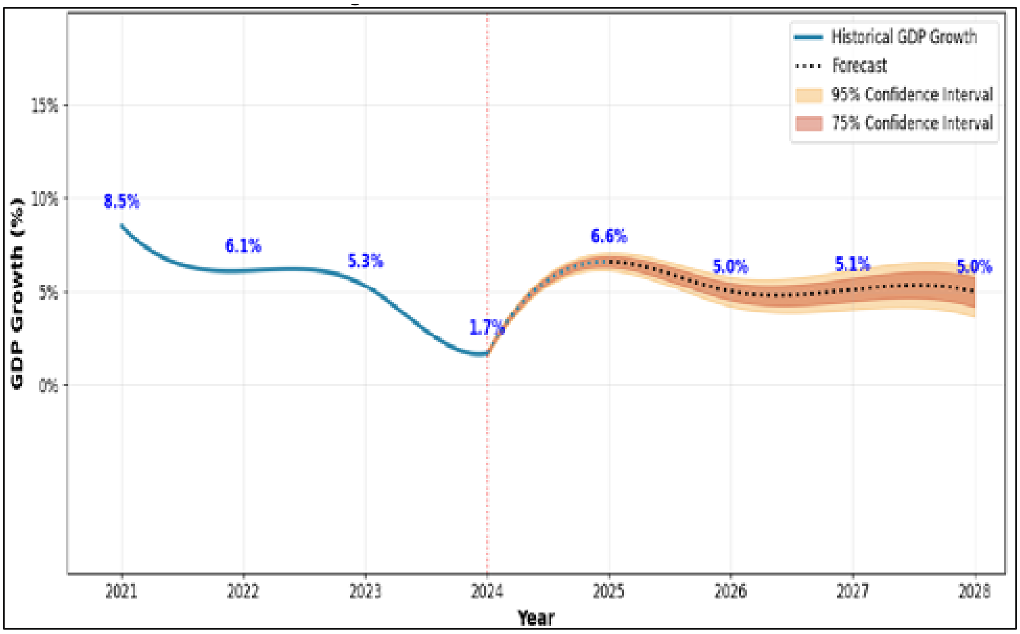
33. Favourable weather conditions are expected to bolster agricultural production, while higher investment in the manufacturing sector is expected to drive industrial output. Strong domestic demand, particularly in wholesale and retail trade, transportation, and information technology, will further anchor growth.

34. Broadly, real GDP growth in 2026 will be underpinned by:

- Expected normal to above normal rainfall, as well as irrigated cropping is expected to boost agriculture sector performance;
- Currency, exchange rate and price stability - prudent fiscal policy and tight monetary policy will anchor currency, exchange rate and inflation stability;
- Steady international mineral commodity prices - most commodity prices are expected to moderate, (except gold prices). Low fuel prices will reduce the domestic cost of production, while higher prices for gold will promote further mining sector growth, increasing foreign currency inflows; and
- Implementation of ease of doing business reforms—the ongoing review of the various licences, fees and charges is expected to continue with the overall impact of lowering the domestic costs of production, promoting competitiveness of local products.

35. Reflecting the uncertain economic outlook, the figure below shows projected GDP growth projection within a range taking into account both upside and downside risks.

Figure 7: GDP Growth Forecast

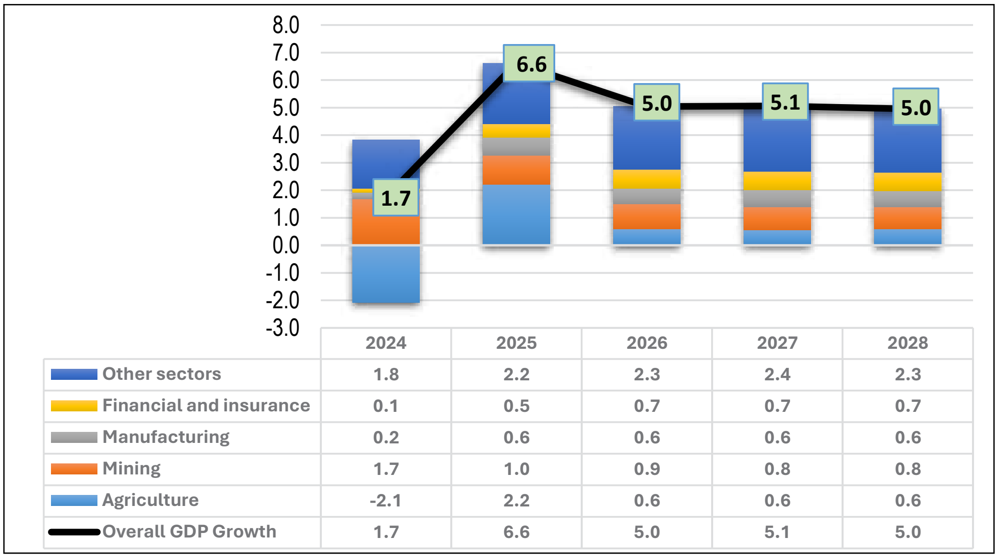


Source: MoFED&IP, RBZ and ZIMSTAT 2025

36. Therefore, the economic growth rate is projected in the range 4 – 6% over the next five years to 2030.

37. In terms of contribution to GDP growth, the agriculture sector remains the major driver of economic activity in 2025, contributing 2.2% to overall growth. This is followed by the mining sector contribution of 1.0%, while the manufacturing sector and financial and insurance activities are projected to contribute 0.6% and 0.5%, respectively. The remaining sectors combined are expected to add 2.2% to GDP growth.

Figure 8: Contribution to GDP Growth (%)



	2024	2025	2026	2027	2028
Other sectors	1.8	2.2	2.3	2.4	2.3
Financial and insurance	0.1	0.5	0.7	0.7	0.7
Manufacturing	0.2	0.6	0.6	0.6	0.6
Mining	1.7	1.0	0.9	0.8	0.8
Agriculture	-2.1	2.2	0.6	0.6	0.6
Overall GDP Growth	1.7	6.6	5.0	5.1	5.0

Source: MoFED&IP, RBZ and ZIMSTAT 2025

38. In 2026, the mining sector is expected to be the largest contributor to GDP growth, accounting for 0.9% of the projected 5.0% growth. This will be followed by financial and insurance activities at 0.7%, while agriculture and manufacturing are each projected to contribute 0.6%. The remaining 2.3% of growth is anticipated to be generated by other services.

GDP by Expenditure Approach

39. In terms of GDP by expenditure, growth in 2025 is mainly underpinned by consumption growth at 4.3% and investment growth at 4.9%. Exports growth is projected at 19.9%, largely driven by mining and agriculture exports, against an import growth forecast of 6.1%.

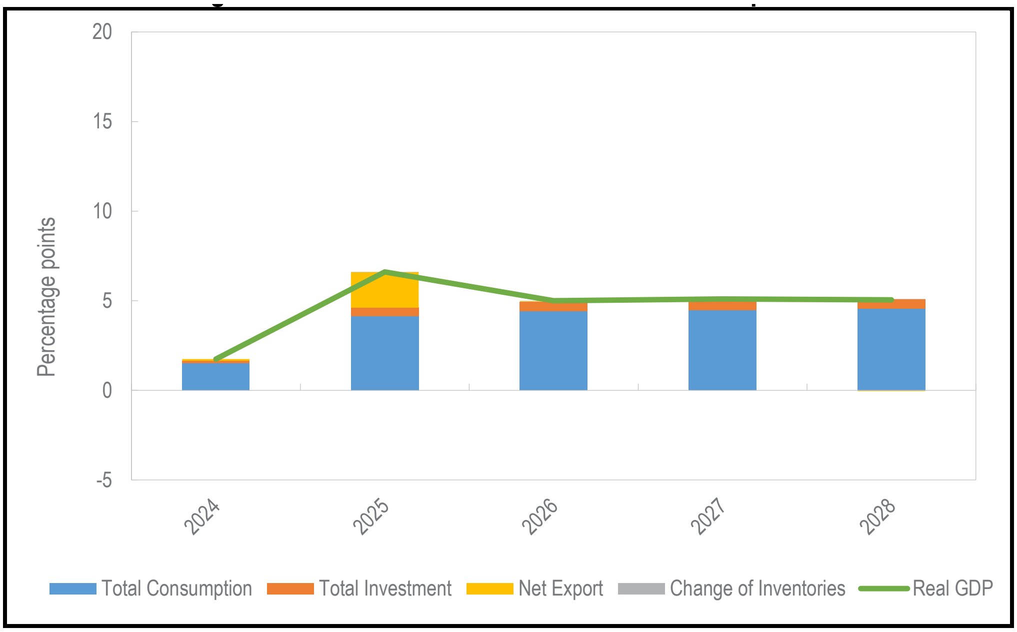
Table 6: GDP Growth by Expenditure 2025 – 28 (%)

	2024 ACT	2025 F	2026 F	2027 F	2028 F
Real GDP Growth Rate	1.7	6.6	5.0	5.1	5.0
Total Consumption	1.6	4.3	4.7	4.8	4.9
Total Investment	1.2	4.9	5.5	5.5	5.5
Export	1.3	19.9	5.8	6.3	6.5
Import	0.5	6.1	4.7	5.0	5.8

Source: MoFED&IP, RBZ and ZIMSTAT 2025

40. In 2026, real GDP growth will be supported by resilient demand and improved trade performance. Consumption and investment growth is projected at 4.7% and 5.5%, respectively. Exports growth is projected at 5.8%, slightly ahead of imports at 4.7%, sustaining the trade surplus.

Figure 9: Contribution to Growth: Demand Components



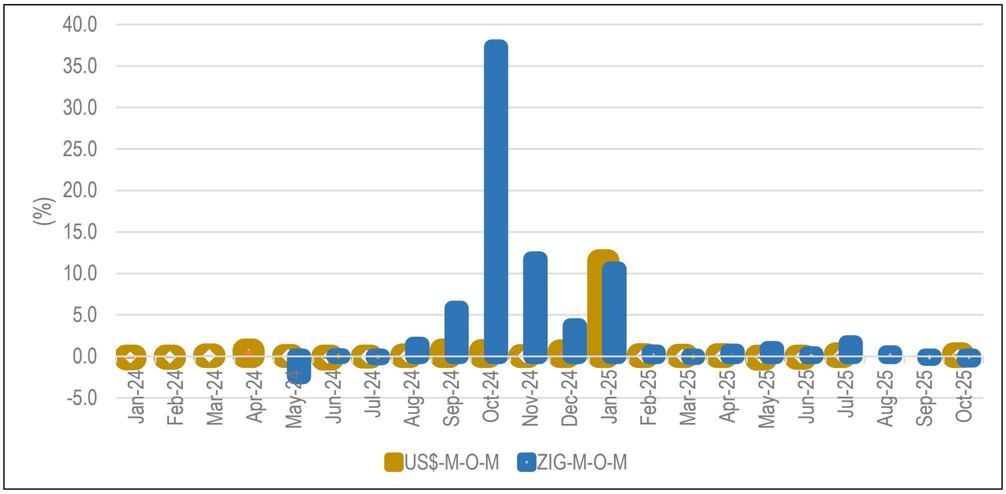
Source: MoFED&IP, RBZ and ZIMSTAT 2025

41. Private consumption is projected to account for 3.9% of growth, while public consumption will contribute 0.5%. Investment will add 0.5%, with exports contributing 1.1%, offset by an equivalent drag from imports, resulting in marginal net external trade growth. Overall, growth in 2026 will remain largely consumption-driven, complemented by improved investment.

Inflation Developments

42. Inflation developments in 2025 reflect the cumulative positive impact of prudent fiscal policy, sustained tight monetary policy and proactive money supply management. Monthly ZiG inflation remained relatively stable, averaging 0.4% during the period February to October 2025. The inflation stability underscores the effectiveness of policies aimed at anchoring inflation expectations and expectations of exchange rate depreciation in the economy.

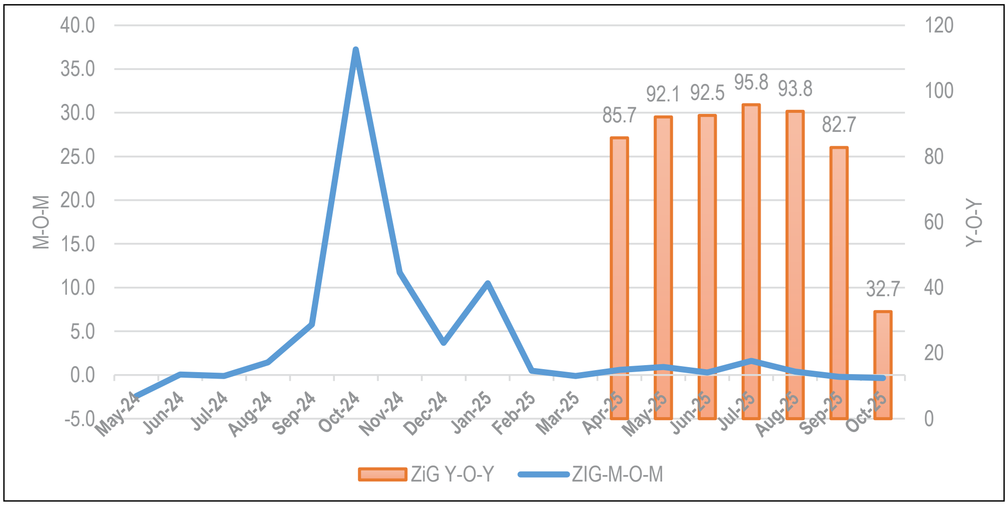
Figure 10: Inflation Developments



Source: ZIMSTAT, 2025

43. On an annual basis, ZiG inflation moderated from 85.7% in April 2025, 95.8% in July 2025 to 32.7% in October 2025, largely reflecting tight monetary policy, currency, and exchange rate stability. Improved domestic food supply further dampened inflationary pressures. Annual inflation is projected at around 20% by December 2025.

Figure 11: Inflation (%)



Source: RBZ and ZIMSTAT, 2025

44. The sustained implementation of a tight monetary policy stance since September 2024 has firmly anchored price and exchange rate stability. This stability was further reinforced during the Mid-Term Monetary Policy Review through the deployment of NNCDs as part of enhanced liquidity management.

45. Further, the economy benefited from significant foreign currency inflows from exports, particularly tobacco, gold and platinum.

The 2024/25 favourable agricultural season contributed to price and exchange rate stability through increased domestic food supply.

46. In 2026, the ZiG annual inflation rate is projected to decline to single digit levels, with a projected average of 12.1% for the year, reflecting anchored inflation expectations, currency and exchange rate stability, as well as strengthened monetary-fiscal policy coordination.

47. Similarly, month-on-month US$ inflation averaged 0.1% over the period February to October 2025, while US dollar annual inflation averaged 14.2%.

48. Sustained deceleration in ZiG inflation in 2025 implies broad price and exchange rate stability, laying a strong foundation for single digit inflation and macroeconomic stability in 2026 and beyond.

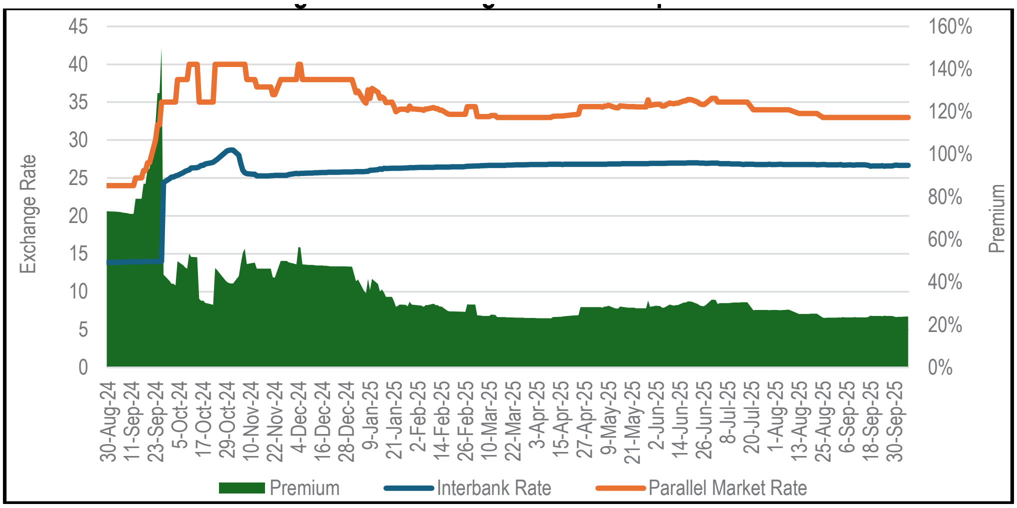
Exchange Rate Developments

49. The exchange rate has remained fairly stable on the Willing Buyer Willing Seller market, since September 2024, supported by steady foreign currency inflows and tight liqudity conditions. The accumulation of foreign currency reserves has allowed

the Reserve Bank to intervene in the foreign exchange market to smoothen supply-demand mismatches.

50. The interbank exchange rate averaged ZiG26.69 per US$ over the period January to September 2025, closing the month of September 2025 at ZiG26.64 per US$.

Figure 12: Exchange Rate Developments



Source: MOFED&IP and RBZ, 2025

51. Consequently, the parallel market exchange rate premium narrowed from above 36% in January 2025, to about 20% by end of September 2025.

52. The exchange rate is projected to remain broadly stable over the medium term on the back of prudent fiscal policy, tight monetary conditions and improved policy coordination.

External Sector

53. During the period January to September 2025, total foreign currency receipts amounted to US$12 billion, compared to US$10 billion received during the same period in 2024. The growth was primarily driven by increases in export receipts, diaspora remittances and loans to the private sector, as shown in the table below.

Table 7: Foreign Currency Receipts (US$ Million)

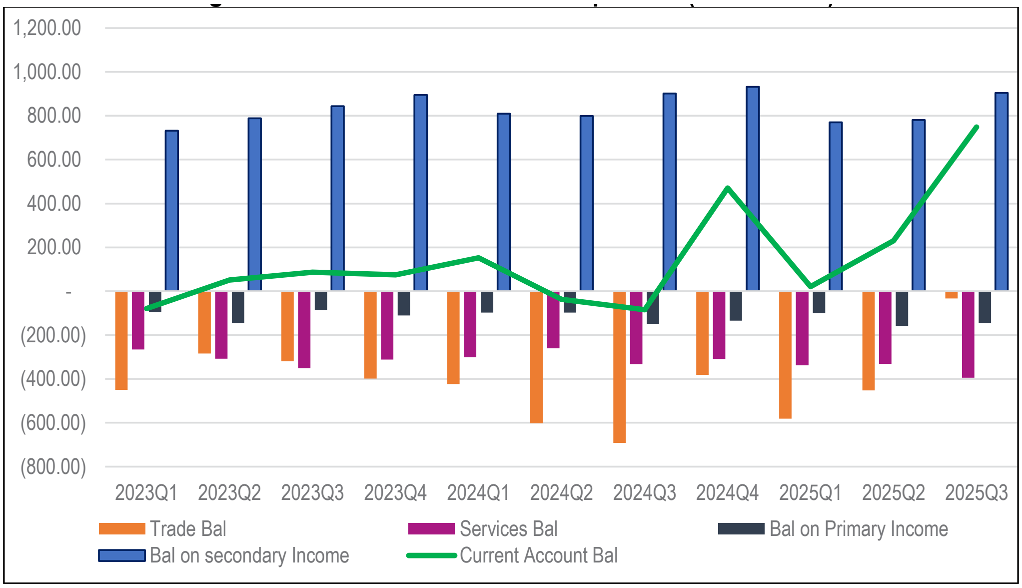
Type of Receipt		Jan-Sept 2024	Share (%)	Jan-Sept 2025	Share (%)	Change (%)
Export Proceeds		5467.3	57	7038.6	59.2	28.7
International Remittances	Diaspora Remittances	1566	16.3	1754	14.8	12
	NGOs	866	9	820	6.9	-5.3
Loan Proceeds (Private)		1262	13.2	1961	16.5	55.4
Income Receipts		91	0.9	131	1.1	44
Foreign Investment		333	3.5	184	1.5	-44.7
Total		**9585.3**	**100**	**11888.6**	**100**	**24**

Source: RBZ, 2025

54. Export receipts and diaspora remittance accounted for 59.2% and 14.8% of the total receipts, respectively, over the period from January to September 2025.

55. As a result, preliminary data indicates that a current account surplus of US$961.3 million was recorded during the first nine months, a significant improvement from a surplus of US$31 million recorded in the same period during 2024.

Figure 13: Current Account Developments (US$ Million)



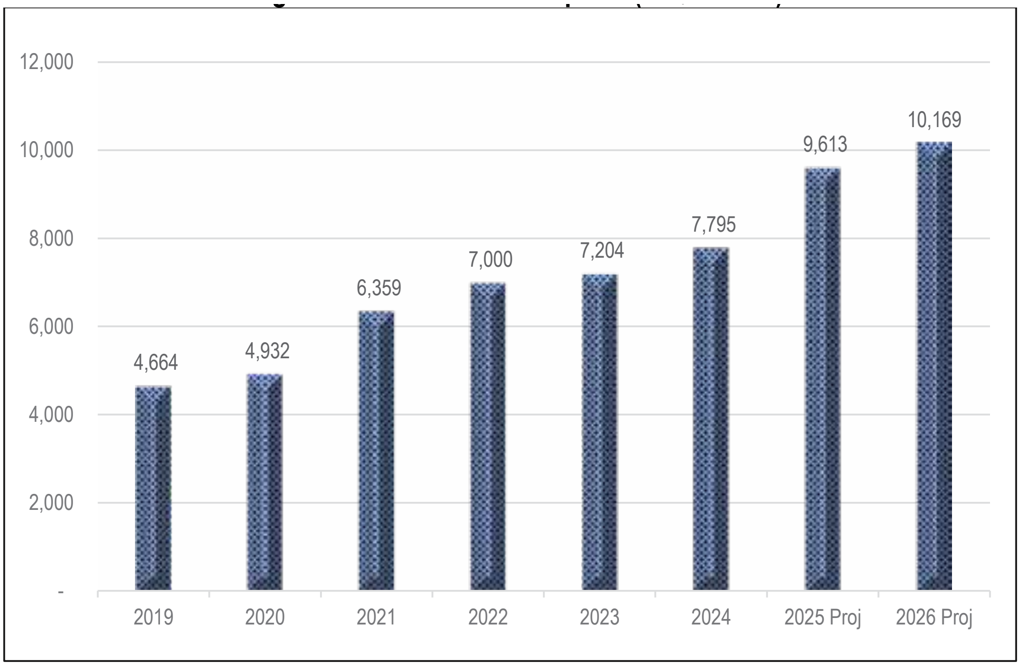
Source: RBZ and ZIMSTAT, 2025

56. To year end, the current account surplus is projected at US$1.3 billion, compared to US$501.2 million recorded in 2024. The surplus is expected to further increase to US$1.4 billion in 2026 underpinned by sustained exports growth and strong diaspora inflows.

Merchandise Exports

57. During the first nine months of 2025, merchandise exports amounted to US$7 billion, an increase of 33.5% over the corresponding period in 2024. The growth was primarily driven by growth in the exports of gold, tobacco, ferrochrome and manufactured products such as cigarettes and steel.

Figure 14: Merchandise Exports (US$ Million)



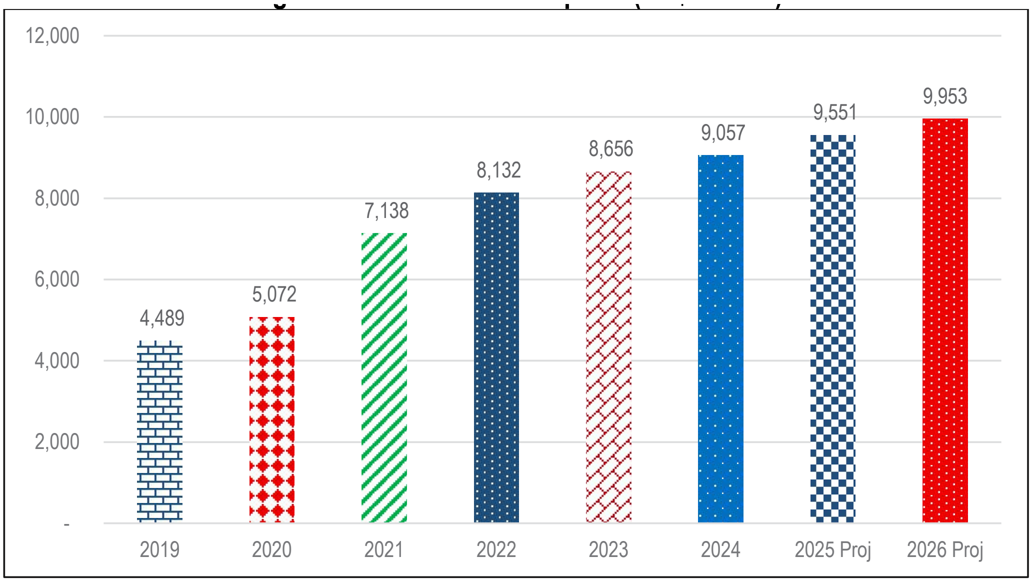
Source: MoFED&IP, RBZ and ZIMSTAT 2025

58. To year end, merchandise exports are projected to increase by 23.3% from US$7.8 billion recorded in 2024 to US$9.6 billion. In 2026, exports are projected to record growth of 5.8% to US$10.2 billion in the main reflecting growth of Gold, PGMs, tobacco and steel exports.

Merchandise Imports

59. Merchandise imports registered a 8% growth to US$7 billion in the first nine months of 2025, compared to the corresponding period in 2024, mainly driven by growth in imports of food, fuel, raw materials, vehicles and beverages.

Figure 15: Merchandise Imports (US$ Million)



Source: MoFED&IP, RBZ & ZIMSTAT 2025

60. To year end, merchandise imports are projected at US$9.6 billion, representing a 5.5% increase from US$9.1 billion recorded in 2024. This largely reflects growth in non-food imports, mainly raw materials and fuels in response to higher economic activity and real GDP growth.

61. In 2026, imports are projected to increase by 4.2% to US$10 billion, on account of higher imports of energy, raw materials and machinery.

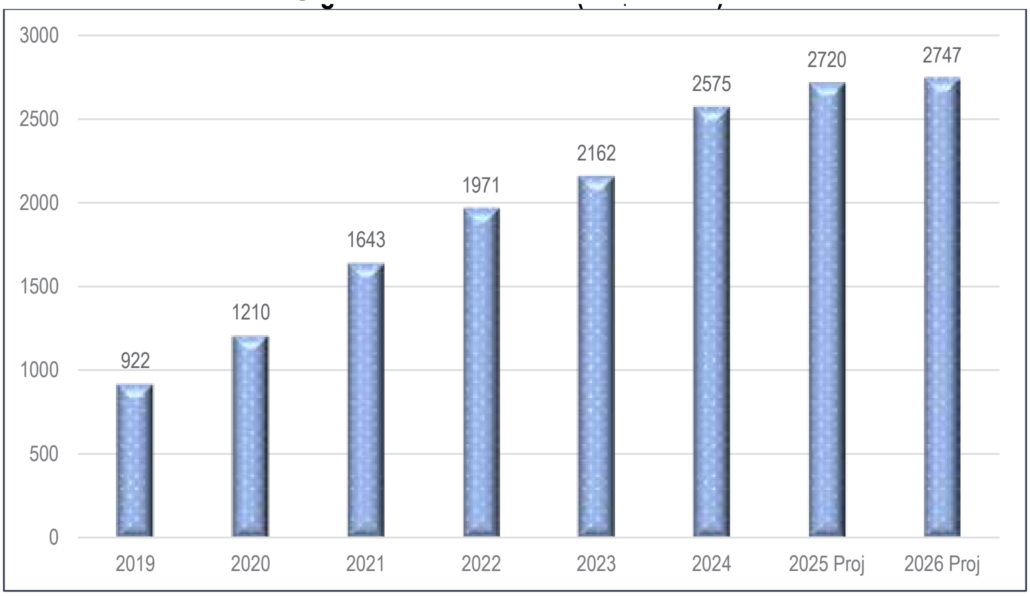
Remittances

62. During the first nine months of 2025, remittances increased by 12.1% to US$2.1 billion, from US$1.9 billion recorded in the

corresponding period in 2024. Diaspora flows have remained strong, reflecting global economic recovery across all major regions of the world.

63. On annual basis, diaspora remittances are projected to surpass US$2.7 billion and US$2.8 billion in 2025 and 2026, respectively.

Figure 16: Remittances (US$ Million)

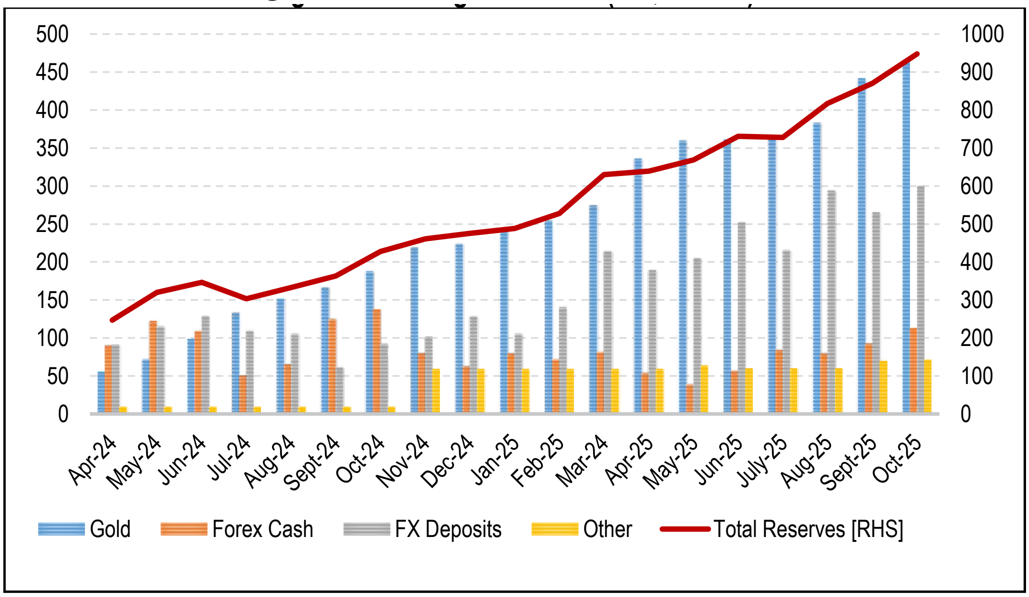


Source: MoFED&IP, RBZ & ZIMSTAT 2025

Foreign Currency Reserves

64. The country`s total holdings of gold and foreign reserves increased from US$285 million in April in 2024 to about US$950 million as of end October 2025. Therefore, the country`s foreign reserves now represent over one month of import bill cover, estimated at an average of US$800 million per month.

Figure 17: Foreign Reserves (US$ Million)



Source: RBZ 2025

Financial Sector Developments

65. The banking and financial sector (banks, building societies, microfinance, capital markets and pensions & insurance industry) is safe, sound and adequately capitalised. Financial intermediation, expansion in financial inclusion, improved asset quality and new delivery channels have been integral to the growth of the banking and financial services industry.

Banking Sector

66. As at 30 September 2025, the banking sector comprised of fourteen (14) commercial banks, four (4) building societies and one (1) savings bank. In addition, there were 296 credit-only microfinance institutions up from 259 last year, eight (8)

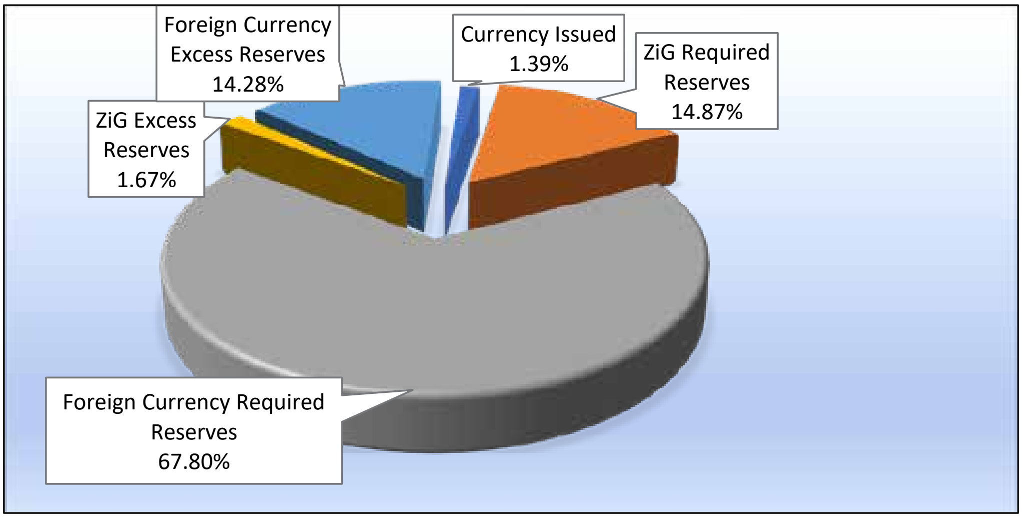
deposit-taking microfinance institutions (DTMFI) and four (4) development financial institutions. The banking sector remains safe and sound, with no elevated stress conditions.

67. In terms of capitalisation, the banking sector was adequately capitalised with average capital adequacy and tier 1 ratios of 33.8% and 25.3%, against the prescribed minimum capital adequacy ratio of 12% and the tier 1 capital ratio of 8%, respectively. The aggregate banking sector core capital stood at ZiG33.1 billion as at 30 June 2025, largely attributed to capitalisation of retained earnings.

Reserve Money Developments

68. The stock of reserve money was ZiG26.2 billion as of September 2025, reflecting an increase of 28.6% from ZiG20.4 billion recorded in December 2024. The stock of reserve money is composed of a foreign currency (82.1%) and a local currency (17.9%), as shown in the figure below.

Figure 18: Components of Reserve Money as at 30 September 2025

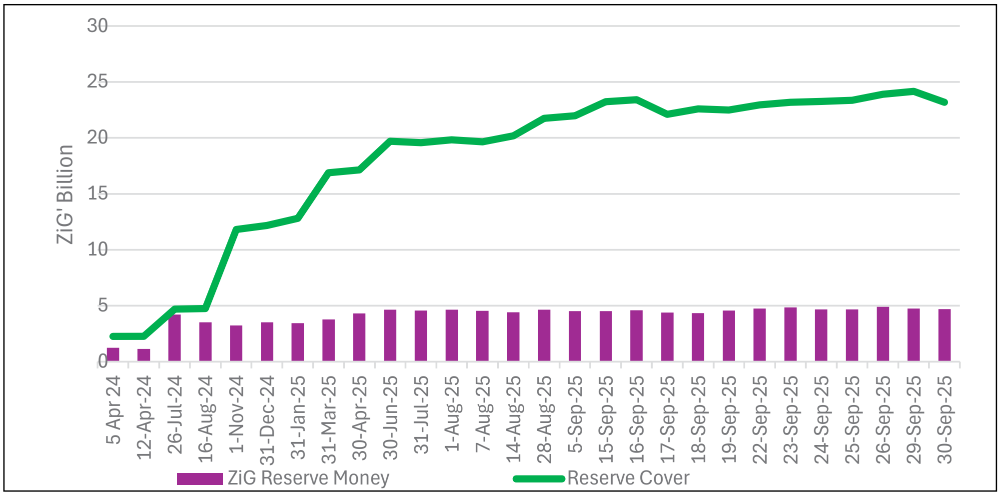


Source: RBZ, 2025

69. The local currency component of reserve money amounted to ZiG4.7 billion, an increase of 33.7%, from ZiG3.5 billion recorded in December 2024. The increase in the local currency component is in line with the targeted inflation of below 30%.

70. As at 30 September 2025, the ZiG reserve money was covered by the foreign reserves by about 5 times as shown in the figure below. Government through the Reserve Bank will continue to build foreign currency reserves to sustain confidence in the local currency.

Figure 19: Reserve Cover and Local Currency Component



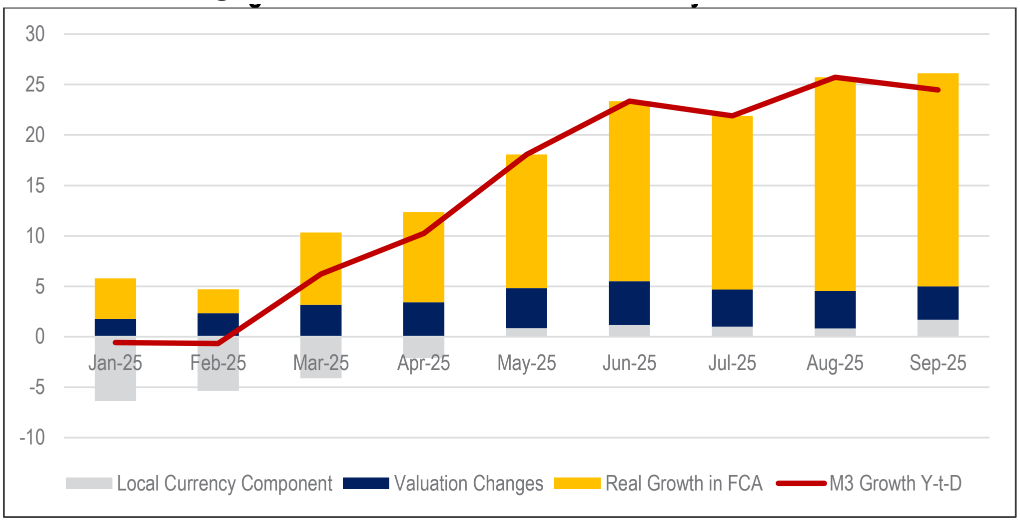
Source: RBZ,2025

Broad Money Developments

71. Broad money amounted to ZiG99.5 billion in September 2025, an increase of 26.1%, from ZiG78.9 billion recorded in December 2024. Over the period December 2024 to September 2025, the growth in broad money reflected expansion in foreign currency deposits and the local currency component of 28.1% and 17.5%, respectively.

72. Signifying currency and exchange rate stability during the year, the year-to-date contribution of valuation changes to broad money growth was only 3.3%. Figure below shows contributions to year-to-date growth in broad money.

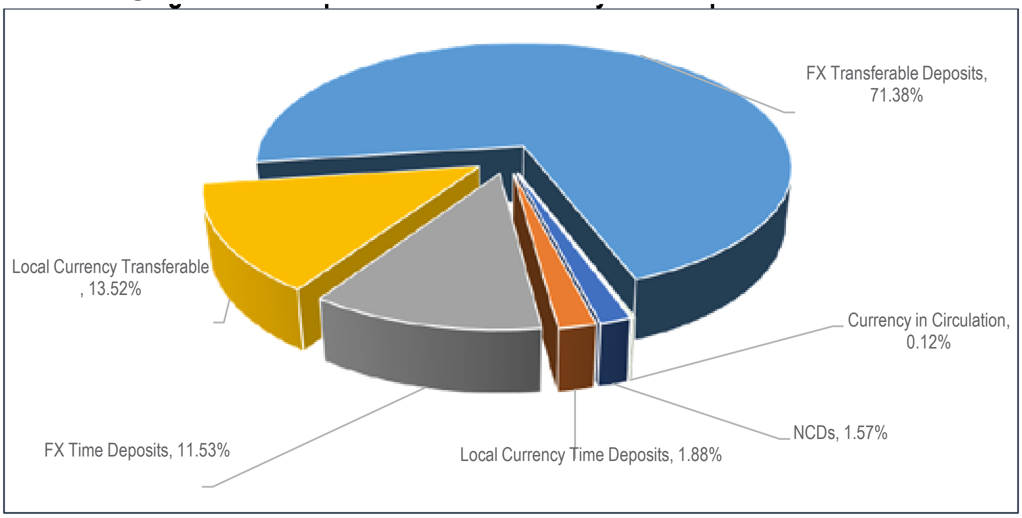
Figure 20: Contributions to Broad Money Growth



Source: RBZ, 2025

73. As of September 2025, broad money stock comprised of foreign currency deposits (82.9%), local currency deposits (15.4%), negotiable certificates of deposits (1.6%) and local currency in circulation (0.1%).

Figure 21: Components of Broad Money as of September 2025



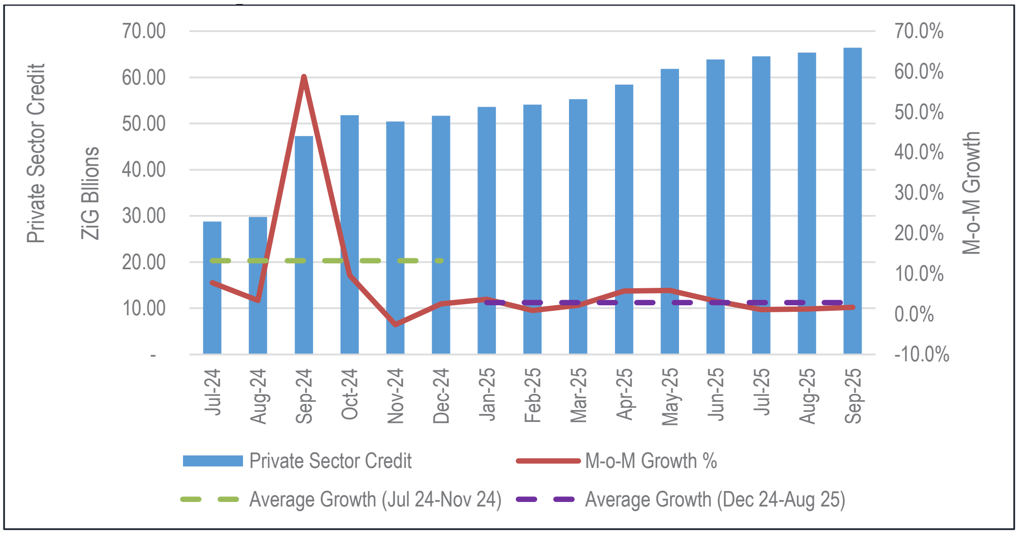
Source: RBZ, 2025

Domestic Credit

74. Domestic credit increased by 38.3%, from ZiG102.3 billion in December 2024 to ZiG141.5 billion in September 2025. Credit to the private sector increased by 28.5% to ZiG66.4 billion.

75. The average month-on-month growth in credit to the private sector declined from 13.2% recorded in the second half of 2024 to 2.8% in the first 9 months of 2025. The stabilisation of the growth in credit to the private sector was largely due to the Central Bank's tight monetary policy stance, which is consistent with the objective of sustaining currency and exchange rate stability.

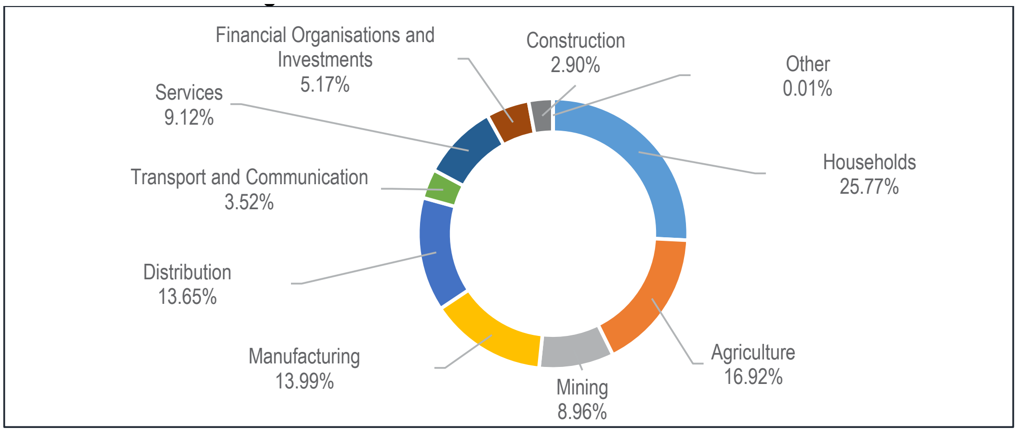
Figure 22: Month-on-Month Credit to Private Sector



Source: RBZ, 2025

76. Credit to the private sector was mainly channelled to households, agriculture, manufacturing and distribution, which received 25.8%, 16.9%, 14.0% and 13.7% of the total credit, respectively, while the mining sector received 9.0%.

Figure 23: Distribution of Private Sector Credit



Source: RBZ, 2025

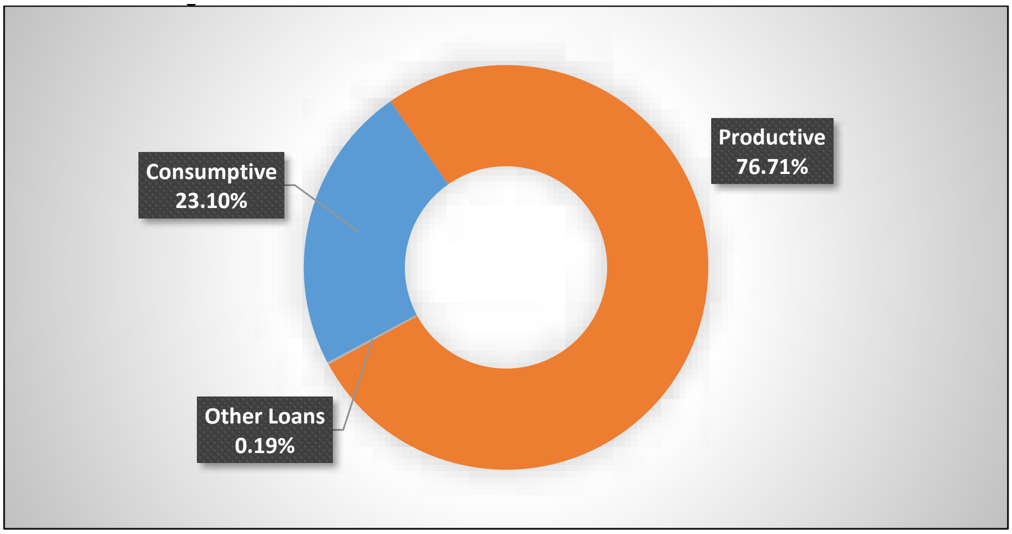
77. Credit to the private sector was largely utilised for recurrent expenditures (35.0%), inventory build-up (21.3%) and fixed capital investments (19.9%).

Banking Sector Loans and Deposits

78. As at 30 June 2025, total banking sector loans and advances amounted to ZiG67.5 billion, compared to ZiG27.5 billion as at 30 June 2024, mainly driven by increase in foreign currency denominated loans which accounted for 88.4% of total loans and advances.

79. The banking sector continues to play an important role in supporting the productive sectors of the economy. Loans to the productive sectors accounted for 76.7% of total loans as at 30 June 2025, as shown in the figure below.

Figure 24: Sectoral Distribution of Loans as at 30 June 2025



Source: RBZ, 2025

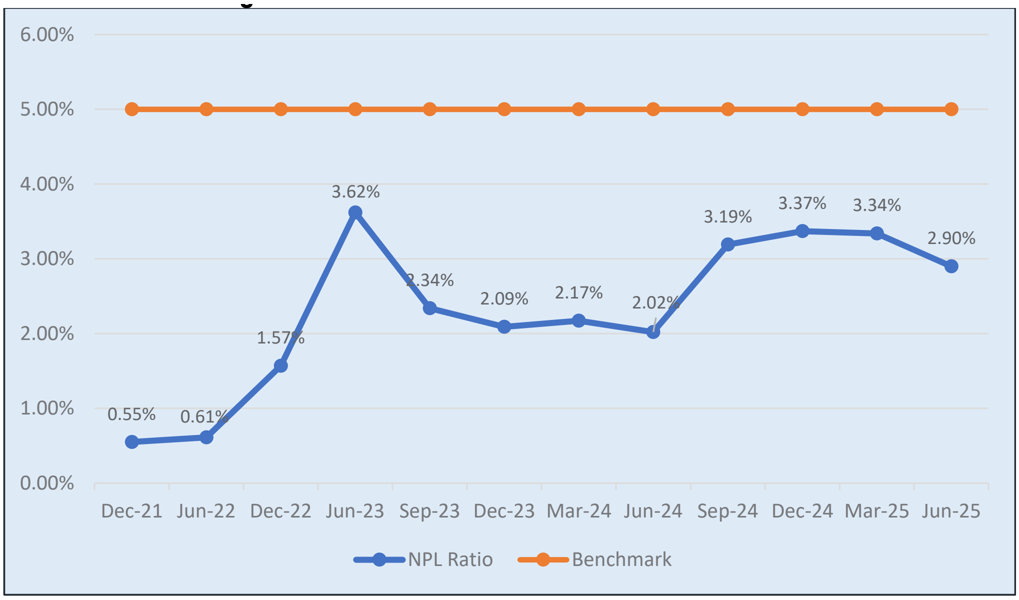
80. Total banking sector deposits amounted to ZiG112.8 billion as at 30 June 2025, representing an annual increase of 158.7%, from ZiG43.6 billion as at 30 June 2024. Foreign currency denominated deposits accounted for 84.7% of total deposits.

81. The banking sector continued to maintain high liquidity position as reflected by the average prudential liquidity ratio which remained stable at 56.8% as at 30 June 2025.

Loan Portfolio Quality

82. The banking sector's exposure to credit risk remains low as evidenced by a non-performing loans ratio of 2.9% as at 30 June 2025, which compares favourably with the international best practice threshold of below 5%. The figure below shows the trend in the level of non-performing loans to total loans ratio (NPL ratio) from December 2021 to June 2025.

Figure 25: NPL Ratio: December 2021 to June 2025

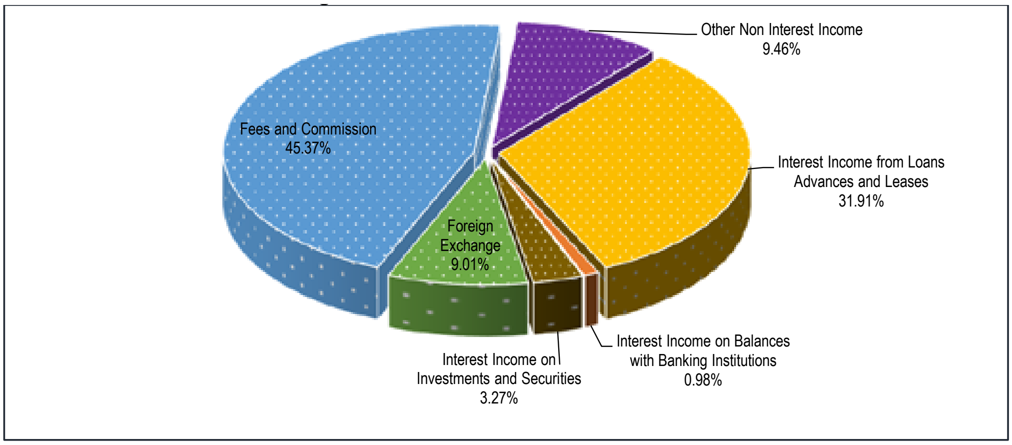


Source: RBZ, 2025

Earnings Performance

83. The banking sector remains profitable with recorded aggregate profit amounting to ZiG4.96 billion for the half year ended 30 June 2025, compared to ZiG10.40 billion reported in the corresponding period in 2024, as show below.

Figure 26: Income Mix - 30 June 2025



Source: RBZ, 2025

84. The income mix of banking institutions has increasingly shifted from revaluation gains towards fees and commissions. The continued ZiG stability will bolster the quality and sustainability of banking institutions' earnings.

Bank Charges

85. The economy has experienced low and stable inflation over the past twelve months. Thus, the Reserve Bank continues to engage the banking sector to adopt strategies that ensure affordable access to banking products and services in line with the national drive to reduce the cost of doing business.

86. Over the past decade, the banking sector income had increasingly shifted from interest income to non-funded and bank charges income. This shift implies that banks had

deviated from their traditional role of financial intermediation for economic growth. The sustained increase in bank charges over the years has contributed to the current high levels of cash circulating outside the formal banking system. Efforts to formalise cash circulation must be complemented by reduction in bank charges, fees and commission.

87. Government is undertaking comprehensive economy-wide regulatory and compliance cost reduction as part of the ongoing ease of doing business reforms. Banks are encouraged to reciprocate by reviewing bank charges in the economy.

88. Banks are also encouraged to offer deposit rates which are attractive for national savings mobilisation in a low inflation environment. Further, it is important that banks and financial institutions adhere to fair business practices and consumer protection as an integral part of sustainable business model.

Financial Inclusion

89. The National Financial Inclusion Strategy (NFIS) remains a critical policy tool for advancing financial inclusion, expanding the provision of banking services to the unbanked and underbanked.

90. Significant progress has been registered in the implementation of the NFIS by providing opportunities for the marginalised youths, women and SMEs to access financial services. The collateral registry and other initiatives by Monetary Authorities continues to widen access to financing for women and youths.

91. The table below shows the trend of key financial inclusion indicators during the period June 2024 to June 2025.

Table 8: Financial Inclusion Indicators June 2024 – June 2025

Indicator	24-Jun	24-Sep	24-Dec	25-Mar	25-Jun
Currency	ZiG	ZiG	ZiG	ZiG	ZiG
Number of Loans to MSMEs	8,660	7,861	11,927	6,702	7,223
Value of loans (Billions) to MSMEs	1.55	3.24	5,46	3.53	4.39
Average loans to MSMEs as % of total bank loans	5.25	7.55	8.49	6.97	8.18
Number of Loans issued to women	189,763	204,560	319,634	311,781	328,324
Value of Loans (Billions) issued to women	2.38	4.23	4.91	4.68	5.69
Average loans to women as a % of total bank loans	8.05	9.86	10.39	9.16	10.61
Number of Loans to youth	52,392	61,968	73,770	88,384	102,018
Value of Loans (Billions) to youth	1.19	2.89	2.76	2.97	3.14
Average loans to the youth as a % of total bank loans	4.03	6.75	5.84	5.86	5.86
Total number of Active Bank Accounts (Million)	6.62	7.29	7.53	7.69	7.81
Number of Low-Cost Bank Accounts (Million)	3.82	3.38	3.37	3.49	3.54

Source: RBZ, 2025

92. Building on the successes and lessons of both NFIS 1 and 2, Government, through the Monetary Authorities and stakeholders are collaborating in the design and implementation of a comprehensive financial literacy strategy to promote financial inclusion.

93. The strategy aims to address the limitations of existing initiatives currently being executed in silos with limited outreach. Target groups will include the unemployed and underemployed, youth, persons with disabilities, pensioners, migrants, women, and small and medium enterprises (SMEs).

Credit Infrastructure

94. The Credit Registry continues to provide critical credit information to financial institutions to enable them to make data-driven lending decisions, improve credit risk analysis, and strengthen portfolio quality and risk management. During the first half of 2025, credit reporting institutions recorded an increasing quantum of searchable records.

95. The Collateral Registry System has unlocked borrowing opportunities for individuals and MSMEs who previously did not possess immovable property as security required by most lenders. As at 30 June 2025, there were 3 329 active registrations in the Collateral Registry, with a total principal value of ZiG56.3 billion.

96. Lending institutions continue to expand the types of movable assets which qualify as collateral, which now range from household goods, private vehicles, trucks, livestock, agricultural equipment and shares.

Regulation of Digital Transactions

97. The country has witnessed the growth of digital lending and digital credit provision, leveraging on advances in technology and mobile penetration. This has significantly improved access to credit, enhancing financial inclusion.

98. However, without an appropriate regulatory framework, risks such as unethical lending practices, high transaction costs, cyber-attacks and potential over-indebtedness may arise which can undermine consumer trust and lead to financial instability.

99. To mitigate these risks, Government is developing a regulatory framework to regulate the extension of credit through digital platforms to foster a sustainable digital lending environment that benefits all stakeholders while minimising potential risks.

Anti-Money Laundering, Counter Financing of Terrorism and Proliferation Financing

100. Government is fully committed to continuously renew and strengthen policies and measures to combat money laundering, counter financing of terrorism (CFT) and related financial crimes. As part of measures to enhance effective implementation of AML/CFT/PF recommendations, the Ministry

in collaboration with the Financial Intelligence Unit, launched and disseminated Zimbabwe's third Money Laundering National Risk Assessment (NRA) in 2025, to identify and tackle areas of high money laundering risks.

Table 9: Summary of Risk Ratings Per Sector

Sector	Threat Rating	Vulnerability Rating	ML Risk
Banking	Low	Medium High	Medium
Securities	Low	Medium Low	Medium Low
Insurance	Low	Medium Low	Medium Low
Bureaux de Change	Low	Medium Low	Medium Low
Money Transfer Services	Low	Medium	Medium Low
Microfinance Institutions	Low	Medium Low	Medium Low
Mobile Money Payment Services	Low	Medium Low	Medium Low
Casino	Low	Medium Low	Medium Low
Car Dealers	Medium High	High	High
Lawyers	Medium Low	Medium High	Medium
Accountants	Low	Medium Low	Medium Low
Precious Metals and Precious Stones	Medium High	Medium High	Medium High
Trusts and Company Service Providers	Low	Medium Low	Medium Low
Real Estate Agents	Medium High	Medium High	Medium High
Overall ML	Medium Low	Medium High	Medium

Source: MoFED&IP, RBZ

101. The National Risk Assessment revealed that financial crimes such as fraud, smuggling, tax evasion, illegal dealings in precious stones, metals and illegal dealing in drugs, are recurring with increased frequency.

102. Further, the NRA recognises the money laundering and terrorism financing risks posed by virtual assets and the need

for regulation, in line with regional and international best practices.

103. Government has directed the Financial Intelligence Unit to coordinate with all relevant agencies and prioritise the drafting of a comprehensive regulatory framework to regulate the activities of Virtual Asset Service Providers (VASPs).

104. Zimbabwe has now adopted the Anti-Money Laundering and Counter Financing of Terrorism Strategy (2025 – 2029). The strategy guides all relevant stakeholders from financial institutions, designated businesses and professions, regulatory bodies and law enforcement agencies in the collective effort to combat financial crimes.

105. Going forward, Government will continue to review and align the legal and institutional framework to the Financial Action Task Force (FATF) global Anti Money Laundering standards. Current efforts are focused on strengthening the implementation of the Strategy as the country prepares for the Third Round of Mutual Evaluations being undertaken by the Eastern and Southern Africa Anti Money Laundering Group (ESAAMLG) which is expected to commence in June 2026.

Insurance and Pensions

Insurance

106. The insurance industry was comprised of 93 players as at 30 September, 2024 as shown in the table below.

Table 10: Insurance Industry Players

Class of Business	As at 30 September 2024	As at 30 September 2025
Short-term Insurers	20	20
Life Insurers	12	12
Reinsurers	10	10
Micro-insurers	16	16
Insurance Brokers	27	27
Reinsurance Brokers	8	8

Source: IPEC

107. The asset base for the insurance industry recorded a 49.55% increase to ZiG30.8 billion as at 30 September 2025 from ZiG20.6 billion reported as at 30 September 2024 as shown in the table below:

Table 11*:* Insurance Industry Assets

Sector	Sept 2025 (ZiG Million)	Sept 2024 (ZiG Million)	Change
Direct Insurers	7,680.30	4,666.21	64.59%
Micro-insurers	256.26	176.90	44.86%
Life Insurers	17,170.03	11,281.39	52.19%
Life Reinsurers	437.16	263.86	65.68%
Non-Life Reinsurers	5,274.65	4,219.05	25.19%
Total	**30,818.40**	**20,607.41**	**49.55%**

Source IPEC

108. Insurance industry revenue grew by 28.32% from ZiG 3.6 billion reported as at 30 September 2024 to ZiG11.1 billion as at 30 September 2025. The table below indicates insurance revenue by the class of business.

Table 12: Insurance Revenue (ZiG Million)

Class of Business	Sep 2025	Sep 2024	Change
Direct Insurers	6,071.40	2,257.05	24.38%
Micro-insurers	219.94	149.5	-24.07%
Life Insurers	4,591.06	1,071.00	39.01%
Life Reassurers	182.20	77.6	21.74%
Total	**11,064.60**	**3,555.15**	**28.32%**

Source: IPEC

109. The industry recorded a 16.67% increase in US$ denominated revenue, US$275.99 million for the nine months ended 30 September 2025 compared to US$236.55 recorded for the same period last year.

Table 13: Insurance Revenue (US$ Million)

Class of Business	Sept 2025	Sept 2024	Change
Direct Insurers	176.45	153.97	14.60%
Micro-insurers	5.77	4.97	16.09%
Life Insurers	93.77	77.61	20.82%
Total	**275.99**	**236.55**	**16.67%**

Source IPEC

2025/26 Sovereign Insurance Policy

110. Zimbabwe ratified the African Risk Capacity (ARC) Treaty in March 2025, becoming a full member and entrenching its participation in the African Risk Capacity sovereign insurance risk pool.

111. In this regard, the country subscribed for the 2025/26 African Risk Capacity sovereign drought insurance policy worth US$2.8 million, with a potential maximum payout of US$14.9 million in the event of a drought. The premium was subsidised by the Swiss Development Corporation (SDC), and the African Development Bank (AfDB).

112. In addition, two Replica partners, namely World Food Programme and Start Network have complemented the Government's efforts by expanding the drought insurance coverage through purchasing the ARC Zimbabwe's Replica drought insurance policies for the 2025/26 agriculture season, amounting to US$1.5 million.

113. Government and partners have also developed a Climate and Disaster Risk Financing Strategy to manage the fiscal and economic impacts of climate-related disasters. This was made possible through technical and financial support from

the African Development Bank, World Food Programme, Start Network, Swiss Agency for Development and Corporation, African Risk Capacity, World Bank and Centre for Disaster Protection.

114. The Strategy outlines strategic priorities and financial instruments to enhance Zimbabwe's financial resilience to climate and disaster risks through sound risk assessments, a portfolio of adequate disaster risk finance instruments, mechanisms and clear rules to ensure efficient resource allocation to intended beneficiaries, and ongoing disaster risk reduction efforts to manage residual risk and fiscal impacts of disasters.

115. The Strategy enhances financial readiness by ensuring pre-arranged contingency plans and finance for the Government, and cooperating partners for preparedness and prompt disaster response.

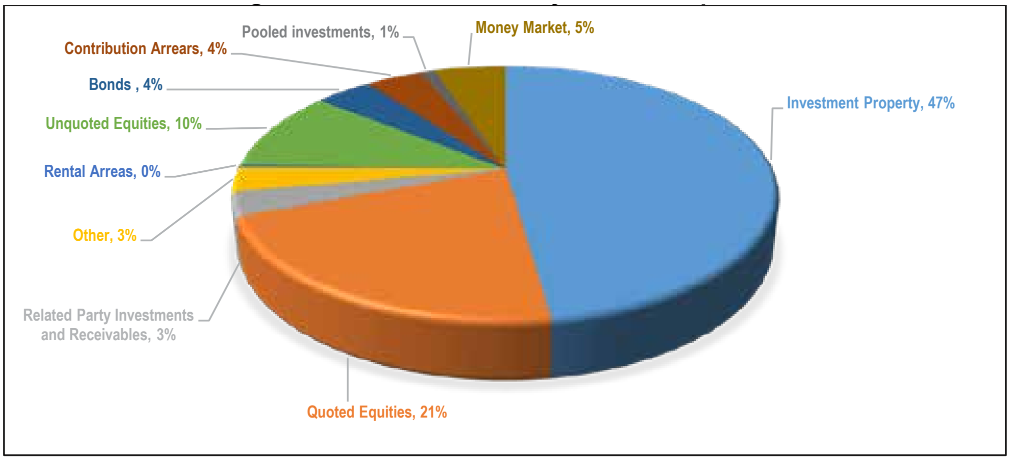
Pension Industry

116. The pensions industry had 968 registered occupational pension funds as at 30 September 2025. A total of 391 funds were active, 577 funds were inactive, whilst 90% (520) of the inactive funds are earmarked for dissolution.

117. The industry's total membership stood at 1,170,551 as at 30 September 2025 an increase from 968,746 as at 30 September 2024.

118. The total industry assets for fund business stood at ZiG75.5 billion, which is approximately US$2.8 billion (using the official exchange rate). This represented an increase of 40.2% from ZiG53.9 billion as at 30 September 2024, largely from new investments.

Figure 27: Pensions Industry Asset Composition



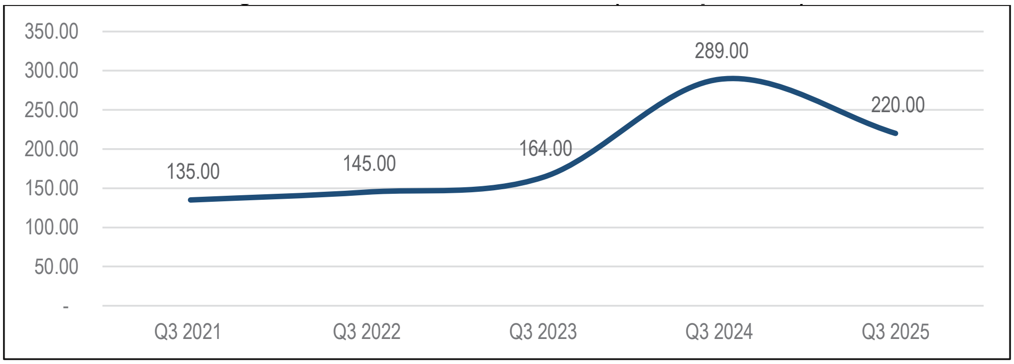
Source: IPEC

119. The pension industry assets were concentrated in investment properties and quoted equities, which constituted a combined total of 68% of the industry's total asset portfolio.

120. The major source of income was investment income and contributions, constituting 92% of total income, amounting to US$511.99 million (ZiG13.7 billion). Pension contributions amounted to US$220.1 million (ZiG5.9 billion).

121. The general trend in contributions is shown in the figure below.

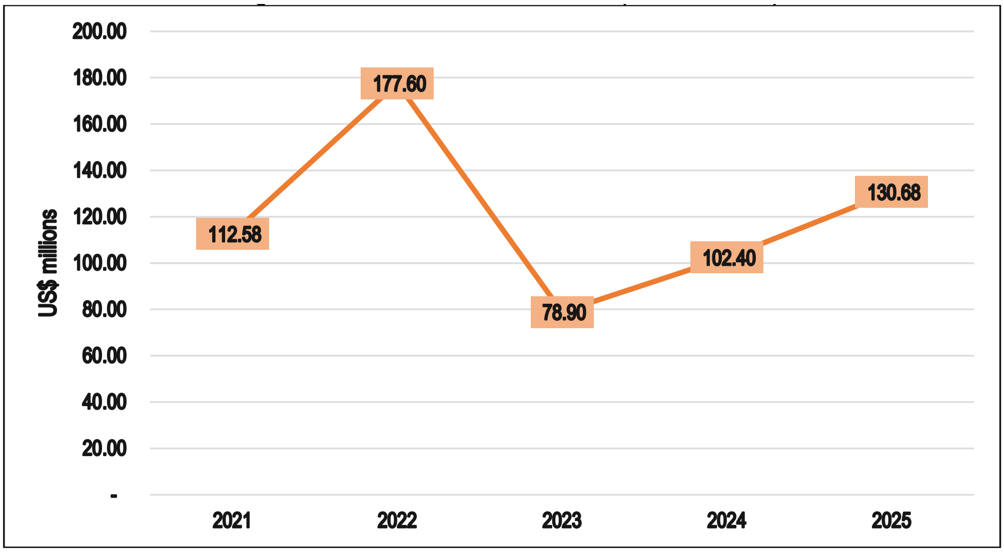
Figure 28: Trend in Contributions (US$ Equivalent)



Source IPEC

122. Total expenditure for the period under review was US$172.9 million (ZiG4.6 billion), compared to US$91.4 million in the prior year. A total of US$130.7 million (ZiG3.5 million), which made up 75.6% of total expenditure, was incurred towards benefits expenditure.

Figure 29: Benefits Paid in Trend (US$ Millions)



Source IPEC

Prescribed Asset Status

123. Government continues to call for realignment of the prescribed asset conferment with the primary objective of mobilising long-term savings for national development. During the year 2025, priority is conferment of prescribed asset status for infrastructure projects that are aligned with NDS1, including capitalisation of empowerment institutions such as EmpowerBank, Zimbabwe Women's Microfinance Bank and Small to Medium Enterprises Development Cooperation.

124. This is against the background of generally low compliance of the pension and insurance industry with prescribed asset status thresholds as indicated in the table below.

Table 14: Industry Compliance

Class of Business	Prescribed Requirement	Percentage Compliance (Sept 2023)	Percentage Compliance (Sept 2024)	Percentage Compliance (Sept 2025)
Short-Term Insurers	10%	7.52%	10.71%	9
Life Insurance	15%	9.33%	10.23%	9.18
Short-Term Reinsurers	10%	10.30:	13.02%	10
Life Reinsurers	15%	3.25%	15.74%	15
Pensions	20%	7.65%	12.58%	10.31

Source: IPEC

125. The industry has shown appetite to invest in properties, Real Estate Investment Trusts and private equity, while shunning Government instruments.

126. Given the stabilising macroeconomic environment, Government expects the insurance and pensions industry to increase uptake of Government investment instruments going forward. The Insurance and Pensions Commission will enforce compliance through invoking the relevant statutory provisions.

127. Meanwhile, Government encourages the Pensions industry to leverage on the Government Pension Fund and other arms of Government to co-invest in national projects. This will ensure alignment of pension industry savings with national development goals, spread risk and enhance industry compliance with PAS.

128. In addition, Government is considering the development of a state-of-the-art Convention Centre to increase the country`s conferencing capacity to enable hosting of high-profile events for regional and international events such as conferences, summits and exhibitions. This will stimulate economic growth, create employment and enhance Zimbabwe’s overall competitiveness in attracting and hosting large-scale international events.

129. In order to mobilise long-term, low-cost capital for this project, Government will confer Prescribed Asset status for the construction of a Convention Centre. This designation

will enable pension funds, insurance companies and other institutional investors to channel a portion of their investment portfolios into the project, in line with statutory investment requirements.

Capital Market Developments

Zimbabwe Stock Exchange

130. As at 30 September, 2025, the Zimbabwe Stock Exchange had forty-nine (49) listings, comprising four Exchange-Traded Funds, two (2) Real Estate Investment Trusts, and forty-three (43) equities, of which thirty-nine (39) are active.

131. Following the gazetting of the Securities and Exchange (Self Listing for Exchanges) (Amendment) Rules SI 49 of 2025, the Zimbabwe Stock Exchange (ZSE) has moved to self-list its shares through its holding company, the Zimbabwe Stock Exchange Holdings (ZSEH), on its own trading platform on the 11th of July, 2025.

132. The strategic move aligns the ZSE with a growing number of international and regional exchanges that have adopted this corporate model, such as the Johannesburg Stock Exchange and the Nairobi Securities Exchange. The primary goal of self-listing is to transform the ZSE from a broker-owned, member-

governed entity into a publicly-traded commercial business, thereby enhancing its independence, efficiency, corporate governance and ability to attract capital.

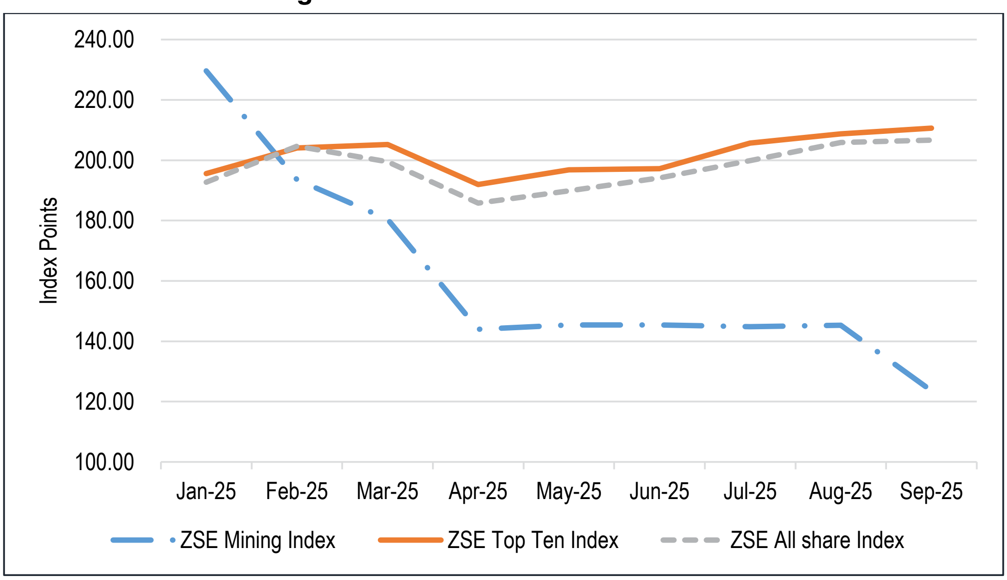
133. In terms of performance, the ZSE All Share Index registered a year-to-date decline of 3.2% to close at 210.6 points as at 30 September 2025, attributed to subdued market liquidity, which constrained overall trading activity. Similarly, the top 10 and mining index declined by 4.0% and 47%, respectively.

Table 15: ZSE Indices

Index	Dec 2024	September 2025	% Change
All Share	217.58	210.63	-3.19%
Top 10	215.24	206.67	-3.98%
Mining	235.38	123.58	-47.50%

Source: ZSE, 2025

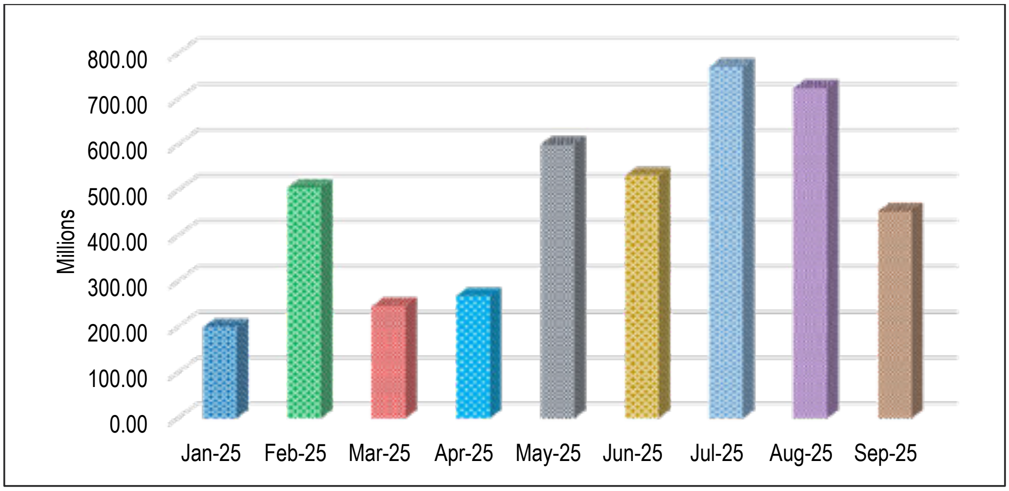
Figure 30: ZSE Indices Performance



Source: ZSE, 2025

134. The ZSE turnover registered a growth of 207% to ZiG4.3 billion as at the end of September 2025, compared to ZiG1.4 billion for the same period last year, buoyed by the ZiG stability.

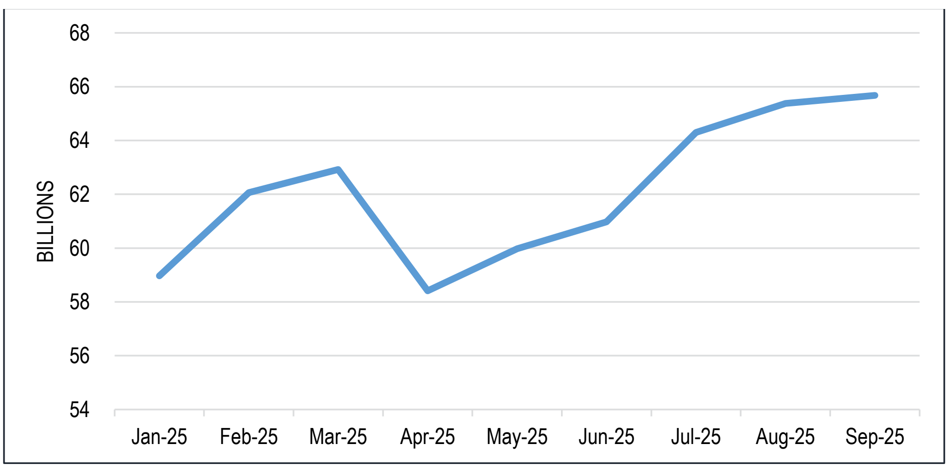
Figure 31: ZSE Turnover



Source: ZSE, 2025

135. The Zimbabwe Stock Exchange (ZSE) recorded a total market capitalisation of ZiG68.3 billion as at 30 September 2025 as illustrated in the figure below.

Figure 32: ZSE Market Capitalisation



Source: ZSE, 2025

Victoria Falls Stock Exchange

136. The number of listings on the Victoria Falls Stock Exchange (VFEX) was seventeen (17) as at 30 September 2025, consisting of two (2) depository receipts, one (1) REIT, one (1) debt instrument and thirteen equity instruments of which eleven (11) are active.

137. The VFEX All Share Index recorded a year-to-date upward movement of 44.9% as at the end of September 2025, to close at 150.8 points from 104.1 recorded in January 2025. The upward movement in performance can be attributed to improved trading activity and new listings.

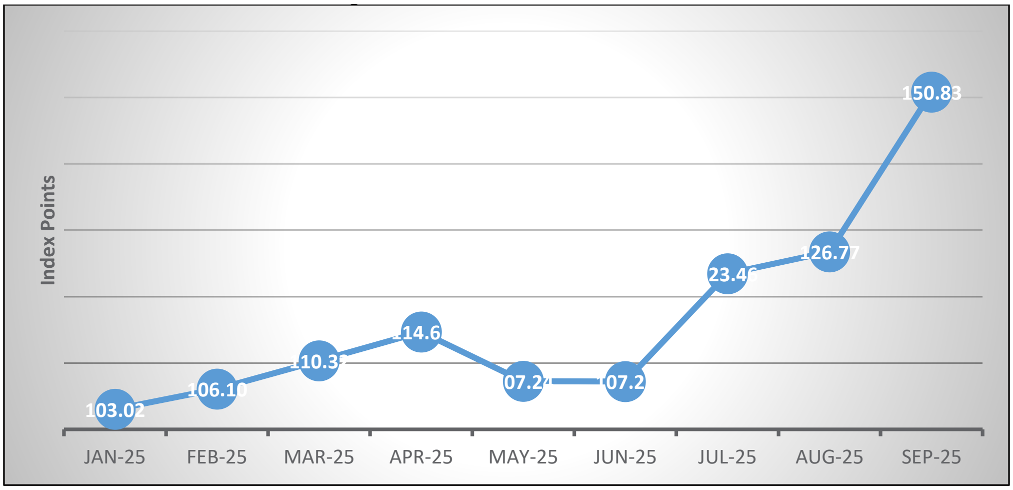
Table 16: VFEX All Share Index

	January 2025	September 2025	Change
VFEX-ALL SHARE	104.09	150.83	44.91%

Source: ZSE, 2025

138. The figure below shows the trend of the All-Share index over the period January – September 2025.

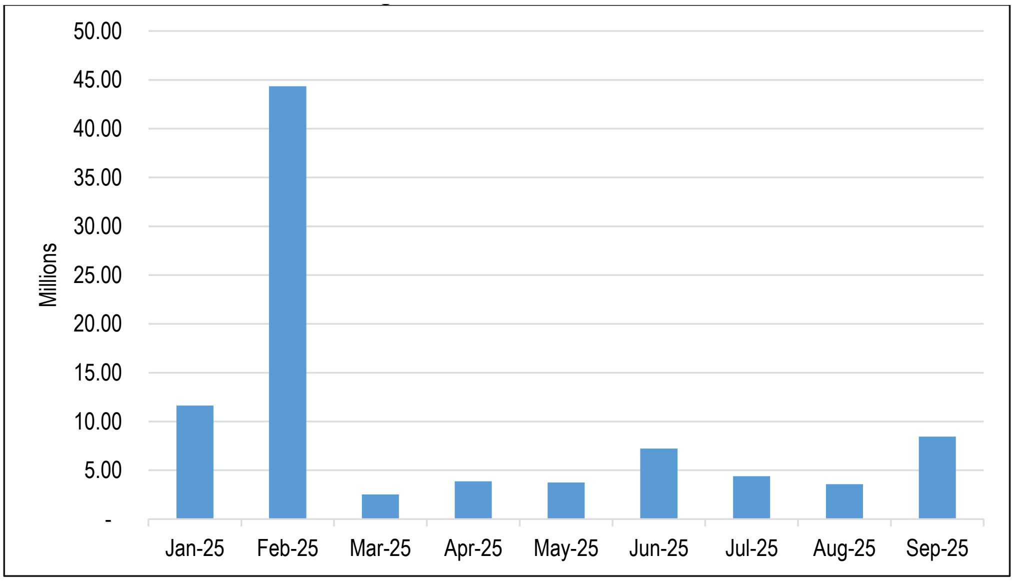
Figure 33: VFEX All Share Index



Source: ZSE, 2025

139. The VFEX turnover closed the month of September 2025 at US$90 million, compared to US$30 million for the same period in 2024. This reflects a 199% increase as investors continued to seek value preserving opportunities through the US$ denominated trading platform. The graph below illustrates the VFEX's turnover from January to September 2025.

Figure 34: VFEX Turnover

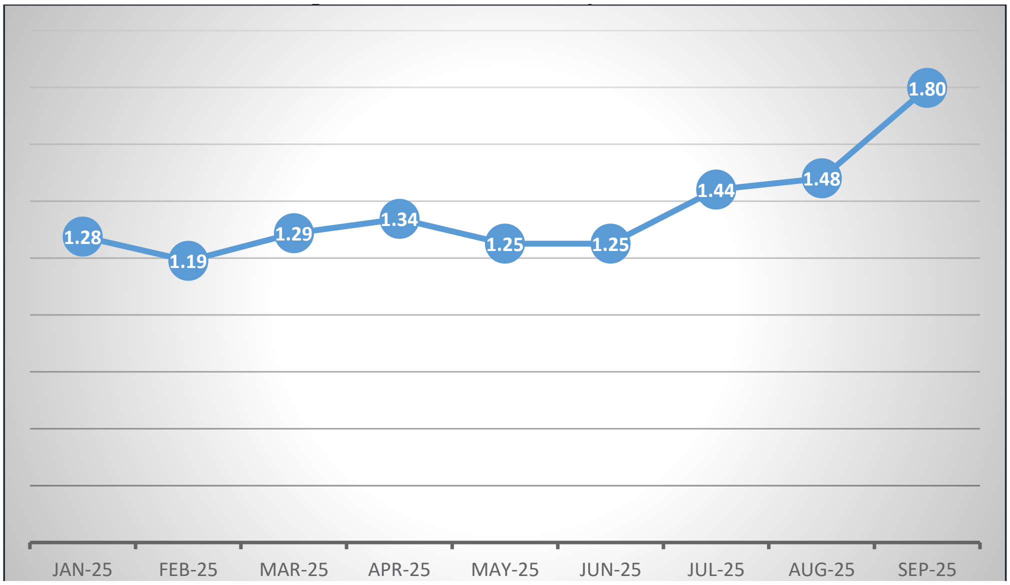


Source: ZSE, 2025

VFEX Market Capitalisation

140. Overall market capitalisation on the VFEX reached US$1.9 billion at the end of September 2025. as shown in figure below.

Figure 35:VFEX Market Capitalisation



Source: ZSE, 2025

Public Finance Developments

141. The 2025 National Budget was premised on total revenue collections of ZiG270.3 billion (19.6% of GDP), against expenditures of ZiG276.4 billion (20.1% of GDP) and a targeted budget deficit of ZiG6.1 billion (0.4% of GDP).

Table 17: Fiscal Framework 2025 (ZiG Million)

	Budget	Perf: Jan - Sept
Nominal GDP at market prices (Million USD)	1,375,936.30	
Real GDP Growth (%)	6	
Revenues	270,300.00	156,271.43
% of GDP	19.6	
Expenditures and Net Lending	276,370.00	152,547.87
% of GDP	20.1	
Expenses	235,767.20	115,947.07
% of GDP	17.1	
Use of goods and services	42,776.70	30,514.42
% of GDP	3.1	
% of Total Expenditure	15.5	20.0
Compensation of Employees	152,576.80	70,452.55
% of GDP	11.1	
% of Total Expenditure	55.2	46.2
% of Total Revenue	56.4	45.1
Interest Payments	5,614.30	3,557.02
% of GDP	0.4	
Capital Expenditure	40,603.70	36,600.81
% of GDP	3	
Overall Balance	-6,070.90	3,723.56
% of GDP	-0.4	

Source: MoFED&IP, RBZ and ZIMSTAT 2025

142. In US dollar terms, the 2025 fiscal framework was premised on revenue collections of approximately US$7.5 billion and total expenditures of about US$7.7 billion, resulting in a budget deficit of US$168.4 million.

Table 18: Fiscal Framework 2025 (US$ Million)

	Budget	Perf: Jan - Sept
Nominal GDP at market prices	38,178.00	
Real GDP Growth (%)	6	
Revenues	7,500.00	5,879.29
% of GDP	19.6	
Expenditures and Net Lending	7,668.40	5,739.20
% of GDP	20.1	
Expenses	6,541.80	4,362.19
% of GDP	17.1	
Use of goods and services	1,186.90	1,148.02
% of GDP	3.1	
% of Total Expenditure	15.5	20.1
Compensation of Employees	4,233.50	2,650.59
% of GDP	11.1	
% of Total Expenditure	55.2	46.2
% of Total Revenue	56.4	45.1
Interest Payments	155.8	133.82
% of GDP	0.4	
Capital Expenditure	1,126.60	1,377.01
% of GDP	3	
Overall Balance	**-168.4**	**140.09**
% of GDP	-0.4	

Source: MoFED&IP, RBZ and ZIMSTAT 2025

143. Since September 2024, the economy has experienced notable macroeconomic stability characterised by low inflation and stable exchange rate than projected during the budget formulation stage in 2024. Resultantly, the Budget performed below target in local currency (ZiG), while surpassing the target in foreign currency terms (US$).

144. As a result, revenue collections during the period January to September 2025 amounted to ZiG156.3 billion, while

expenditures were ZiG152.5 billion. On a cash basis, revenues exceeded expenditures by ZiG3.7 billion, which were utilised for partial repayment of some of the outstanding Government loan obligations.

145. In US dollar terms, revenue collections amounted to US$5.9 billion, against expenditures of US$5.7 billion.

Revenues

146. Cumulative revenue collections for the first nine months of 2025, amounted to ZiG156.3 billion against a target of ZiG188.7 billion. Tax revenue amounted to ZiG149.3 billion, accounting for 96% of total revenue, while non-tax revenue stood at ZiG7 billion, accounting for the remaining 4%.

Table 19: Revenue Performance: Jan to Sept 2025 (ZiG Billion)

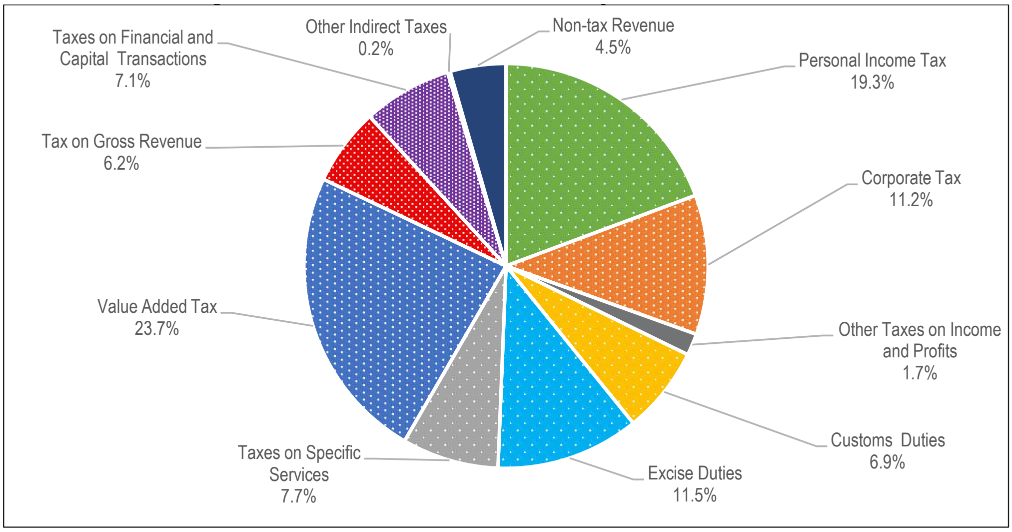
Revenue Head	Actual	Target	Var (%)
Total Revenue	156.3	188.7	-17.2
Tax Revenue	149.3	179.9	-17.0
Non-Tax Revenue	7.0	8.8	-20.3
Property Income	0.3	1.1	-70.2
Sales of Goods and Services	6.7	7.7	-13.3

Source: MoFED&IP, 2025

147. The equivalent revenue collection in US dollar terms amounted to US$5.9 billion, against a target of US$5.2 billion, which translates to a positive variance of US$616.1 million.

148. The main contributors to the revenue collections were Value Added Tax (23.7%), Personal Income Tax (19.3%), Excise Duty (11.5%), Corporate Income Tax (11.2%) and Customs Duty (6.9%).

Figure 36: Revenue Contributions by Revenue Head



Source: MoFED&IP, 2025

Expenditures

149. Cumulative expenditures for the period January to September 2025 were ZiG152.5 billion, representing 55% budget utilisation of the approved budget. Of this, recurrent expenditures amounted to ZiG114.8 billion, while capital expenditures stood at ZiG36.9 billion. Compensation of employees accounted for ZiG70.5 billion, accounting for 45.1% of total revenues.

Table 20: Expenditure Outturn (ZiG Billion)

Expenditure Item	Budget Est	Outturn to Sept	Budget Utilisation
Compensation of employees	152.6	70.5	46%
Use of goods and services	42.8	30.5	71%
Interest on debt	5.6	3.6	64%
Social Benefits	34.8	11	32%
Transfers to Local Authorities	13.6	0.4	3%
Capital Expenditure & Net Lending	27	36.5	135%
Total Expenditures and Net Lending	**276.4**	**152.5**	**55%**

Source: MoFED&IP, 2025

150. As of 31 September 2025, MDAs had utilised an average of 56% of their allocations as indicated in the table below. However, due to the actual exchange rate outturn compared to the Budget exchange rate, actual average utilisation stands at 75%.

Table 21: Budget Utilisation as at 31 September 2025

Vote	Budget (ZIG M)	Exp (ZIG M)	Util (%)	Adjusted Util (%)
Office of the President and Cabinet	14,536	14,734	101%	124%
Parliament of Zimbabwe	2,753	1,349	49%	65%
Public Service, Labour and Social Welfare	11,710	3,462	30%	39%
Defence	18,052	12,868	71%	95%
Finance, Economic Development and Investment Promotion	21,497	13,380	62%	94%
Audit Office	739	153	21%	28%
Industry and Commerce	551	155	28%	37%
Lands, Agriculture, Fisheries, Water and Rural Development	22,951	13,675	60%	80%
Mines & Mining Development	800	339	42%	56%
Environment, Climate and Wildlife	517	360	70%	93%
Transport and Infrastructural Development	8,256	18,413	223%	267%
Foreign Affairs and International Trade	3,990	840	21%	28%
Local Government and Public Works	4,908	1,774	36%	48%
Health and Child Care	27,827	10,133	36%	49%

Vote	Budget (ZIG M)	Exp (ZIG M)	Util (%)	Adjusted Util (%)
Primary and Secondary Education	42,517	19,430	46%	61%
Higher & Tertiary Education, Innovation, Science and Technology Development	9,865	3,730	38%	50%
Women Affairs, Community, Small and Medium Enterprises Development	1,057	487	46%	62%
Home Affairs and Cultural Heritage	15,757	8,409	53%	71%
Justice, Legal and Parliamentary Affairs	5,745	2,401	42%	56%
Information, Publicity and Broadcasting Services	533	267	50%	67%
Youth Empowerment, Development and Vocational Training	1,091	411	38%	50%
Energy and Power Development	607	174	29%	35%
Information Communication Technology, Postal and Courier Services	741	240	32%	43%
National Housing and Social Amenities	766	952	124%	166%
Veterans of the Liberation Struggle Affairs	832	172	21%	27%
Tourism and Hospitality Industry	365	183	50%	65%
Sports, Recreation, Arts and Culture	915	179	20%	26%
Skills Audit and Development	253	100	40%	53%
Judicial Services Commission	1,285	767	60%	80%
Public Service Commission	10,724	1,728	16%	22%
National Council of Chiefs	196	75	38%	51%
Human Rights Commission	193	87	45%	58%
National Prosecuting Authority	515	251	49%	63%
Zimbabwe Anti-Corruption Commission	236	115	49%	65%
Zimbabwe Electoral Commission	467	199	43%	57%
Zimbabwe Gender Commission	177	43	24%	32%
Zimbabwe Land Commission	218	116	53%	69%
Zimbabwe Media Commission	144	41	28%	38%
Health Service Commission	165	95	58%	77%
Office of the Attorney General	236	110	47%	61%
Total	**234,688**	**132,398**	**56%**	**75%**
Constitutional and Statutory Appropriations	41,683	20,150	48%	65%
Total Expenditure and Net Lending	**276,371**	**152,548**	**55%**	**74%**
Repayment of Loans	40,017	9,132	23%	30%
GRAND TOTAL	**316,388**	**161,680**	**51%**	**68%**

Source: MoFED&IP, 2025

151. To complement Government revenue collections, ZiG7.4 billion was raised through the issuance of securities amounting to ZiG5.2 billion, domestic loans of ZiG2.1 billion and ZiG52 million from external loans and applied for servicing of Government loan obligations. The resources were raised as indicated in the table below.

Table 22: 2025 Annual Borrowing Plan (ZiG Million)

	Jan-Sep	Oct-Dec	Total
	Actual	Proj.	
90- days	4,180		4,180
180-days	716	1,006	1,722
270-days	44	50	94
365-days	267	100	367
Total ZiG Bills	5,207	1,156	6,363
US$ Domestic loan (US$80 million)	2,121		2,121
Total Domestic	7,328	1,156	8,484
Existing External loan disbursement (IFAD, OFID, Kuwait-US$30.4 million)	52	548	**600**
Grand Total	**7,380**	**1,704**	**9,084**

Source: Zimbabwe Public Debt Management Office, 2025

Fiscal Outlook

152. Cumulative revenue collections to year end are projected at ZiG215.7 billion (US$7.93 billion), against expenditures of ZiG219.46 billion (US$8.10 billion), resulting in a projected deficit of ZiG3.8 billion (US$140.1 million), as shown in the table below.

Table 23: Revised 2025 Fiscal Framework

	2025	2025
	ZiG Million	US$ Million
Revenues	215,669.5	7,964.16
% of GDP	15.2	15.2
Expenditures & Net Lending	219,462.9	8,104.24
% of GDP	15.5	15.5
Expenses	188,103.3	6,946.21
% of GDP	13.3	13.3
Use of goods and services	32,147.1	1,187.12
% of GDP	2.3	2.3
% Total Expenditure	14.6	14.7
Compensation of Employees	115,333.5	4,258.99
% of GDP	8.1	8.1
% Total Expenditure	52.6	52.6
% of Revenue	53.5	53.5
Social Benefits, Subsidies and Other Expenses	32,004.2	
% of GDP	2.3	
Interest Payments	8,618.6	318.26
% of GDP	0.6	0.6
Capital Expenditure	31,359.6	1,158.03
% of GDP	2.2	2.21
Overall balance	-3,793.4	-140.08
% of GDP	-0.3	-0.27

Source: MoFED&IP, RBZ and ZIMSTAT 2025

153. The resultant deficit of ZiG3.8 billion, together with outstanding principal loan repayments of ZiG20.5 billion, results in gross financing requirement of ZiG24.4 billion. This will be financed through issuance of domestic securities and external loan disbursements, as well as loan restructuring.

154. During the remainder of the year, Treasury will focus on fiscal consolidation measures aimed at ensuring effective and efficient public spending to maintain macroeconomic stability.

This prudent allocation of resources will uphold public sector functionality, while avoiding any reversal of the positive economic gains achieved thus far.

155. This will be achieved through the implementation of Treasury Call Circular No. 10 of 2025. MDAs are required to strictly adhere to the guidelines to avoid expenditure slippages with negative impact on economic stability.

Public Debt

156. The country`s stock of Public and Publicly Guaranteed (PPG) debt was ZiG622.3 billion as at end September 2025. Of this, external debt amounted to ZiG361.2 billion, while domestic debt stock totalled ZiG261.1 billion. The debt stock increased by 12.1% from ZiG555.3 billion as at end-December 2024, mainly due to the accumulation of domestic expenditure arrears to service providers, estimated at ZiG34.1 billion as at September 2025.

Table 24: Total PPG Debt Stock - end September 2025 (ZiG Million)

	DOD	PRA	IRA	Penalties	Arrears + Penalties	Total
Total Public Debt (A+B)	**370,465**	**134,313**	**50,451**	**67,032**	**251,795**	**622,260**
A. External Debt (1+2+3)	**155,917**	**88,420**	**49,830**	**67,032**	**205,283**	**361,199**
1. Bilateral Creditors	**41,748**	**52,568**	**16,739**	**60,367**	**129,675**	**171,423**
Paris Club	1,414	39,168	13,436	57,311	109,915	111,329
Non-Paris Club	40,335	13,400	3,303	3,057	19,759	60,094
2. Multilateral Creditors	**35,701**	**35,526**	**32,364**	**6,665**	**74,555**	**129,906**
World Bank	1,924	21,651	19,406	-	41,056	42,980

	DOD	PRA	IRA	Penalties	Arrears + Penalties	Total
African Development Bank	518	8,046	11,909	-	19,956	20,474
European Investment Bank	175	4,215	704	6,665	11,583	11,758
Trade and Development Bank	18,597	326	727	-	1,053	19,651
Afreximbank	31,734	1,156	200	-	1,356	33,090
Others	1,350	458	146	-	604	1,954
3. RBZ Liabilities Assumed by Treasury	**59,870**	**-**	**-**	**-**	**-**	**59,870**
B. Domestic Debt	**214,548**	**45,892**	**621**	**-**	**46,513**	**261,061**
Government Securities	129,518	11,797	621	-	12,418	141,936
Treasury Bills	8,003	2,054	44	-	2,097	10,101
Treasury Bonds	121,515	9,744	577	-	10,320	131,835
Domestic Arrears (to Service Providers)	-	34,095	-	-	34,095	34,095
Compensation of Former Farm Owners	85,030	-	-	-	-	85,030

Source: Zimbabwe Public Debt Management Office and the Reserve Bank of Zimbabwe
DOD: Disbursed Outstanding Debt
PRA: Principal Arrears
IRA: Interest Arrears
Exchange rate - 30 September 2025: US$1: ZiG26.6439

157. In US dollar terms, the total Public and Publicly Guaranteed (PPG) debt amounted to US$23.4 billion (44.7% of GDP), compared to US$21.5 billion as at December 2024. The debt stock comprises external debt amounting to US$13.6 billion, and domestic debt of US$9.8 billion.

Table 25: Total PPG Debt Stock - end September 2025 (US$ Million)

	DOD	PRA	IRA	Penalties	Arrears + Penalties	Total
Total Public Debt (A+B)	**13,904**	**5,041**	**1,894**	**2,516**	**9,450**	**23,355**
A. External Debt (1+2+3)	**5,852**	**3,319**	**1,870**	**2,516**	**7,705**	**13,557**
1. Bilateral Creditors	**1,567**	**1,973**	**628**	**2,266**	**4,867**	**6,434**
Paris Club	53	1,470	504	2,151	4,125	4,178
Non-Paris Club	1,514	503	124	115	742	2,255
2. Multilateral Creditors	**2,038**	**1,346**	**1,242**	**250**	**2,838**	**4,876**
World Bank	72	813	728	-	1,541	1,613
African Development Bank	19	302	447	-	749	768
European Investment Bank	7	158	26	250	435	441

	DOD	PRA	IRA	Penalties	Arrears + Penalties	Total
Trade and Development Bank	698	12	27	-	40	738
Afreximbank	1,191	43	7	-	51	1,242
Others	51	17	5	-	23	73
3. RBZ Liabilities Assumed by Treasury	**2,247**	**-**	**-**	**-**	**-**	**2,247**
B. Domestic Debt	**8,052**	**1,722**	**23**	**-**	**1,746**	**9,798**
Government Securities	4,861	443	23	-	466	5,327
Treasury Bills	300	77	2	-	79	379
Treasury Bonds	4,561	366	22	-	387	4,948
Domestic Arrears (to Service Providers)	-	1,280	-	-	1,280	1,280
Compensation of Former Farm Owners	3,191	-	-	-	-	3,191

Source: Zimbabwe Public Debt Management Office and the Reserve Bank of Zimbabwe
DOD: Disbursed and Outstanding Debt PRA: Principal Arrears IRA: Interest Arrears
Other Multilateral Creditors: -BADEA, IFAD, NDF, and OFID
Nominal GDP: US$52,339.95 (millions)

External Debt

158. The stock of external debt was US$13.6 billion as at end September 2025, up from US$13.2 billion as at end December 2024. The debt owed to bilateral and multilateral creditors amounted to US$6.4 billion (47.5%) and US$4.9 billion (36%), respectively. In addition, external debt stock includes US$2.2 billion (16.6%) of RBZ liabilities assumed by Treasury in 2015, 2021 and 2023.

Table 26: PPG External Debt Stock - end September 2025 (US$ Million)

	DOD	PRA	IRA	Penalties	Arrears + Penalties	Total
External Debt (1+2+3)	**5,852**	**3,319**	**1,870**	**2,516**	**7,705**	**13,557**
1. Bilateral Creditors	**1,567**	**1,973**	**628**	**2,266**	**4,867**	**6,434**
Paris Club	*53*	*1,470*	*504*	*2,151*	*4,125*	*4,178*
Non-Paris Club	*1,514*	*503*	*124*	*115*	*742*	*2,255*
2. Multilateral Creditors	**2,038**	**1,346**	**1,242**	**250**	**2,838**	**4,876**

	DOD	PRA	IRA	Penalties	Arrears + Penalties	Total
World Bank	*72*	*813*	*728*	-	*1,541*	*1,613*
African Development Bank	*19*	*302*	*447*	-	*749*	*768*
European Investment Bank	*7*	*158*	*26*	*250*	*435*	*441*
Trade and Development Bank	*698*	*12*	*27*	-	*40*	*738*
Afreximbank	*1,191*	*43*	*7*	-	*51*	*1,242*
Others	*51*	*17*	*5*	-	*23*	*73*
3. RBZ Liabilities Assumed by Treasury	**2,247**	**-**	**-**	**-**	**-**	**2,247**

Source: Zimbabwe Public Debt Management Office
DOD: Disbursed Outstanding Debt
PRA: Principal Arrears
IRA: Interest Arrears
Other Multilateral Creditors: -BADEA, IFAD, NDF, and OFID

159. As of end September 2025, Zimbabwe's external debt arrears are estimated at US$7.7 billion, with 63.2% owed to the Bilateral creditors, and 36.8% to multilateral creditors.

160. During the period January to September 2025, Government made external debt service payments of US$220.3 million, with additional US$86.6 million expected to be paid before the end of 2025.

Domestic Debt

161. Total domestic debt stock increased by 12.6% to ZiG261.1 billion as at end-September 2025 from ZiG217.6 billion as at end-2024. The increase largely reflects the build-up in domestic arrears to service providers estimated at ZiG34.1 billion. The process of validation is currently ongoing. In this regard, this Budget is accompanied by a domestic Expenditure Arrears Clearance Strategy, contained in the Public Debt Report.

Table 27: Domestic Debt Composition – end September 2025

Category	US$ Million	ZiG Million
Government Securities	5,327	141,936
Treasury Bills	379	10,101
Treasury Bonds	4,948	131,835
Former Farm Owners' Compensation	3,191	85,030
Domestic Arrears (Service Providers)	1,280	34,095
Total Domestic Debt	**9,798**	**261,061**

Source: Zimbabwe Public Debt Management Office, 2025

162. During the period January to September 2025, Government made domestic debt service payments amounting to ZiG11.2 billion, with an additional ZiG4.8 billion expected to be paid before end of the year 2025.

163. To create a sustainable future domestic debt service profile, Government is working on a restructuring framework, where all maturities for blocked funds and other legacy debts for the period 2025 – 2030 will be rolled over. However, Government reaffirms its commitment to meeting debt service obligations on instruments issued for budget financing, cashflow management purposes and compensation of former farm owners.

THE 2026 NATIONAL BUDGET MACROECONOMIC FISCAL FRAMEWORK

164. The 2026 Macroeconomic Fiscal Framework is premised on bold revenue mobilisation strategies, enhanced tax administrative efficiencies, complemented by a suite of robust measures aimed at improving tax compliance. These will also be accompanied by sustained fiscal discipline and expenditure alignment.

165. In this regard, Government is targeting to collect revenues amounting to ZiG288 billion, or 16.9% of GDP (approx. US$9.4 billion). The revenue is broken down as tax revenues of ZiG281.5 billion (approx. US$9.2 billion) and non-tax revenues of ZiG6.1 billion (approx. US$200 million). This is consistent with a projected real GDP growth rate of 5% in 2026 and nominal GDP of ZiG1.7 trillion. The projected revenue growth is also premised on improved yields from revenue raising interventions outlined at the end of this Budget Statement.

166. Growth in revenue collections is projected to further increase from 17.9% and 19.2% of GDP in 2027 and 2028, respectively, on account of elevated revenue mobilisation strategies.

167. The table below shows the indicative macroeconomic framework projections over the medium-term.

Table 28: Macroeconomic Framework (ZiG Million)

	2024	2025	2026	2027	2028
Nominal GDP at market prices	822,938.3	1,417,365.9	1,698,805.7	1,934,389.5	2,140,692.6
Real GDP Growth (%)	1.7	6.6	5.0	5.1	5.0
Government Accounts					
Revenues	117,853.5	215,669.5	287,640.0	345,217.1	411,799.1
% of GDP	14.3	15.2	16.9	17.9	19.2
Tax Revenue	106,896.4	204,282.1	281,520.0	334,860.6	395,327.1
% of GDP	13.0	14.4	16.6	17.3	18.5
Non-Tax Revenue	10,957.1	11,387.4	6,120.0	10,356.5	16,472.0
% of GDP	1.3	0.8	0.4	0.5	0.8
Expenditures & Net Lending	113,853.5	219,462.9	290,881.1	354,858.9	422,448.7
% of GDP	13.8	15.5	17.1	18.3	19.7
Expenses	84,892.0	188,103.3	249,804.4	280,526.6	317,581.2
% of GDP	10.3	13.3	14.7	14.5	14.8
Use of goods and services	20,545.6	32,147.1	47,445.9	54,754.3	60,958.9
% of GDP	2.5	2.3	2.8	2.8	2.9
% Total Expenditure	18.1	14.7	16.3	15.4	14.4
Compensation of Employees	55,925.2	115,333.5	152,255.6	172,608.6	201,781.5
% of GDP	6.8	8.1	9.0	8.9	9.4
% Total Expenditure	49.1	52.6	52.3	48.6	47.8
% of Revenue	47.5	53.5	52.9	50.0	49.0
Social Benefits and Subsidies	7,082.3	32,004.2	41,620.1	46,542.1	46,958.0
% of GDP	0.9	2.3	2.5	2.4	2.2
Interest Payments	1,338.9	8,618.6	8,482.8	6,621.6	7,882.8
% of GDP	0.2	0.6	0.5	0.3	0.4
Capital Expenditure	28,961.5	31,359.6	41,076.7	74,332.3	104,867.5
% of GDP	3.5	2.2	2.4	3.8	4.9
Overall Balance	4,000.1	-3,793.4	-3,241.1	-9,641.8	-10,649.6
% of GDP	0.5	-0.3	-0.2	-0.5	-0.5

Source: MoFED&IP, RBZ and ZIMSTAT 2025

168. The table below shows the 2026 National Budget Macro-Fiscal Framework in US$ equivalent terms.

Table 29: Macroeconomic Framework (US$ Million)

	2024	2025	2026	2027	2028
Nominal GDP at market prices	45,718.8	52,340.0	55,516.5	61,637.4	66,539.4
Real GDP Growth (%)	1.7	6.6	5.0	5.1	5.0

	2024	2025	2026	2027	2028
Government Accounts					
Revenues	6,547.4	7,964.2	9,400.0	11,000.0	12,800.0
% of GDP	14.3	15.2	16.9	17.9	19.2
Tax Revenue	5,938.7	7,543.7	9,200.0	10,670.0	12,288.0
% of GDP	13.0	14.4	16.6	17.3	18.5
Non-Tax Revenue	608.7	420.5	200.0	330.0	512.0
% of GDP	1.3	0.8	0.4	0.5	0.8
Expenditures & Net Lending	6,325.2	8,104.2	9,505.9	11,307.2	13,131.0
% of GDP	13.8	15.5	17.1	18.3	19.7
Expenses	4,716.2	6,946.2	8,163.5	8,938.7	9,871.4
% of GDP	10.3	13.3	14.7	14.5	14.8
Use of goods and services	1,141.4	1,187.1	1,550.5	1,744.7	1,894.8
% of GDP	2.5	2.3	2.8	2.8	2.9
% Total Expenditure	18.1	14.7	16.3	15.4	14.4
Compensation of Employees	3,107.0	4,259.0	4,975.7	5,500.0	6,272.0
% of GDP	6.8	8.1	9.0	8.9	9.4
% Total Expenditure	49.1	52.6	52.3	48.6	47.8
% of Revenue	47.5	53.5	52.9	50.0	49.0
Interest Payments	74.4	318.3	277.2	211.0	245.0
% of GDP	0.2	0.6	0.5	0.3	0.4
Capital Expenditure	1,609.0	1,158.0	1,342.4	2,368.5	3,259.6
% of GDP	3.5	2.2	2.4	3.8	4.9
Overall Balance	222.2	-140.1	-105.9	-307.2	-331.0
% of GDP	0.5	-0.3	-0.2	-0.5	-0.5

Source: MoFED&IP, RBZ and ZIMSTAT 2025

169. The revenue envelope, coupled with Government's borrowing capacity, provides for an overall expenditure amount of ZiG290.9 billion (US$9.5 billion), which translates to 17% of GDP. The total expenditure consists of recurrent expenditures of ZiG249.8 billion (US$8.2 billion) and capital expenditures of ZiG41 billion (US$1.3 billion). Beyond the near term, expenditures are expected to increase in line with resource mobilisation capacity.

170. The projected revenue and expenditure ceiling results in a balanced budget with a small deficit of ZiG3.2 billion (approx. US$105.9 million) (0.2% of GDP). This is necessary to avoid further accumulation of arrears, provide for outstanding Treasury bills and other debt obligations, including expenditure arrears for goods and services. This fiscal policy stance is in line with the thrust of living within means, critical for sustaining and entrenching macroeconomic stability.

171. In addition to the projected budget deficit, Government will undertake loan repayments amounting to ZiG11.5 billion, leading to gross financing requirements amounting to ZiG14.7 billion (inclusive of budget deficit of ZiG3.2 billion). This will be financed through the issuance of domestic securities amounting to ZiG12.7 billion and expected external loan disbursements of ZiG2.1 billion. The table below shows the 2026 Annual Borrowing Plan.

Table 30: 2026 Annual Borrowing Plan (ZiG Million)

	Q1	Q2	Q3	Q4	Total
Domestic					
180-day	606	1,010	1,212	1,212	4,039
270-day	248	413	496	496	1,652
365-day	961	1,301	1,470	1,470	5,202
2-year	451	451	451	451	1,805
Sub-total	2,266	3,175	3,629	3,629	12,699
of which: Bank					6,793
Non-bank					5,906

	Q1	Q2	Q3	Q4	Total
External					
Existing (IFAD, OFID, Kuwait Fund)		449	343		792
New (BADEA)				1,285	1,285
Sub-total	**-**	**449**	**343**	**1,285**	**2,077**
Grand Total	**2,266**	**3,624**	**3,972**	**4,914**	**14,776**

Source: Zimbabwe Public Debt Management Office, 2025

Yield Curve

172. Over the past twelve months, the combination of tight monetary policy and prudent fiscal policy has collapsed inflation and inflation expectations, leading to a sharp deceleration in inflation from 95.8% in July to 32.7% in October 2025. On current trends, the ZiG annual inflation rate is projected at 20% by year end and further to single digit levels by the first quarter of 2026. This has implications for the yield curve and interest rate term structure.

173. Currently, the economy is tied to a high interest rate environment, which was necessary to address the high inflation expectations in the economy. However, assuming that the annual ZiG inflation rate will decline to a single digit in 2026, an appropriate yield curve and term structure consistent with low and stable inflation will emerge during the year.

174. In a multi-currency environment, it is necessary to have separate yield curves for USD and ZiG in the economy. Nevertheless, the

relative stability of inflation provides a conducive environment for investments into short and medium-term Treasury Instruments both in ZiG and US dollar. All these instruments will be issued through the auction system beginning January 2026. A new yield curve reflecting the low and stable inflation environment is expected to be generated from these auctions. This yield curve will support the development of anchored inflation expectations which will guide pricing of Government instruments trading in the primary and secondary markets.

175. Further, a low budget deficit (well below 3% of GDP) and non-recourse to Central Bank financing should strengthen investor confidence, therefore, lowering sovereign-risk spreads.

Risks to the Macro-Fiscal Framework

176. The Macro-Fiscal Framework anchoring the 2026 National Budget is subject to some downside risks that could impact on the Budget and strain macroeconomic stability. Therefore, Budget execution and MDA adherence to approved allocations is critical for ensuring the integrity of the macroeconomic and budget framework.

177. Among the high-profile risks include:

- Arrears to debt service providers;
- External debt service obligations;

- Climate-induced shocks (including possible drought and floods); and
- Unanticipated global economic shocks and geopolitical tensions.

178. The high level of arrears to service providers and debt servicing obligations remain major constraints with possible adverse implications on the macroeconomic framework.

179. Climate-induced shocks (including droughts and floods), have implications on the Budget through unplanned expenditures, in respect of humanitarian and food related interventions.

180. Further, the possible actualisation of contingent liabilities in respect of State-Owned Enterprises and Public-Private Partnerships presents additional fiscal risks.

181. Residual uncertainty with respect to the global and regional developments, such as additional reciprocal tariff imposition, tighter international financial conditions, worsening geopolitical tensions and volatility in international commodity prices adds further uncertainty to the Budget framework.

182. The Macroeconomic and Budget Framework has embedded risk mitigation in anticipation of such risks.

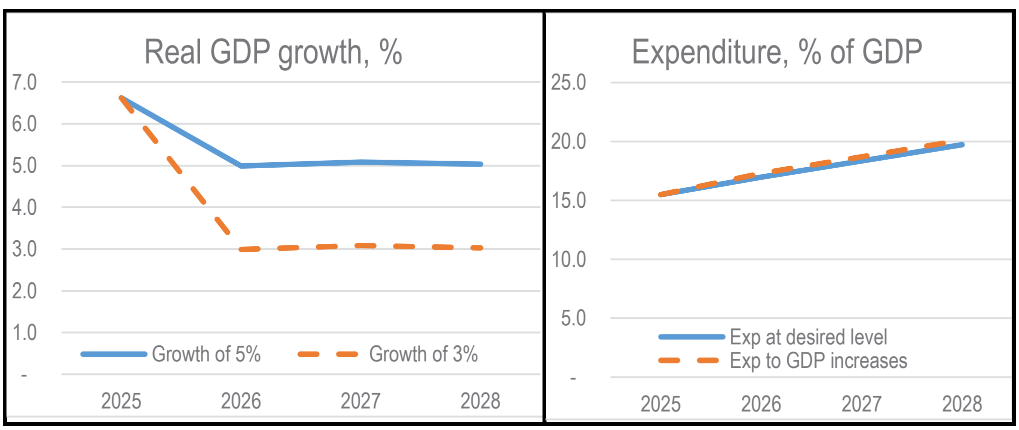
Macroeconomic Risks Simulation

183. The economy is projected to grow by 5% in 2026, based on the expectation of good rainfall, improved electricity generation capacity, sustained macroeconomic stability and continued ease and cost of doing business reforms. In addition, the Framework assumes relative stability of international commodity prices.

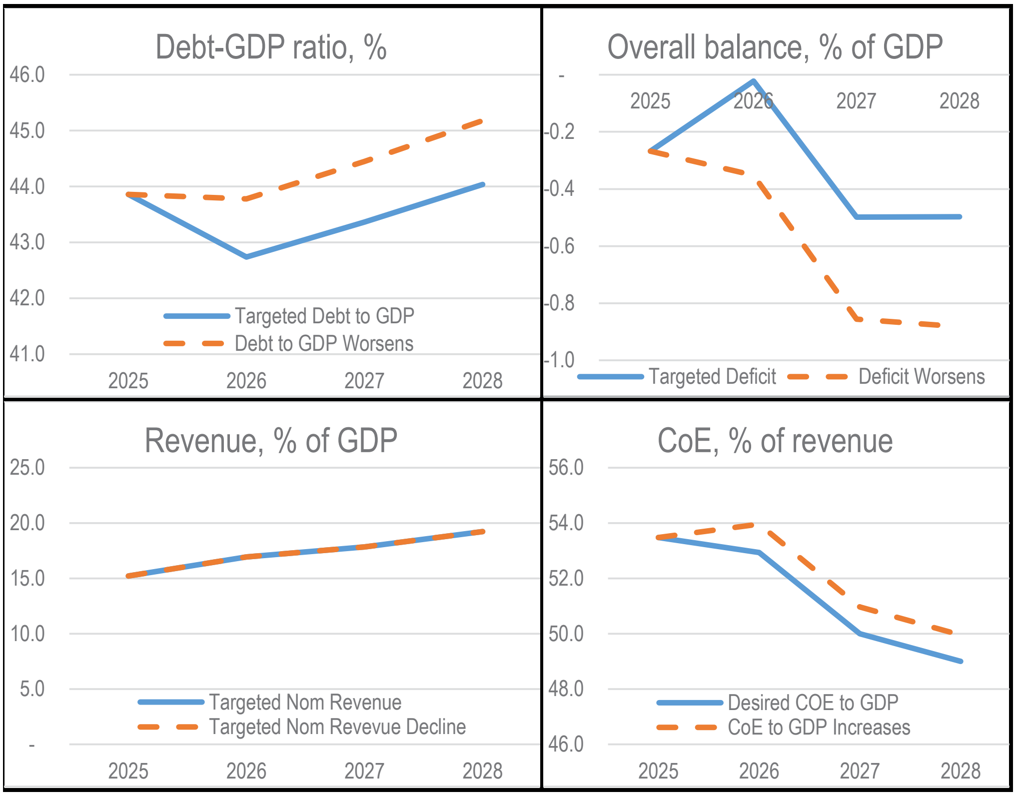
184. However, missing any of the above key assumptions, for instance, a lower than envisaged real GDP growth will impact on revenue target with cascading effects on expenditure and the entire Budget Framework.

185. Graphs below are a simulation of the impact of real GDP growth rate falling below the projection by 2%, holding all other things constant.

Figure 37: Potential Effect of Real GDP Growth Missing Target by 2%



Source: MOFED&IP, 2025



186. Such a slowdown would reduce nominal Government tax revenues, worsen the budget deficit and raise the public debt-to-GDP ratio. This means that Government would have less fiscal space for development spending and social services such as health and education.

187. To mitigate such risks, Government will continue to prioritise measures that build resilience in key sectors. In agriculture, Government will continue climate proofing initiatives including investment in irrigation infrastructure rehabilitation and development, as well as promoting drought resistant crops, especially suited for drought prone provinces.

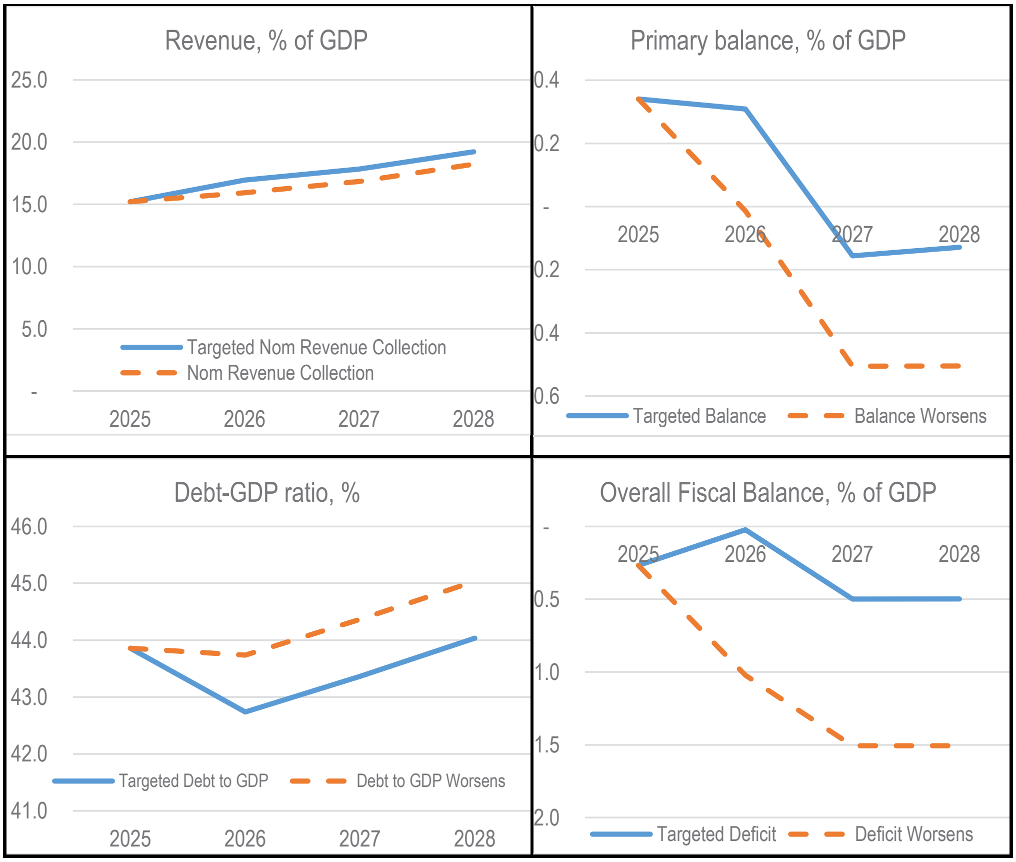
188. On the energy front, Government will continue to prioritise investment in electricity production and distribution infrastructure, promote participation by Independent Power Producers and encourage both demand and supply management efficiencies. Further, Government will expand efforts to rehabilitate and upgrade existing thermal power generation infrastructure.

189. Government will continue to promote value addition and beneficiation to reduce reliance on primary sectors (agriculture and mining) which are prone to shocks. In this regard, agro-processing hubs are being developed in rural areas to promote rural industrialisation, create employment opportunities and expand the manufacturing base.

Revenue Risks

190. In the event of revenue under-performance (for reasons such as a fall in international commodity prices or slower-than-expected economic activity), the impact would be felt across the entire Budget Framework. The simulation below shows the implications of revenue under-performance by 1%, all other things constant, would impact various economic variables as shown below.

Figure 38: Effect of a 1% Drop in Revenue to GDP



Source: MOFED&IP, 2025

191. Such an unanticipated revenue fall would negatively impact the primary and the overall fiscal balance, narrowing fiscal space for social and developmental spending.

192. To mitigate this risk, Government will continue to strengthen domestic revenue mobilisation through enhancing administrative efficiencies, expansion in digitalisation and broadening the tax base. In addition, enhanced presumptive tax collection measures from the emerging economy (micro, small and medium enterprises) will be sustained going forward.

Commodity Price Risks

193. The domestic economy continues to be dominated by primary production and exports (agriculture and mining), which are sensitive to global commodity price shocks. The Fiscal Framework guiding this Budget assumes moderate and relatively stable international commodity prices.

194. An unanticipated decline of commodity prices could have primary and secondary adverse effects on the economy with negative implications on the revenues and fiscal sustainability**,** underscoring the importance of economic resilience.

195. To mitigate against risks associated with commodity price volatility and external shocks, Government is pursuing a multi-pronged strategy focused on diversification, accelerating value addition and beneficiation with special focus on the mining and agricultural sectors. Strengthening non-traditional export sectors such as manufacturing, tourism and services also helps to broaden the export base and stabilise foreign exchange inflows.

Development Partner Support

196. The country received development assistance amounting to US$386.1 million during the period January - September

2025, against an annual target of US$500 million. The Bilateral Partners contributed US$240.77 million while the Multilateral Partners disbursed US$145.33 million during the period under review. The resources were channelled towards development programmes and projects in various sectors of the economy, as shown in table below.

Table 31: Actual Disbursements for January – September 2025

Sector	(US$ Million)
Agriculture	18.67
Education	11.69
Emergence Response	36.61
Energy	5.95
Forestry	1.48
Governance	21.42
Health	262.3
Manufacturing & Value Addition	5.25
Mineral Resources & Mining	0.61
Other Social Infrastructure & Services	6.37
Trade Policies & Regulations	0.13
Water and Sanitation	10.41
Banking and Financial Services	0.33
Environment Protection	3.69
Business and other services	1.19
Total	**386.1**

Source: DEVPROMIS, MoFED&IP

197. In 2026, development assistance is projected at US$350 million, a 30% drop from the 2025 projection, attributed to recent developments which have resulted in a global decrease in Official Development Assistance (ODA) flows. The outlook is further dampened by a decline in volumes of

funds administered by the global vertical funds (Global Fund, Global Alliance for Vaccines and Immunisation (GAVI), Green Climate Fund, WHO, among others), as a result of reduction of support by major contributing partners.

STRATEGIC PRIORITIES FOR THE 2026 NATIONAL BUDGET

198. The 2026 National Budget is anchored on the National Development Strategy (NDS2), the blueprint guiding the economy's trajectory towards Vision 2030. The NDS2 is premised on Ten National Priorities to expand domestic resource mobilisation, enhance allocative efficiency, while strengthening implementation coordination for optimal outcomes.

199. Therefore, the 2026 National Budget is guided by the ten pillars of NDS2 as below:

    - Macro-Economic Stability and Financial Sector Deepening;
    - Inclusive Economic Growth and Structural Transformation;
    - Infrastructure Development and Housing;
    - Agriculture, Food Security, Climate and Environment;
    - Science, Technology, Innovation, Digital and Human Capital Development;

- Job Creation, Youth Development, Sport, Creative Industry and Culture;
- Social Development, Gender and Social Protection;
- Regional Development and Inclusivity through Devolution and Decentralisation;
- Image Building, International Relations and Trade; and
- Good Governance, Institution Building, Peace and Security.

200. Accordingly, the proposed 2026 National Budget is allocated based on the ten strategic pillars as shown in the table below.

Table 32: Budget Distribution to the Pillars of NDS2 (ZiG Million)

National Priority Area	2026 Approp
Regional Development and Inclusivity through Devolution and Decentralisation	14,860.8
Science, Technology, Innovation, Digital and Human Capital Development	58,998.5
Macro-Economic Stability and Financial Sector Deepening	49,430.7
Agriculture, Food Security, Climate and Environment	25,925.9
Good Governance, Institution Building, Peace and Security	101,451.3
Image Building, International Relations and Trade	4,544.9
Infrastructure Development and Housing	9,849.2
Inclusive Growth and Structural Transformation	1,248.8
Social Development, Gender and Social Protection	43,818.6
Job Creation, Youth Development, Sport, Creative Industry and Culture	2,510.3
Grand Total	**312,639.1**

Source: MoFED&IP, 2025

201. During the Budget consultations, MDAs submitted bids exceeding ZiG828.5 billion, way above the available capacity of ZiG253 billion, which is being distributed among MDAs as shown in the table below.

Table 33: Vote Allocations (ZiG Million)

	Cons Rev	Reten Funds	Total
Office of the President and Cabinet	11,017.2	-	11,017.2
Parliament of Zimbabwe	3,103.5	-	3,103.5
Public Service, Labour and Social Welfare	12,665.9	-	12,665.9
Defence	19,766.2	-	19,766.2
Finance and Economic Development and Investment Promotion	28,179.3	-	28,179.3
Audit Office	764.4	-	764.4
Industry and Commerce	459.8	-	459.8
Lands, Agriculture, Fisheries, Water, and Rural Development	26,821.7	-	26,821.7
Mines & Mining Development	789.0	-	789.0
Environment, Climate & Wildlife	510.2	-	510.2
Transport and Infrastructural Development	4,600.0	-	4,600.0
Foreign Affairs and International Trade	3,922.5	-	3,922.5
Local Government and Public Works	4,597.8	-	4,597.8
Health and Child Care	28,944.7	1,475.6	30,420.4
Primary And Secondary Education	39,240.6	8,142.7	47,383.3
Higher & Tertiary Education, Science and Technology Development	10,255.0	81.8	10,336.8
Women Affairs, Community, Small and Medium Enterprises	1,114.0	-	1,114.0
Home Affairs and Cultural Heritage	16,469.0	810.0	17,279.0
Justice, Legal and Parliamentary Affairs	6,908.6	-	6,908.6
Information, Publicity and Broadcasting Services	463.1	-	463.1
Youth Empowerment, Development and Vocational Training	1,149.1	519.9	1,669.0
Energy and Power Development	330.3	-	330.3
Information Communication Technology, Postal & Courier Services	763.5	-	763.5
National Housing and Social Amenities	948.9	-	948.9
Veterans of the Liberation Struggle Affairs	1,129.3	-	1,129.3
Tourism and Hospitality Industry	339.4	-	339.4
Sports, Recreation, Arts and Culture	841.4	-	841.4
Skills Audit and Development	229.0	-	229.0
Judicial Services Commission	1,396.7	-	1,396.7
Public Service Commission	11,444.2	-	11,444.2
Council of Chiefs	200.3	-	200.3
Zimbabwe Human Rights Commission	256.4	-	256.4
National Peace and Reconciliation Commission	-	-	-

	Cons Rev	Reten Funds	Total
National Prosecuting Authority	545.4	-	545.4
Zimbabwe Anti-Corruption Commission	248.1	-	248.1
Zimbabwe Electoral Commission	514.8	-	514.8
Zimbabwe Gender Commission	167.8	-	167.8
Zimbabwe Land Commission	245.3	-	245.3
Zimbabwe Media Commission	159.2	-	159.2
Health Service Commission	305.9	-	305.9
Office of the Attorney General	304.9	-	304.9
Zimbabwe Independent Complaints Commission	108.1	-	108.1
Total	242,220.5	11,030.0	253,250.5
Constitutional & Statutory Appropriations	48,650.8	-	48,650.8
Appropriation Total	290,871.3	11,030.0	301,901.3
Repayment Of Loans	10,737.7	-	10,737.7
Grand Total	**301,609.0**	**11,030.0**	**312,639.1**

Source: MoFED&IP, 2025

202. In terms of Classification by Functions of Government (COFOG), the proposed Budget is distributed as shown in the table below.

Table 34: Expenditure Classified by Functions of Government (ZiG Million)

	2026 Approp
General Public Services	41,684.6
Defence	18,977.8
Public Order and Safety	31,131.4
Economic Affairs	79,609.8
Environmental Protection	510.2
Housing and Community Amenities	21,749.9
Health	30,726.3
Recreation, Culture and Religion	4,619.8
Education	58,690.7
Social Protection	24,938.6
Grand Total	**312,639.1**

Source: MoFED&IP, 2025

203. The Budget prioritises allocation towards provision of public services inclusive of education, health, social protection and general public services. These sectors constitute about 50% of the Budget.

204. The difference between the bids and the projected Budget envelope shows that Government has limited fiscal space. The Budget will prioritise Government operations and programmes that transform the lives of the people. MDAs must embrace a Whole of Government Approach by prioritising and sequencing projects and programmes, as well as ensuring value for money for all transactions. The objective is to utilise the available public resources efficiently to have maximum impact on the lives of people, reducing poverty and extreme poverty in line with the aspirations of Vision 2030.

205. In the first half of any year, the revenue inflows are typically below the annual average run rate. In order to align expenditure with seasonality of the revenue collections, the Budget will be executed on the basis of a conservative annual revenue projection of US$9 billion in the first half of the year, with expenditure ceilings for Votes calibrated to the typical in-year revenue pattern and reflected in the cash release plan.

206. This will help ensure that spending remains fully financeable, that no new payment arrears are incurred and that unbudgeted expenditures are curtailed.

207. Should revenue collections in the first half of the year exceed this seasonal baseline, expenditure ceilings will be adjusted in the second half of the year in a transparent manner, within the approved appropriations and in line with clearly communicated priorities.

208. In this regard, the 2026 National Budget contains specific policy propositions and distributes expected resources towards programmes and projects through the ten pillars as follows:

Macroeconomic Stability and Financial Sector Deepening

209. Durable and enduring macroeconomic stability will underpin financial sector development, expansion in financial intermediation and financial inclusion and these are critical pillars for structural transformation and economic growth.

210. Macroeconomic stability, embedding currency and exchange rate stability and characterised by low and stable inflation, provides a strong foundation for national savings and investment, money and capital markets development, financial sector deepening and credit growth – the life blood of the economy.

211. The 2026 National Budget, therefore, seeks to consolidate and sustain macroeconomic stability beyond the near-term.

Macroeconomic Stability

212. Since September 2024, the economy has witnessed a prolonged period of macroeconomic stability in terms of both exchange rate and inflation. The stability is attributed to concerted efforts by fiscal and monetary authorities and implementation of prudent fiscal and tight monetary policies to control money supply growth and anchor inflation expectations.

213. This Budget seeks to consolidate the achievements by ensuring that fiscal policy provides a delicate balance between ensuring economic growth and sustaining economic stability. This entails fiscal expenditure alignment and addressing short-term fiscal pressures without recourse to Central Bank monetary financing of the budget or further build-up of domestic arrears.

214. For the success of the 2026 National Budget, it is mandatory that all MDAs remain within their approved budgets. Further, it is important to prioritise fiscal and monetary policy coordination to ensure the integrity of the Budget.

215. The Reserve Bank Monetary Policy Committee (MPC) is expected to appropriately calibrate monetary policy to ensure

that the economy maintain single digit inflation in 2026. In addition, the MPC is expected to continue to refine the monetary policy framework to enhance the effectiveness of interbank foreign exchange market and to promote increased usage of the ZiG in the economy.

216. Implementation of these measures is expected to result in continued currency, exchange rate and inflation stability in 2026 and beyond, as we gravitate towards the SADC macroeconomic convergence benchmark.

Employment Costs

217. Government is committed to improving civil service remuneration, while striving to contain wage expenditures within sustainable levels. Government is undertaking a delicate balance between improving the welfare of civil service and containing the public service wage bill within the available resource envelope.

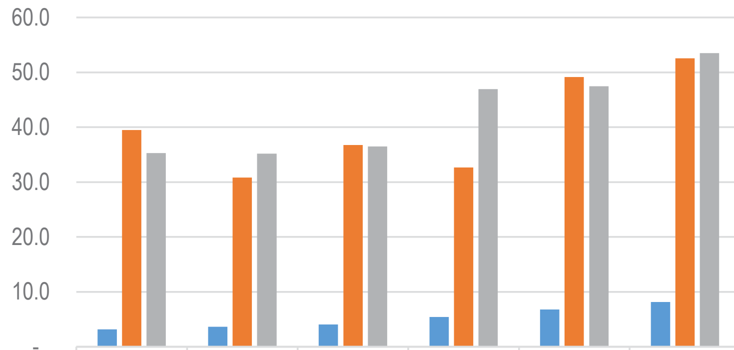
218. In 2023, Government pegged the local currency component of civil service salary to USD to cushion civil servants against inflation and currency volatility. Civil servants' salaries have, therefore, a self-adjusting mechanism to exchange rate fluctuations to preserve the purchasing power of salaries.

219. Government has already commenced the payment of 2025 annual bonuses, together with the Special Presidential Bonus. The payments are staggered over November and December 2025.

220. In addition, as part of the outcomes of the National Joint Negotiating Council and Health Service Bipartite Negotiation Council meeting held in October 2025, Government is restoring the civil servants' vehicle rebate to 2022 benefit levels, as a non-monetary incentive targeted at rewarding long service and commitment with effect from 1 December 2025.

221. As a result, the share of employment costs to revenue is expected to slightly decline from 54% in 2025 to 53% in 2026. Notwithstanding, the level of the civil service wage bill remains elevated above the desired target of 50% of revenue. Growth in employment costs beyond the levels consistent with revenue growth, unless matched by other expenditure cuts, has the potential to reverse the gains of currency, price and macroeconomic stability. In addition, this could further crowd out public sector investment, critical for economic growth and national development.

Figure 39: Civil Service Wage Bill



	2020	2021	2022	2023	2024	2025
% of GDP	3.2	3.6	4.1	5.4	6.8	8.1
% Total Expenditure	39.5	30.8	36.7	32.7	49.1	52.6
% of Revenue	35.3	35.2	36.5	46.9	47.5	53.5

% of GDP   % Total Expenditure   % of Revenue

Source: MoFED&IP, 2025

222. During the course of NDS2, concerted efforts will be sustained to contain the growth of the wage bill, whilst improving the conditions of Government employees through the following measures, among others:

- Alignment of salary adjustment to revenue performance;
- Implementation of the recommendations of the Job Evaluation Exercise Reports;
- Right-Sizing the Public Service through rationalising staffing levels in line with workload assessments;
- Hard freeze on all new recruitments except in education and health sectors;

- The Public Service Commission will multitask and transfer workforce from MDAs with excess civil servants to those in deficit;
- Public Sector Modernisation will continue payroll audits, digitisation of human resource systems and elimination of ghost workers to ensure efficiency and transparency; and
- Continue with biometric system and a technology driven proof of life requirements for pensioners to curb ghost workers and pensioners.

Government Employees Mutual Savings

223. The Government Employees Mutual Savings (GEMS) Fund, a voluntary savings scheme for Zimbabwean Civil Servants that provides access to affordable loans for wealth creation and other needs created in 2021, performed positively during the first three quarters of 2025.

224. The Fund generated cumulative revenue amounting to ZiG266 million from premiums and portfolio returns. The Fund Under Management (FUM) capitalisation stands at ZiG440 million, of which ZiG330 million are investment assets. The Fund's performance resulted in a competitive inflation-adjusted investment yield of 7.8%.

225. The asset allocation is in line with the objective of the Fund of providing affordable access to credit, with 73% allocated to loans, 8% to real estate and 4% to listed equities. The Fund recorded low Non-Performing Loan (NPL) ratio of 0.6%, which equates to ZiG1.8 million in NPLs.

226. The membership base continues to grow, now with 120 330 active contributors. Cumulative loan disbursements reached ZiG239 million, benefiting 52 497 members, with a strong pipeline of ZiG116 million pending for 4 148 applicants. Going forward, the Fund seeks to:

- Sustain growth, digital transformation and value-added product innovation to further enhance member financial empowerment;
- Expand the market value to ZiG550 million and revenue collections of ZiG350 million, driven by lending, improved portfolio efficiency and stable rental income;
- Expand the loan book to ZiG320 million, while strictly maintaining the NPL ratio below the 1% threshold; and
- Broaden participation and reach, targeting 150 000 active contributors through enhanced digital services and targeted outreach.

Public Service Pension Fund

227. The Public Service Pension Fund (PSPF) capitalisation was US$700 million as at August 2025, a marked increase from US$138 million since 2019, reflecting a compound annual growth of above 35%.

228. During the 2026 financial year, the Fund will focus on consolidation, projects completion and capital efficiency. Priority projects include the Masvingo Varsity Heights, Midlands Park, Madokero Mall, Liberation City Hotel and various land developments in Bulawayo and Gwanda. Crucially, the Fund will significantly advance its energy portfolio, aiming to commission 20MW in mini-hydro capacity and 150MW in solar power generation, positioning the PSPF as a key contributor to Zimbabwe's renewable energy transformation.

Expenditure Arrears to Service Providers

229. The accumulation of expenditure arrears to the providers of goods and services has emerged as a Public Financial Management (PFM) risk for the fiscus, undermining budget credibility, effective budget implementation, disrupting private sector operations and straining the banking sector.

230. The build-up of domestic expenditure arrears by MDAs over the years reflects both structural weaknesses of the PFM systems

(particularly over contracting and off-budget expenditures) and fiscal shocks affecting the economy. External shocks such as commodity-price volatility, reduction in Official Development Assistance (ODA), drought and pandemic-related disruptions exert pressure on public finances, resulting in delays in payments to contractors, service providers and statutory funds.

231. As at end-2024, the unvalidated total expenditure arrears are estimated at US$1.7 billion, broken down into five categories as indicated in the table below.

Table 35: Government Arrears – as at end December 2024 (Million)

	Amount US$	Amount ZiG	Total in US$	Total in ZiG
1. Capital Expenditure	**922.20**	**-**	**922.20**	**24,973.17**
Dam construction and water supply projects	700.00	-	700.00	18,956.00
Road development	222.20	-	222.20	6,017.18
2. Social Benefits	**555.05**	**217.60**	**563.09**	**15,248.35**
Basic Education Assistance Module (BEAM)	98.00	-	98.00	2,653.84
Results Based Financing Claims	77.05	-	77.05	2,086.51
Input Support Scheme	380.00	-	380.00	10,290.40
War Veterans benefits	-	217.60	8.04	217.60
3. Compensation of Employees	**121.95**	**-**	**121.95**	**3,302.47**
Pension fund	69.58	-	69.58	1,884.28
National Social Security Authority (NSSA)	23.48	-	23.48	635.77
Medical Health Insurance (PSMAS)	28.50	-	28.50	771.78
4. Subsidies	**50.00**	**-**	**50.00**	**1,354.00**
Zimbabwe School Examination Council	50.00	-	50.00	1,354.00
5. Service Providers	**0.18**	**760.16**	**28.25**	**764.96**
Telephone fixed (TelOne)	-	34.95	1.29	34.95
Telephone mobile (NetOne)	0.18	3.19	0.30	7.99
Water and Rates (ZINWA & Local Authorities)	-	196.54	7.26	196.54
Vehicle hire (CMED)	-	525.49	19.41	525.49
Grand Total	**1,649.38**	**977.76**	**1,685.49**	**45,642.96**

Source: MoFED&IP, 2025

232. To address the expenditure arrears, Treasury will undertake a comprehensive audit process to verify the arrears.

233. The validated expenditure arrears will be cleared through budget allocations over a five-year period, from 2026 to 2030. The arrears clearance path is anchored on a rule-based framework that links annual allocations to a fixed share of total Government revenues. This approach enhances predictability and aligns repayment efforts with fiscal capacity, taking into account limited fiscal space.

234. To curb accumulation of new expenditure arrears, Government will utilise the existing legal framework by enforcing implementation of all relevant legal and regulatory provisions enshrined in the Constitution, PFM Act, Statutory Instruments and Treasury Call Circulars. The following are some of the specific strategies and legal provisions to be enforced:

- Enforce the legal and regulatory framework: The PFM Act assigns the Treasury oversight authority over expenditures and delineates the roles and responsibilities of the Secretary as the Paymaster General, Accountant General, and Accounting Officers (AOs). The PFM Regulations (2019) further establish commitment controls, requiring all commitments to be recorded and processed through the PFMS (Section 17), and mandating regular reporting of arrears with supporting documentation to Treasury (Section 22);

- Strengthen cash flow forecasting and management: Enhanced coordination between cash management, budget, and debt office will ensure that funding for approved commitments is predictable and that payments are made on time;
- Expenditure control measures: All MDAs are mandated to seek Treasury concurrence for all contracts valued at US$2 million and above. In addition, all private contractors are required to verify that (MDAs) have obtained Treasury concurrence before signing contracts and supplying the goods and services;
- Institutionalise regular arrears reporting and monitoring: Government will issue a circular mandating quarterly compilation and reporting of validated payment arrears, focusing initially on MDAs with the largest stocks of expenditure arrears;
- Strengthen functionality and utilisation of IFMIS: Government will enhance the effectiveness of the existing PFMS to ensure that all expenditure commitments, payments, and arrears are processed through the system as required by the PFM Regulations. Treasury will prioritise full integration of all transaction modules, including those for USD-denominated payments, and ensure that all MDAs transact exclusively through the PFMS; and

- Promote stakeholder engagement: Treasury will conduct sensitisation and training for MDAs on arrears prevention, focusing on cash planning, PFMS utilisation and control compliance.

235. Government is committed to clearing domestic expenditure arrears through a phased payment plan, in view of the current fiscal constraints.

Transition to Mono-Currency

236. Government is in the process of facilitating a smooth transition towards mono-currency (ZiG). This is necessary to restore all the monetary policy instruments for the Reserve Bank to be able to effectively undertake its mandate of maintaining price and exchange rate stability. This will also enhance the competitiveness of the local products against foreign goods and services.

237. For completeness, the transition to mono-currency entails the exclusive use of the local currency, ZiG, in the payments and settlement of domestic goods and services, with foreign currency primarily reserved for external payments of goods and services. However, since we are transitioning from a multi-currency environment, in which many financial assets are denominated and held in US dollars, including the savings

of corporate entities and individuals, such assets will continue to be protected and maintained in foreign currency.

238. The transition to mono-currency does not, therefore, entail doing away with the foreign currency accounts, holdings of pension funds denominated in foreign currency, and holdings of US dollar-based stocks, shares and bonds such as shares held on the VFEX, including T-Bills issued to smoothen Budget financing. Government assures the public that all the prior contractual obligations including bank loans and advances made prior to the final date will be preserved and honoured. Economic agents will not lose money or value due to the transition to mono-currency.

239. The transition to mono-currency will be a gradual and market-led process anchored on macroeconomic stability and will only happen when Government has successfully met the necessary Conditions Precedent (CPs) for mono-currency. These CPs include:

- Durable macroeconomic stability, characterised by low and stable inflation at single-digit levels;
- Adequate foreign currency reserves of at least 3-6 months of imports cover in the medium to long-term;
- Efficient foreign exchange management system that eliminates foreign currency market segmentation, and

promotes ease of access to foreign currency by importers and other bonafide requirements;

- Stable exchange rate with minimum over/undervaluation of ZiG;
- Increased demand for local currency (ZiG) through recalibration of the percentage of Government taxes, and broadening payments of public sector goods and services, in local currency;
- Financial sector stability;
- Efficient and secure National Payments System to promote ease of payment in ZiG; and
- Fiscal and monetary policy cohesion with low and sustainable deficits.

240. Government has made significant progress towards meeting the CPs since the introduction of ZiG in April 2024 and will remain steadfast in its commitment to ensure that all the CPs are satisfied to create the much-needed market confidence in the domestic currency, which makes the transition to a mono-currency market-driven.

ZiG Currency Notes

241. A critical success factor for a smooth transition to a mono-currency is the availability of high-quality and durable banknotes. In this context and as already communicated

by the Reserve Bank in the February 2025 Monetary Policy Statement, the Bank is at an advanced stage in the production of high-quality ZiG notes.

242. The Reserve Bank expects to roll out the high-quality ZiG notes in the first quarter of 2026. The roll-out plan, modalities and timing for the issuance of the high-quality ZiG notes will be announced by the Governor in the February 2026 Monetary Policy Statement.

243. It should be understood that this does not entail the introduction of a new currency, but the issuance of improved high-quality ZiG banknotes to ensure durability and public convenience.

Public Procurement

244. Government is the process of enhancing the public procurement process through the review of the procurement laws, regulations and institutional set up. The process is meant to ensure value for money, reduce bureaucratic delays and cut out corruption, as well as enhance efficiency in public procurement.

245. To strengthen the Electronic Government Procurement (e-GP) system, Government has completed the development of the National Standard Price List (NSPL). NSPL sets the maximum

prices which MDAs must procure various goods and services which will be embedded within the Electronic Government Procurement (e-GP) system, procurement plans and budget formulation. This initiative ensures that all MDAs procure same goods and services at the same prices.

246. As part of ensuring value for money in public procurement, Government initiated pooled procurement for uniform and uniform materials for security formations with a view to optimise on economies of scale through bulk procurement, directly from manufacturers. This has resulted in cost reductions which in certain instances are in excess of 150% thereby unlocking value for money. Through this process, deliveries are being done timely. Going forward, Government will replicate the initiative to other goods and services to ensure value for money.

Financial Inclusion and Deepening

247. Zimbabwe has a relatively stable and developed financial sector. There is, however, need for further financial sector deepening to expand financial intermediation, capital markets development and financial inclusion. This will enhance the effectiveness of the financial sector in mobilising long-term savings, critical for investment to support inclusive economic growth and transformation.

Small and Medium Enterprises

248. Currently, there are limited opportunities for the SME sector to access long-term capital. Government has, therefore, embraced the idea of establishing an alternative SME trading platform, the Zimbabwe Entrepreneurship Exchange (ZEEX).

249. The Exchange will be operated by the Zimbabwe Stock Exchange, serving as a dedicated platform for SMEs listing to raise capital. To ensure success, Government will work with regulators to develop a supportive framework, with simplified listing requirements tailored for SMEs.

250. The ZEEX platform is envisaged to expand MSMEs access to financing, foster innovation, entrepreneurship and inclusive economic growth.

Microinsurance

251. Microinsurance plays a significant social protection role by mitigating the vulnerabilities and risks faced by low-income households and small and medium-sized enterprises (SMEs). Currently, the sector is governed by the Microinsurance Framework. Government, however, seeks to strengthen this framework to enhance the availability and uptake of microinsurance, thereby empowering insurers to develop

tailored products that meet the specific needs and realities of low-income households and SMEs.

Inclusive Economic Growth and Structural Transformation

252. Over the past five years, the economy recorded remarkable economic growth, averaging 5.5% (average 6.3% adjusted for 2024 drought year). This is well above the annual growth target of 5% envisaged under NDS1. Going forward, the focus is to sustain the growth momentum, while achieving structural transformation for equitable, pro-poor and broad-based inclusive growth. Accordingly, the emphasis will be on value addition and beneficiation, prioritising jobs creation, diversity and embedding climate adaptation and resilience.

253. Therefore, this Budget prioritises economic transformation through domestic value addition and beneficiation, particularly in mining and agricultural sectors.

Structural Transformation

254. Vision 2030: *"To be an Empowered and Prosperous Upper Middle-Income Society by 2030",* envisages a diversified and inclusive economy *leaving no one and no place behind*. Structural transformation and inclusive growth, implies expanding value addition and beneficiation, promoting strong

symbiotic synergies between large enterprises and MSMEs, creating decent jobs and reducing poverty.

Manufacturing

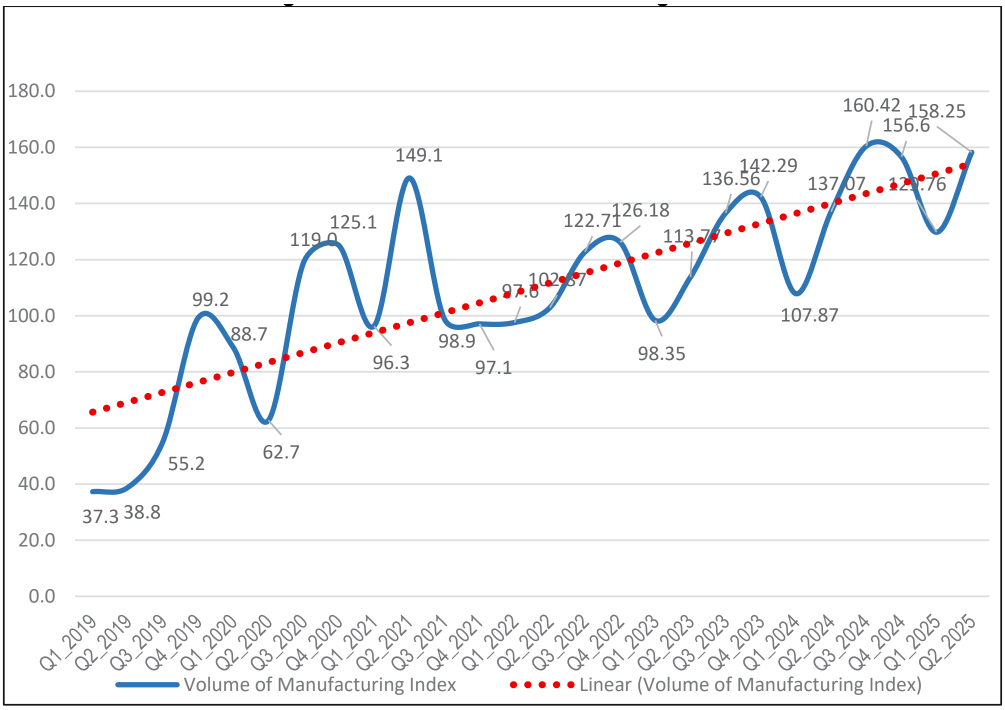
255. The manufacturing sector is expected to anchor the inclusive growth and structural transformation pillar of NDS2. In 2026, the manufacturing sector is projected to grow by 3.7% given the strong linkages between the sector and agriculture. Further, continued macroeconomic stability, new projects and downstream foundries and steel benefits from Manhize, will spur growth of the sector.

256. The ongoing Government reforms on the ease of doing business environment, is expected to significantly improve the competitiveness of the sector, bolstering growth in 2026 and beyond.

257. Manufacturing sector capacity utilisation, currently at 57% is projected to surge beyond 60% in 2026 on the back of increased activity.

258. In addition, the Volume of Manufacturing Index is expected to continue on an upward trajectory in 2026, as production continues to increase on account of prevailing macroeconomic stability, ease of doing business reforms and the blitz on smuggled imports.

Figure 40: Volume of Manufacturing Index



Source: MoFEDIP, 2025

259. In view of the sector's strategic role in driving structural transformation, Government has set aside ZiG459.8 million under the Ministry of Industry and Commerce to support tooling and working capital requirements of the industry, as well as for the improvement of the policy environment. Some of the specific interventions to support growth of the sector are as follows:

Capitalisation of the Industrial Development Finance

260. The Ministry of Industry and Commerce, signed a Mandate Agreement with the Ministry of Finance, Economic Development

and Investment Promotion, designating the National Venture Capital Company (NVCC) to administer the Industrial Development Fund (IDF) to support high-growth sectors, deploying patient capital through tailored instruments like equity and debentures.

261. In this regard, Government has allocated ZiG101 million to NVCC to fund viable businesses with strong potential for job creation, import substitution and value chains. A joint Committee will provide strategic oversight to ensure rigorous project selection and active portfolio management, driving national industrialisation agenda and making a direct contribution to the economic targets of NDS2.

Promotion of Locally Produced Products

262. In order to deepen industrial linkages and fully optimise the development of value chains, Government will operationalise the Local Content Strategy by enforcing mandatory local content thresholds for strategic sectors.

263. In addition, Government will launch a digital Local Content Platform where companies can register their production processes for official rating and certification, creating a verifiable database to guide both public procurement and private sector sourcing.

264. Meanwhile, Government has mandated the National Pharmaceutical Company (NatPharm) to prioritise procurement of at least 49 product lines from the Essential Medicines List exclusively from local manufacturers, such as CAPS, Varichem and SAPPS, among others. This will go a long way in creating guaranteed demand to utilise the industry's capacity for 1 500 medicine lines. This is expected to boost the domestic pharmaceutical industry.

265. There is need to increase intake of locally produced goods to support domestic industry. In this regard, Government will take a lead through prioritising procurement of domestically produced goods and services.

Supporting Value Chains

266. Value chains are expected to anchor the growth of the manufacturing sector, taking advantage of significant output growth in the primary industries in agriculture and mining.

267. In the iron and steel sector, Government will implement a targeted action plan to curb the US$1.9 billion import bill and utilise local capacity. The Plan includes a legislative review to declassify finished steel products as minerals by amending S.I. 110 of 1983, thereby streamlining exports and unlocking

value-added production. Furthermore, Government will prioritise local procurement by mandating major Government infrastructure projects to source primary materials, such as rebars and R-bars locally.

268. Regarding the fertilizer value chain, Government will prioritise a targeted, action-oriented plan to revive local production and reduce the unsustainable import bill, which surpassed US$331 million in the 2023/24 season. Various initiatives will be pursued to address immediate shortages by supporting Sable Chemicals' complete plant refurbishment, enabling production of 20 000 MT of top-dressing fertilizer. Mutapa Investment Fund will resuscitate phosphate concentrate production at Dorowa Minerals, to the tune of US$5.3 million.

269. Beyond the near-term, Government through Mutapa Investment Fund will mobilise resources to finance the expansion of rail tank wagons for Sable Chemicals and the installation of a granulation plant at ZimPhos, with the aim of raising domestic production to 470 000 MT of basal fertilizer by end of year 2026.

270. Regarding the Cotton-to-Clothing Value Chain, Government will continue to implement the existing fiscal incentives and will pursue the implementation of the 30/70 Percent Lint

Agreement which requires ginners to supply at least 30% of their lint to local spinners before exporting the remaining 70% to guarantee the availability of lint for domestic processing.

271. On the Sugar Value Chain, through the Sugar Value Chain Strategy (2026-2035), Government through input support framework will facilitate the expansion and setting up of new sugar mills and ethanol factories.

Pre-Export Verification of Conformity

272. In 2026, Government will strengthen national conformity assessment capacity, marking a strategic shift from reliance on the Consignment-Based Conformity Assessment (CBCA) Programme towards the establishment of a robust, locally anchored quality assurance system.

273. Government will, therefore, support the Standards Association of Zimbabwe (SAZ) to expand its conformity assessment, testing and certification scope across key industrial and consumer product sectors. This support will include upgrading laboratory infrastructure, acquiring modern testing equipment, enhancing technical expertise and aligning national standards with regional and international benchmarks.

274. Further, Government will establish a comprehensive National Market Surveillance Framework to systematically monitor the quality and safety of products circulating within the domestic market. These initiatives will facilitate a gradual and well-coordinated transition from the current pre-shipment inspection model, to a market surveillance-based inspection system.

275. Through these reforms, Government seeks to build a sustainable quality assurance regime that enhances the country's competitiveness, protects consumers, and promotes the growth of a resilient and standards driven economy.

Zimbabwe and Zambia Common Agro-Industrial Park

276. The Governments of Zimbabwe and Zambia are jointly spearheading the establishment of a Common Agro-Industrial Park (CAIP) located along the shared border. This initiative operationalises the Memorandum of Understanding on Industrialisation signed in March 2021, facilitated by the COMESA Secretariat, and is grounded in Article 99 of the COMESA Treaty. The project has also been recognised by the African Union as a pilot under its Common African Agro Parks (CAAPs) initiative.

277. Preliminary work has been completed, including the development of a harmonised policy, legal, regulatory, and

institutional framework, as well as an assessment of the maize and dairy value chains in both countries. Five potential sites have been identified—Banket, Lion's Den, Magunje, Makuti and Chirundu.

278. The next key phase involves conducting a comprehensive feasibility study estimated at US$3 million, to be jointly financed by the two COMESA Member States. On its part, Zimbabwe through the 2026 National Budget is setting aside US$150 000 (10% of its share) towards the feasibility study to demonstrate the country`s commitment to the CAIP Programme.

Rural Industrialisation

279. Government through the Whole-of-Government Approach will continue to support continuous identification and utilisation of resource endowments, land, and industrial projects in rural districts and provinces with particular focus on areas including agro-processing, beneficiation and value addition. The revival of Community Economic Empowerment Trusts (CEETs) will also play a significant role in promoting rural industrialisation. In addition, Government will explore incentives to promote rural industrialisation and are set to be availed by first quarter of 2026.

Micro, Small and Medium Enterprises Development

280. The Economic Census of 2024 by ZIMSTAT revealed that the economy is now dominated by MSMEs, which now constitutes a significant share of all the business establishments in the country. Government will, therefore, intensify efforts to support the MSME sector, which is dominated by marginalised groups, particularly youths and women, to promote inclusive economic growth, poverty reduction and broad-based empowerment.

281. To promote access to affordable and long-term financing, Government will continue to promote greater participation of private investors in MSMEs financing, working alongside the Small and Medium Enterprises Development Corporation (SMEDCO). In this regard, SMEDCO has been allocated ZiG152.3 million during the 2026 fiscal year.

282. Recognising that enterprise growth also depends on managerial and technical capacity, Government will intensify entrepreneurship and skills development across all provinces. In 2026, at least 60 000 MSMEs are set to benefit from comprehensive business development programmes covering areas such as financial management, marketing, costing, record keeping, product design, quality assurance and branding. These efforts aim to strengthen business competencies and

promote the establishment of sustainable, growth-oriented enterprises.

283. In addition, a minimum of 5 000 start-ups will receive targeted support covering areas such as public procurement, financial literacy, insurance and registration processes, delivered in collaboration with regulatory bodies, financial institutions and development partners.

284. Government will also scale up investments in MSME infrastructure, using the Mbare Musika Market Redevelopment Model as a benchmark. In partnership with local authorities and private investors, construction of the Glen View Area 8 Furniture Market and other similar facilities will be pursued through Public–Private Partnership (PPP) arrangements such as Build–Operate–Transfer (BOT) and Build–Own–Operate–Transfer (BOOT).

285. Under this infrastructure development programme, the target is to establish at least one new MSME workspace in each of the ten provinces in the medium term. The facilities will include factory shells, industrial hubs, vendor marts and roadside markets designed to provide secure, affordable and accessible work environments that promote enterprise growth and formalisation.

286. In addition, Government will continue to promote market access by MSMEs in domestic, regional and global value chains. Targeted support will be extended for participation in exhibitions, trade fairs and buyer–seller engagements, as well as inclusion in bilateral and multilateral trade missions. These initiatives are expected to boost competitiveness, unlock new export opportunities and improve MSME visibility in key markets.

287. Further, the 2026 National Budget will prioritise support for value addition and rural industrialisation projects such as the Hauna Banana Processing Plant, the Bulawayo Women Textile Manufacturing Centre and the Leather Satellite Design Studio, which promote employment creation and export diversification among women.

288. To facilitate the development of MSMEs, Government has set aside ZiG1.1 billion under the 2026 National Budget for the Ministry of Women Affairs, Community, Small and Medium Enterprises Development.

Addressing Informalisation

289. In February 2025, Cabinet adopted strategies to address informalisation of the economy. Some of the strategies are already being implemented and are expected to have a positive impact in the near future. The strategies were as follows:

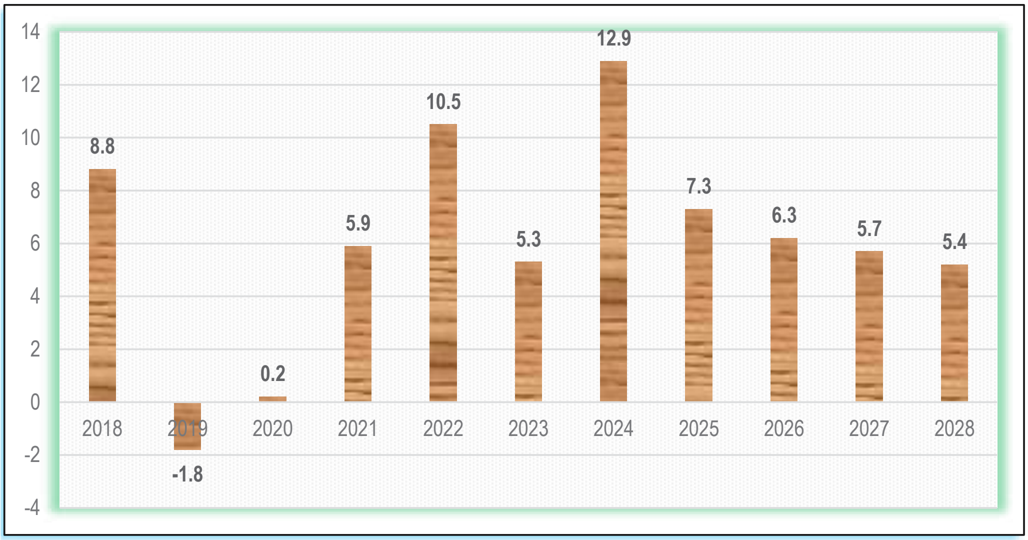
- Refinement of the Foreign Exchange Management System The exchange rate has stabilised, the 5% trading margin for foreign currency trading was removed, while the pre-paid international debit and credit cards limit was reviewed upwards.
- Create a Favourable Regulatory Environment – This is being implemented through review of licences, fees and charges.
- Establishment of Designated Workspace - This is being implemented through modernising vendor markets across the country, for example the construction of the modernised Mbare Musika Traders Market.

290. Going forward, Government will continue to implement the necessary reforms to reverse the informalisation of the economy.

Mining

291. The mining sector is one of the major drivers of economic growth and is expected to record growth of 7.3% in 2025 and 6.3% in 2026, respectively. While most mineral prices are depressed, strong performance is emanating from gold and coal production. Gold production is being driven by record high prices on the international market, whilst coal is being driven by growth in domestic demand from thermal power stations and other uses.

Figure 41: Mining Sector Growth (%)



Source: MoFED&IP, 2025

292. This positive growth trajectory is expected to be sustained at 5.7% in 2027 and 5.4% in 2028, as shown in the figure above.

293. In support of sustainable mining development in 2026, a total of ZiG789 million has been set aside for the Ministry of Mines and Mining Development. The resources are meant to enhance the operations of the Ministry, including the legislative reforms to ensure a clear, consistent and adaptive regulatory framework for the mining sector. Central to this reform agenda is the Mines and Minerals Bill, which is currently under consideration and is targeted to be enacted in 2026.

294. To support inclusive growth and economic transformation, Government will prioritise implementation of policies that

promote local value addition and beneficiation of minerals which are otherwise exported in raw form. Efforts will also be on upgrading domestic mineral processing and refining capacity, thereby transforming raw mineral exports into semi-finished and finished products. This will stimulate the development of industrial hubs and value chains, maximising domestic economic benefits, enhancing competitiveness and creating downstream employment opportunities.

295. Further, Government in partnership with international and local stakeholders, will intensify efforts to improve the quality and reliability of mineral exploration data through a comprehensive nationwide Geomagnetic Airborne Geophysical Survey. This strategic initiative will significantly improve the country's geostatistical database by identifying new mineral deposits, enhancing exploration accuracy and reducing exploration risks.

296. In addition, Government will strengthen mechanisms to curb mineral leakages by capacitating the Metallurgical Research Institute (MRI) under SIRDC and the Mining Promotion Corporation under MMCZ to comprehensively undertake mineral assaying on outward bound ores, especially of critical minerals and rare earth minerals.

297. Equally important, community engagement and benefit sharing will remain a key pillar of the mining policy agenda. Government will strengthen mechanisms for transparent and equitable sharing of mining benefits, ensure early consultations with local and indigenous communities in project planning to safeguard cultural heritage in mining areas. This approach seeks to balance economic growth with social inclusion and environmental sustainability, ensuring that mining contributes equitably to national development.

Mining Cadastre Information System.

298. The full operationalisation of the computerised Mining Cadastre Information Management System is critical for providing a transparent digital platform for managing mining rights and improving the ease of doing business in the sector.

299. Currently, the system is 90% complete, having achieved significant milestones such as successful system development, spatial data verification and validation, procurement of essential equipment and the installation of internet connectivity in various provinces and districts.

300. Government will continue to support the implementation of the cadastre information system, which is approaching completion and is expected to be commissioned in the first quarter of 2026

with resources amounting to ZiG103.7 million under the 2026 National Budget.

301. However, a number of MDAs are implementing duplicate cadastre system which is costly and inefficient, hence there is need to consider centralising the Cadastre Information System, in the Ministry of Mines and Mineral Development, to optimise resources utilisation through the Whole of Government Approach.

Tourism

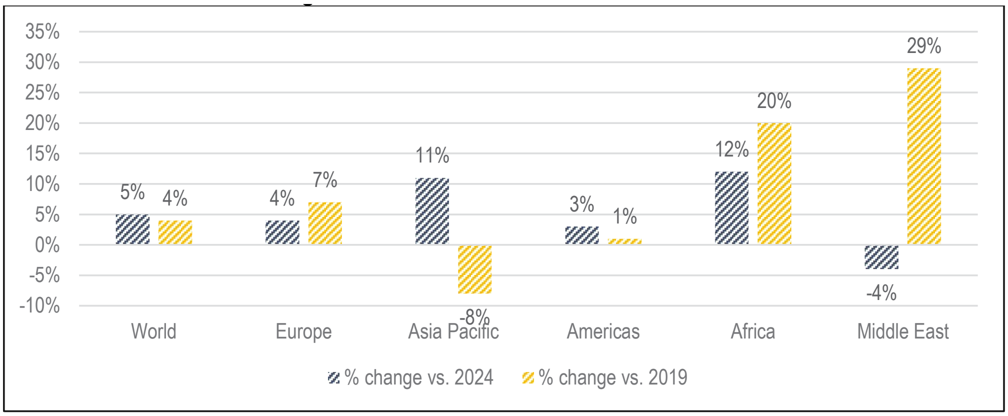
302. The tourism and hospitality industry is expected to play a pivotal role in promoting sustainable and inclusive economic development under NDS2. The anticipated growth of the sector will expand employment opportunities and create new synergies with other sectors of the economy, opportunities for youths and women wealth creation.

303. According to the United Nations World Tourism Organisation (UNWTO), international tourist arrivals increased steadily, with approximately 690 million travellers crossing borders in the first half of 2025. This reflects a 33 million increase in travellers, compared to the same period in 2024 and exceeds pre-pandemic levels by 4%.

304. Sustained travel demand highlights strong recovery momentum, notwithstanding challenges such as high inflation in tourism services and mixed traveller confidence amid ongoing geopolitical and trade tensions.

305. Regionally, the global tourism landscape is varied, with Europe welcoming approximately 340 million international tourists in this period, marking a 4% increase from 2024 and a 7% rise above 2019. African destinations demonstrated resilience with a 12% surge in arrivals in 2024, fuelled by growing investments in the continent's tourism infrastructure and increased destination marketing programmes.

Figure 42: International Tourist Arrivals



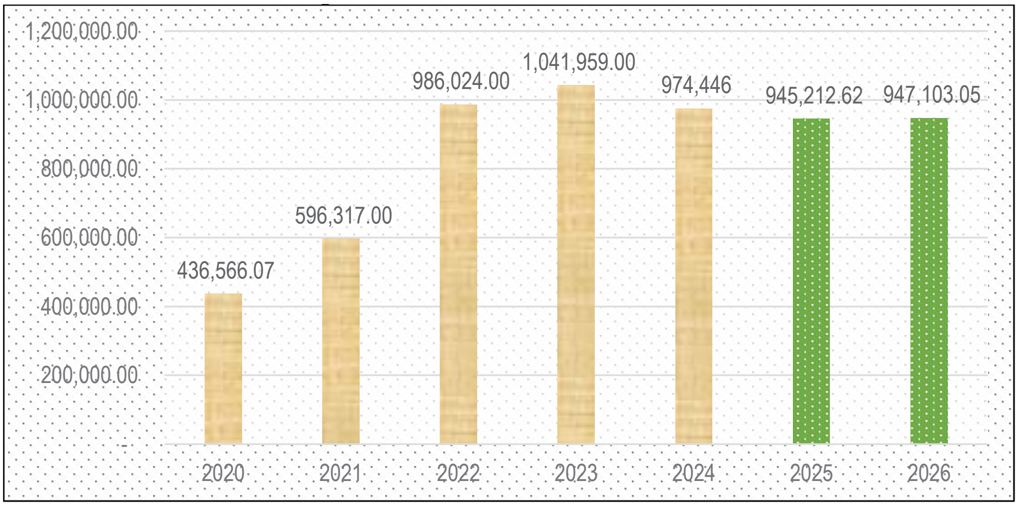
Source: UN Tourism/World Tourism Organisation (2025)

306. In 2024, the Sub-Saharan region's tourism sector experienced strong employment growth, with direct tourism employment increasing by 8.8%, significantly outpacing the global average growth rate of 5.3%. This supported broad-based job creation

and enabled structural transformation toward more productive economies.

307. Domestically, the sector is projected to record growth of 2.9% in 2025, underpinned by a growing middle-class market, growing domestic and intra-African tourism, and increased investments. Government policies supporting this growth include duty suspensions on capital equipment, motor vehicles, and buses imported by tourism operators, among other interventions.

Figure 43: Domestic Tourist Arrivals



Source: MoFEDIP, RBZ and ZIMSTAT

308. In 2026, the tourism sector is expected to grow by 3.1%, driven by arrivals from major source markets. International tourist arrivals are forecasted to reach 1.87 million, up from 1.79 million in 2025, driven by enhanced marketing and greater visibility of Zimbabwe's iconic destinations such as Victoria Falls, Hwange National Park, and the Eastern Highlands.

309. To support this growth trajectory, a Budget allocation of ZiG339 million has been set aside to bolster the operations of the Ministry of Tourism and Hospitality Industry. This will enable the Ministry to accelerate the development of the tourism sector through the implementation of strategic initiatives, expanding marketing Zimbabwe tourist destination abroad and solidifying the country's position as a leading tourism destination of choice.

310. In 2026, Government will continue to strengthen market development and diversification through deploying tourism attachés to six additional emerging markets, namely, Russia, Brazil, Canada, Nigeria, Turkey and Australia. This strategic expansion aims to broaden the country's presence both regionally and globally, increasing visibility in these promising source markets.

311. Government will also strengthen bilateral and multilateral cooperation to boost the country's image and tourism development by adopting global best practices. Investments in market research and joint marketing initiatives for key tourism products and corridors will be upscaled. In addition, Government will continue bidding for major international conferences through the National Convention Bureau and actively participate in flagship tourism expos, meetings and exhibitions at regional and international levels.

312. As the global market shifts toward a digital economy, priority will be on investing in digital marketing infrastructure, particularly artificial intelligence, to enhance competitiveness, critical to accelerating the country`s performance on the global tourism landscape.

Agriculture, Food Security, Climate and Environment

313. The 2026 National Budget supports the Agriculture Food Systems and Rural Transformation Strategy 2 (AFSRTS) (2026-2030), strengthening food security, climate resilience and environmental protection as key for sustainable development agenda. This focus aligns closely with the United Nations Sustainable Development Goals (SDGs), particularly SDG 2 which seeks to end hunger, achieve food security and improve nutrition, as well as promote sustainable agriculture. This is also in tandem with SDG 13 on climate action through enhancing resilience and adaptive capacity to climate hazards.

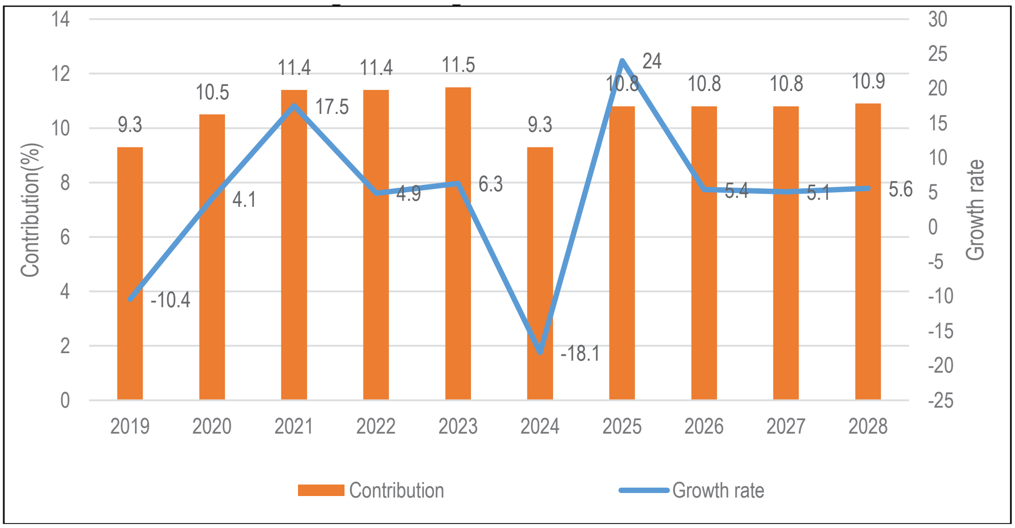
Agriculture

314. The country has made tremendous progress towards ensuring food security in the face of worsening climate change related shocks. Output growth of almost all crops and livestock production has been recorded during the NDS1 period.

315. The strategy is to sustain the growth momentum and value addition of agricultural outputs as part of the economic transformation and guaranteeing national food security. There is also need to focus on improving yields so that the country can compete with regional and international peers.

316. In 2026, the agriculture sector growth is projected to slow down to 5.4%, following a robust growth of 24% in 2025.

Figure 44: Agriculture Growth Rate



Source: MoFED&IP, RBZ and ZIMSTAT, 2025

317. To support these interventions, ZiG26.8 billion has been set aside for the Ministry of Lands, Agriculture, Fisheries, Water and Rural Development in 2026 for the following programmes and projects:

- Agriculture Productive Social Protection Scheme;

- Rural Development 8.0 and industrialisation;
- Irrigation development;
- Dam construction;
- Livestock production; and
- Procurement of Strategic Grain Reserve.

318. In addition, Development Partners are expected to disburse US$19 million in the agriculture sector in 2026 to support interventions in mitigating food crisis and building resilience against climate change shocks.

319. The interventions will also focus on drought risk profiling, operations and response planning and development of climate insurance policy for Zimbabwe, as well as enhancing sustainable crop and livestock production, including market access and food and nutrition.

Financing of the 2025/26 Agriculture Season

320. The 2025/26 agriculture season will be financed through four modalities, namely, Pfumvudza/Intwasa, ARDA, the private sector and self-financing.

321. Government`s main focus will be on increased agro-ecological tailoring of crops and enhancing climate-proofing at household level through Pfumvudza/Intwasa and expansion of area under

irrigation. In this regard, the Pfumvudza/Intwasa programme is targeting 1.1 million hectares for the production of cereals, cotton, oilseeds and pulses during the 2025/26 agriculture season.

322. Agricultural and Rural Development Authority (ARDA), as the food security agent for the nation, is targeting to produce 500 000 metric tonnes of summer cereals from 100 000 hectares. The ARDA Scheme will provide seeds, fertilizers and chemicals to contracted farmers.

Irrigation Development

323. Government continues to invest in irrigation rehabilitation and development to mitigate increasing incidences of climate shocks, to ensure food security at household and national level through the National Accelerated Irrigation Rehabilitation Programme. The aim is to ensure that the country's irrigation potential is fully exploited with a target to increase functional irrigable land to 350 000 ha by 2030.

324. The 2026 National Budget will, therefore, pursue measures aimed at upscaling irrigation and water harvesting infrastructure development in semi-arid regions. In this regard, the Budget is setting aside ZiG823.8 million towards irrigation development with priority being given to ongoing irrigation schemes. Some

of the focus areas for the 2026 National Budget include the following, among others:

- Operation and maintenance - Critical for maximising efficiency of existing irrigation infrastructure during water-scarce periods; climate-adapted O&M protocols aimed at minimising water losses.
- Co-funding of irrigation projects with development partners' support - Leverage climate finance mechanisms and green bonds for irrigation as climate adaptation infrastructure
- Upgrading of facilities for research and technology development at ZITC and Fels farm focusing on climate-smart irrigation technologies, drought-resistant crop varieties, and water-efficient farming systems.
- Capacitation of the Ministry in project management and operations, prioritising training in climate risk assessment, water resource forecasting, and adaptive irrigation management.

325. The list of irrigation to be supported during 2026 is shown in Annexture 1.

326. Through RIDA, ZiG1.5 million will be availed to support surveying, designing and construction of small earth dams in rural areas, construction of canals and laying out of laterals for village irrigation schemes in communities.

327. Government will also promote Public Private Partnerships under the auspices of the Irrigation Development Alliance, targeting 37 000 ha and other Joint Ventures, including the ARDA VIAM Wholesale Model which are expected to contribute a further 17 000 ha in 2026.

Agriculture Marketing

328. The Zimbabwe Mercantile Exchange (ZMX) platform is steadily taking a centre stage in the domestic marketing of agricultural commodities. Going forward, ZMX plans to enhance effectiveness of its commodity trading platform and its warehouse receipt system by expanding its accessibility across the country to ensure that small holder farmers can access, secure storage for transparent pricing and commodity-based financing, without traditional collateral.

329. ZMX also plans to widen its coverage to include livestock and carbon linked commodities and upscale digital market participation to promote production inclusion in agriculture. Government`s role through GMB in agriculture markets will remain limited to purchase and management of strategic grain reserve and providing storage facilities for ZMX.

330. The 2026 National Budget will, therefore, target procurement of strategic grain reserve of about 500 000 MT, with the objective

of increasing the stock levels to over 1.5 million MT over the medium term.

331. Government will also continue to promote cooperative and contract farming models as they strengthen market linkages, improve input access and ensure predictable incomes for smallholder farmers.

Rural Development

332. Government is setting aside ZiG128.8 million to support rural development interventions anchored on value addition and beneficiation of agriculture produce to transform subsistence farming into viable farming activities.

333. The objective is to establish 35 000 Village Business Units (VBUs), 4 800 Business Units and 9 600 School Business Units, aimed at generating income for households and improving livelihoods by 2028. In 2026, Government seeks to continue to establish Business Units across the country.

334. The initiative seeks to create jobs, boost incomes and reduce poverty through value addition and entrepreneurship in rural communities. Ultimately, this will contribute to broader economic growth by diversifying income sources and enhancing the productivity of the agricultural sector.

Farm Infrastructure and Mechanisation

335. Farm equipment remains vital for the modernisation of the agriculture sector, with direct impact on crop and livestock productivity. However, the high cost of modern machinery continues to place farming equipment beyond the reach of many farmers, particularly small holder farmers.

336. In this regard, Government will continue to strengthen partnership with the private sector under the Mechanisation Development Alliance Programme to capacitate and train domestic service providers to locally assemble, manufacture and import farming machinery and other implements. These efforts will be complemented by promotion of modern farming technologies, including use of herbicides, fertilizers and agro-chemicals.

337. In 2026, Government will continue implementing facilities such as the Belarus, John Deere, New Holland and More Food (Brazil).

Belarus Facility equipment for distribution

338. Through PPPs, Government seeks to support mechanisation of small-scale farmers through a smallholder mechanisation equipment package comprising of two-wheel tractors, direct seeder, multi-grain thresher and a trailer. The equipment will be offered on a loan basis to be repaid in instalments.

339. In furtherance of this thrust, through the fiscus, a total of ZiG204 million has been set aside for soil conservation and mechanisation programmes.

Business Advisory and Extension Services

340. Over the years, Government has been strengthening the provision of business advisory and extension services to facilitate the transformation of the agricultural activities. This is meant to enhance the capacity of extension officers to effectively deliver their mandate, critical for increasing agricultural productivity.

341. In 2026, support will be extended through the Vision 2030 Agriculture and Livelihood Tracker (VALT) which promotes shifting from subsistence farming to a business-oriented model. This will provide targeted advisory and promote modern farming techniques and support value addition to drive productivity and sustainable growth.

342. In this regard, the 2026 National Budget has set aside ZiG1.5 billion for the provision of extension and business advisory services, including training, mobility and other related activities.

Land Tenure

343. Government is making progress in transforming the 99-year agreement lease into bankable, registrable and transferable land tenure documents to build confidence, catalysing increased investments, boosting productivity and driving sustained economic growth. This initiative is expected to unlock access to finance by farmers.

344. To expedite the process, and in line with the devolution agenda, Government will decentralise land title deed processing centres to provinces to improve accessibility and efficiency.

Livestock

345. Interventions in the livestock industry are guided by the Livestock Recovery and Growth Plan which aims to bolster livestock productivity and ensure food and nutrition security. This entails increasing vaccination coverage and strengthening disease monitoring systems to reduce disease outbreaks.

346. In this regard, ZiG1.7 billion has been set aside to support the following livestock programmes:

- Rehabilitation and construction of dipping facilities;
- Erection of the game fence in the remaining red zones to stop buffalo-cattle contact to control Foot and Mouth Disease; and
- Tsetse control and eradication.

Climate Change Management

347. Government is committed to strengthening national climate change adaptation, mitigation and resilience, as well as alleviating the economy's vulnerability to climate change, guided by the National Climate Change Adaptation Plan (NAP)

(2024-2030) and the third generation Nationally Determined Contribution (NDC3.0).

348. In 2026, Government will prioritise the enactment and operationalisation of the Climate Change Management Bill, which is a critical step towards strengthening the country's legal and institutional framework for responding to climate change. This will provide a legal foundation for coordinated climate action and inter-agency coordination and oversight in the full implementation of the NAP and NDC3.0.

349. In addition, Government will prioritise strengthening the institutional capacity of the Zimbabwe Carbon Markets Authority (ZiCMA), which is essential for effective governance, oversight and regulation of the national carbon market. This will attract results-based climate finance and enable the country to participate meaningfully in global carbon markets.

350. In 2026, Government will start implementing the Third National Biodiversity Strategy and Action Plan and finalise the Zimbabwe Parks and Wildlife Bill to strengthen conservation efforts and ensure sustainable management of the country's natural resources. This will enhance biodiversity protection, support community-based conservation initiative and align the country's environmental policies with international commitments.

351. To address pollution and environmental degradation, Government will maintain support to the Environmental Management Agency (EMA) programmes, including strengthening its capacity to ensure sustainable environmental management and conservation efforts.

352. Government will also support climate preparedness by upgrading the meteorological and hydrological stations to improve the accuracy, reliability and spatial coverage of weather and climate data. This is critical for effective disaster preparedness and long-term agricultural sector planning.

353. In this regard, the 2026 National Budget has set aside ZiG510.2 million for the Ministry of Environment, Climate and Wildlife to implement the above programmes and projects.

354. In total, ZiG1.8 billion has been set aside to support climate change adaptation and mitigation interventions across key sectors in 2026 as shown in the table below.

Table 36: Climate Change Adaptation and Mitigation Interventions

Sector	Programme	Allocation (ZiG$)
Energy	Rural Electrification	30,600,000
Water	Dam construction	873,600,000
Agriculture	Climate smart agriculture & irrigation	823,800,000
Forestry	Forestry Management through ecosystem service incentives and tobacco wood energy programme.	10,200,000

Sector	Programme	Allocation (ZiG$)
Environmental Management	Environmental & natural resources Management as well as restore and protect degraded landscapes and catchment areas. Waste management and pollution reduction programmes	3,400,000
ZIMPARKS	Parks Management through protection of sensitive ecosystems, and fire management.	3,400,000
Climate & Weather	Upgrade and digitize weather, climate, and seismic monitoring infrastructure.	28,000,000
Grand Total		**1,773,000,000**

Source: MoFED&IP, 2025

355. In 2026, the sector is expected to benefit approximately US$2.5 million from the European Union to safeguard biodiversity and promote sustainable development. The support is aimed at promoting wildlife protection, reduce human-wildlife conflict and boost community resilience to climate change.

Job Creation, Youth Development, Sport, Creative Industry and Culture

356. The youths constitute the majority of the population, thus tens of thousands enter the job market every year. Government is seized with the task of expanding the job market to absorb new entrants, as well as create conditions for youth enterprise development and innovation. Further, the reforms for private sector growth will create new employment opportunities for the youth. Therefore, multiple initiatives are being implemented to harness the youth dividend including:

- Skills development;

- Upscaling vocational training; and
- Access to finance and credit.

Youth Empowerment and Vocational Training

357. Youths are a vital economic asset and form the foundation of the transformation agenda and ultimate realisation of Vision 2030. In 2026, Government will support targeted interventions aimed at enhancing youth empowerment programmes that promote innovation, skills development and economic inclusion. Support will also be extended to initiatives aimed at addressing drug and substance abuse and related challenges, fostering a healthy, productive youth population.

358. In this regard, Government has set aside ZiG1.7 billion for the Ministry of Youth Empowerment, Development and Vocational Training towards youth empowerment initiatives, mental health support services, the establishment of vocational pathways for recovered addicts to reintegrate productively into society, vocational training centres and expansion of youth recreation facilities, as well as capitalisation of the EmpowerBank.

Vocational Training and Skills Development

359. In order to promote job creation and entrepreneurial innovation, Government is currently implementing the Strategic Framework

for the Transformation of the Vocational Training and Skills Development System (SFTVTSDS) for 2025–2028. Through the Strategy, Vocational Training Centres (VTCs) are being redesigned as dynamic, community-rooted hubs for practical, market-oriented skills development, anchored on the Heritage-Based Education 5.0 model.

360. During the year 2025, several VTCs were refurbished and constructed and the following key milestones were realised:

- Construction of Nyamuroro Girls Hostel;
- Refurbishment of Girls Hostel at Mt Hampden Vocational Training Centre; and
- Completion of the Ruwa Innovation Hub.

Construction of a girls' hostel at Nyamuroro Vocational Training Centre (Gokwe North)

Ruwa Innovation Hub

361. The Ruwa Innovation Hub project is expected to train over 2 000 youths annually, equipping them with competitive digital skills aligned with the demands of the Fourth Industrial Revolution.

Mount Hampden VTC

362. The training will ensure increased and meaningful participation of youths in the productive sectors of the economy as a vital source of labour, innovation, and entrepreneurship. Their unique energy, adaptability to new technologies and drive for change make them key drivers of economic growth and national development.

363. In 2026, Government allocates ZiG140.7 million for VTC infrastructure modernisation, curriculum realignment, teaching-production units and inclusive access mechanisms to accelerate the operationalisation of the VTC Transformation Strategy. The aim is to reduce the NEET rate through targeted skilling and re-skilling programmes, unlock the country's demographic dividend, restore dignity to youths and build a workforce capable of driving the country's development.

364. In addition, US$1.2 million is expected from Development Partners to support the Youth and Women Employability and Productivity Project. This will go towards upgrading infrastructure for the small livestock (goats) production unit at Phangani Vocational Training Centre, construction of green houses and infrastructure for the horticulture aggregating production unit (packhouse) at Chaminuka and Kaguvi Vocational Training Centres, facilitation of business registration for cooperatives and curricula review workshops.

National Venture Capital

365. During 2025, the National Venture Capital Company of Zimbabwe (NVCCZ) pursued partnerships with innovation hubs, incubators, financial and research institutions to strengthen the national innovation and venture environment.

366. In addition to an allocation for administration of the Industrial Development Fund, Government has set aside ZiG165.3 million for the NVCCZ to bridge the capital gap for start-ups and scale-ups to promote venture capital and entrepreneurship, empowering viable businesses with strong potential for job creation, import substitution and value chain development in 2026.

Drug and Substance Abuse

367. Through the Whole of Government and Society Approach, Government will continue efforts to combat drug and substance abuse in 2026 through a multi-sectoral approach that combines prevention, rehabilitation and reintegration.

368. Building on the new thrust to enrol successfully rehabilitated youths into the National Youth Service (NYS) for skills development and national service, emphasis will be placed on expanding rehabilitation centres, strengthening community

awareness programmes and tightening law enforcement against drug cartels and suppliers.

369. Efforts will also be on enactment of the National Drug and Substance Abuse Control and Enforcement Agency Bill, 2025, which is before the Parliament. The Bill seeks to establish a specialised National Drug and Substance Abuse Control and Enforcement Agency to coordinate the national response to drug issues.

370. These interventions are aimed at restoring the potential of the affected youths, promoting national healing and safeguarding human capital, as a key driver of sustainable socio-economic development.

National Museum, Monuments and Archives

371. As part of preserving national culture and protecting heritage, the 2026 National Budget will set aside resources for maintenance and upkeep of heroes acres, repatriation of heritage through exhumation and reburials of the fallen heroes in and outside the country, as well as returning of artifacts scattered across the globe.

Sports, Recreation, Arts & Culture

372. The upgrading of sporting facilities, especially the National Sports Stadium and the Chitungwiza Aquatic Complex, among others will facilitate the country to successfully host both local, regional and international games.

373. To date, refurbishment of the National Sports Stadium is now at 65% level of completion with a target to complete the outstanding works in 2026.

Installed bucket seats at the National Sport Stadium

Hybrid turf at the National Sport Stadium

374. The construction of a multi-purpose 10 000 seat Mosi-oa-Tunya International Cricket Stadium by the Zimbabwe Cricket is currently underway with a target completion date of March 2026. The Stadium is expected to host matches for the 2027 Cricket World Cup, which Zimbabwe will co-host with South Africa and Namibia.

Ongoing construction of the 10-000-seater Cricket Stadium in Victoria Falls

375. Through a partnership with the Higherlife Foundation Trust, 3 galleries were renovated in Harare, Bulawayo and Victoria Falls, complementing Government efforts towards promotion of artists, cultural preservation and community engagement.

Refurbishment of the gallery floor in at the Harare Gallery

Solar system installed Bulawayo art gallery.

376. In addition, two cultural centres namely, Shangwe Culture Centre in Gokwe District, and Joshua Mquabuko Nkomo Culture Centre, in Matobo District, were established and commissioned during the year 2025.

Progress of construction at the Shangwe Culture Village in Gokwe Nembudziya

377. In 2026, the National Budget has set aside ZiG841.4 million for the Ministry of Sport, Recreation, Arts and Culture to support sports, arts and cultural activities including, the completion of all the outstanding works at the national sports stadium, as well as upgrading of other sporting, arts and cultural facilities in the country.

Social Development, Gender and Social Protection

378. Government seeks to build a just and inclusive society through investing in quality education and healthcare, among other essential services in order to foster human capital development, social cohesion and resilience against poverty and vulnerability.

Health

379. Interventions in the health sector in 2025 have been mainly aimed at improving access and quality of healthcare services. During the nine months to September 2025, ZiG10.1 billion was expended on the sector, of which ZiG7.7 billion was towards employment costs, ZiG2 billion on operations and the remainder on capital. As a result, the following notable progress was recorded:

- Renovation works at Parirenyatwa Group of Hospitals, which have seen the Nurse student accommodation (Adlam House) and Mbuya Nehanda Maternity Hospital facelifted;
- Expansion of medical and nursing training schools is ongoing at Masvingo provincial hospital to enhance diagnostic, teaching, and research capabilities in the health sector.
- Telemedicine services launched in 43 facilities using Starlink;

- NatPharm warehouses expanded with Mutare NatPharm warehouse commissioned in October 2025;
- Under NMS project, four 22-bed health facilities are under construction namely, Manhize in Chikomba District, Rudhanda in Zaka District, Lady Stanely in Bulilima District and Chivi District;
- A total of 8 mobile clinics procured and expected to be delivered before end of 2025;
- Procurement of 48 ICU ambulances; and
- Procurement and distribution of 60 solar powered tricycles for outreach services.

Parirenyatwa Group Hospital

Part of the equipment delivered under the NMS Programme

380. Through sugar content tax, the procurement of cancer diagnostic and treatment machines is underway with US$5.3 million having been paid to suppliers, which will enable delivery and installation of the equipment. The equipment includes magnetic resonance imaging, fusion pump, syringe pump, vital signs monitor, fluid warmers gas chromatograph, mass spectrometer, point of care blood gas analyser, chemistry analyser, and video laryngoscope. The equipment will be distributed to Parirenyatwa, Mpilo, Sally Mugabe, United Bulawayo and Chitungwiza Central hospitals.

381. In 2026, Government seeks to transform and strengthen the health workforce through the Health Compact, guided by the Health Workforce Strategy (2023-2030). The Strategy seeks to address critical gaps in human resources to build a sustainable healthcare system capable of improving health outcomes and progressing towards Universal Health Coverage by 2030.

382. In addition, priorities in the sector include improving health service delivery with emphasis on health promotion, disease prevention, mental health rehabilitation, availability of medicines, and enhancing maternal and child health services. This involves strengthening primary healthcare by improving access to quality healthcare, particularly in rural and underserved areas in order to reduce unnecessary referrals.

383. Government also seeks to improve digital health infrastructure and expanding tertiary healthcare services for efficiency and effectiveness of health services delivery.

384. As such, a total of ZiG3.7 billion has been allocated towards interventions aimed at enhancing our healthcare system for construction of health institutions, upgrading and modernisation of medical facilities. This will facilitate the provision of up-to-date equipment and strengthening ambulance services at all levels of care. The table below shows some of the targeted health institutions.

Table 37: Targeted Health Institutions (ZiG Million)

Name of institution	Targeted works	Allocation
Parirenyatwa	Renovation of Nursing School & Mbuya Nehanda Maternity Hospital	626.4
Masvingo Provincial Hospital	Upgrading of Provincial Masvingo hospital Teaching to a teaching hospital.	135
Lupane	Completion of phase 1 works for 21 buildings	540
Mpilo	Renovations	405
NMS Facilities	District hospital	540
Other hospitals & clinics	Construction, upgrading, and renovations Provincial, Districts & rural hospitals	1454.6
Total		**3 701.0**

Source: MoFED&IP, 2025

385. The current initiatives towards rehabilitation and upgrading of Parirenyatwa and Mpilo hospitals will be fully consolidated through establishment of a clearly defined pathway and implementation plan aligned to financial capacity, focusing on critical health care services and associated requirements.

386. The NMS Company is expected to complete the ongoing construction works at Manhize in Chikomba District, Rudhanda in Zaka District, Paradza in Chivi South and Lady Stanley in Bulilima District.

387. In total, ZiG30.4 billion has been allocated to the Ministry of Health and Child Care and the Health Service Commission through the 2026 National Budget.

388. Notwithstanding the expected decline of development assistance, the health sector is expected to receive significant support from development partners projected at US$280 million in 2026. The support will go towards various programmes and projects aimed to improve and sustain health systems delivery in the country.

389. The support augments Government efforts to safeguard the country's significant milestones in its fight against HIV and AIDS, malaria, tuberculosis, maternal health and child care. In addition, the support will go towards interventions in Sexual Reproductive Health (SRH), Mental Health and Psychosocial Support Services (MHPSS) for children, adolescents and pregnant and lactating women.

Primary and Secondary Education

390. The 2026 National Budget has set aside ZiG47.4 billion for the Ministry of Primary and Secondary Education towards employment costs, provision of basic education, upgrade, construct and equip schools including those in disadvantaged areas to ensure all students have access to nearby facilities, in accordance with international conventions. The Budget will set aside resources to:

- Strengthen Early Childhood Development (ECD), including adoption of foundational Science, Technology, Engineering and Mathematics (STEM) concepts;
- Provide learning materials through strengthening provision of textbooks, teaching aids, and curriculum-relevant materials to support better learning outcomes;
- Strengthen the school feeding programme, particularly in vulnerable rural areas, to improve access, retention, and learning outcomes;
- Expand learner support services, including counselling mental health; and
- Improve support for girls' sanitation (menstrual hygiene) in schools, to reduce girls' absenteeism.

391. To adequately provide for current educational needs, focus is on increasing access and inclusivity for all children through

the construction of appropriate school infrastructure which encompasses specialised classrooms, water and sanitation, teacher accommodation, ICT infrastructure, gadgets and solarisation.

392. In addition, the Budget will prioritise the provision of essential resources such as laboratories, functional libraries and digital systems.

393. This will be complemented by the provision of adequate teaching and learning materials, embracing digital learning, strengthening learner support services, ensuring sound and well-resourced implementation of the heritage-based curriculum and continuous teacher capacity development.

394. In view of the above, the Ministry of Primary and Secondary Education working with key stakeholders will expedite the ongoing engagements of using innovative financing models that should see quick project delivery and turnaround times.

395. In addition, Government will also enhance the use of ICT in teaching and learning including the Smart Tablet Early Learning Assessment use at infant level, equipping 5 Science Centres of Excellence, 5 Technical Vocational High Schools and carrying out of inspections of teaching and learning and

the monitoring of related programmes.

396. Furthermore, priority will also be given to the construction of science laboratories, refurbishing of dilapidated government schools including the provision of water and proper sanitation services.

397. The education sector is also projected to receive US$5 million from Development Partners in 2026. This will go towards strengthening professional development and school leadership to promote inclusive, equitable and climate-resilient education for all learners. In addition, this will provide school improvement grants to the selected poor rural schools to enhance teaching and learning materials, Water Sanitation and Hygiene (WASH) facilities, and safe infrastructure, as well as bursaries to secondary school going children to improve school attendance rate and outcomes for the girl child.

Social Protection

398. Inclusive economic growth is one of the objectives of NDS2. The 2026 National Budget will, therefore, provide resources to cushion the vulnerable with educational fees and medical assistance, as well as improving food security, among others. In this regard, Government is ready to provide food assistance to every vulnerable citizen until the next harvest.

399. In 2026, the Budget has set aside ZiG12.7 billion for the Ministry of Public Service, Labour and Social Welfare to provide social protection services to the vulnerable. Provision of social protection services is set to benefit from the development of the Zimbabwe Social Registry, which is expected to consolidate the current fragmented social protection systems, improve targeting and strengthen the country's social safety net intervention framework.

400. In addition, Development Partners are projected to disburse US$36.7 million to support communities in drought prone areas to build resilience and increase the capacities of communities responding to severe socio-economic, climatic shocks and stresses.

401. The bulk of the resources will be targeted towards rehabilitation of community assets, promotion of climate-smart agricultural practices, provision of agriculture inputs (seeds), and livestock (goats) in rural communities which include Zvishavane, Chiredzi, Kariba, Uzumba Maramba Pfungwe, Buhera, Guruve and Gokwe South.

402. The World Bank's administered Zimbabwe Inclusive Socio-Economic Transformation Trust Fund (ZISET) is also expected to support the sector through strengthening Social Protection

Systems to build household resilience, especially for women and vulnerable groups.

403. In 2026, the Fund will support the roll out of the next phase of the Zimbabwe Social Registry (ZISO) by financing the enumeration of the remaining 8% of the population over a period of 18 months, in response to expanding the country's capacity to deliver well-targeted social protection programmes.

Basic Education Assisted Module

404. The Basic Education Assistance Module (BEAM) plays a pivotal role in supporting vulnerable children, reducing the risk of pupils dropping out of school due to financial constraints. This ensures equitable access to education for all the children, including those from vulnerable and marginalised communities.

405. During the year 2025, an amount of ZiG2.4 billion was availed towards BEAM, however, there are still outstanding accumulated arrears which Government seeks to clear in 2026, to sustain schools operations and to ensure that no child shall be sent away from school.

406. Therefore, an allocation of ZiG5.6 billion has been set aside for BEAM, inclusive for the clearance of the outstanding arrears.

Food Deficit Mitigation Strategy

407. The El-Nino induced drought during the period 2024/2025 resulted in high food insecurities and vulnerabilities in many districts, prompting Government to distribute grain to 5.2 million beneficiaries.

408. During the 2025/26 consumption year, the projections of the Zimbabwe Vulnerability Assessment Committee Rural Livelihood Assessment results indicated that approximately 15% (1.5 million people) of the country's rural population will be food insecure, compared to 57% recorded during the 2024/25 period due to the improved agricultural season as indicated by the 2nd round Crop and Livestock Assessment (CLAFA) and ZimLAC 2025.

409. Therefore, the 2026 National Budget is allocating ZiG1 billion towards ensuring food security for the vulnerable groups.

Zimbabwe Social Cash Transfers

410. As part of the broad reform process of social protection, Government merged the Harmonized Social Cash Transfers and the Monthly Maintenances Allowances Programmes to form the Zimbabwe Social Cash Transfers Programme. The enhanced Programme will ensure that Government will reach the vulnerable and chronic poor effectively and efficiently.

411. In this regard, the 2026 National Budget is allocating ZiG600 million towards the Zimbabwe Social Cash Transfers Programme for registrations, means testing of vulnerable households and the cash transfers.

Sustainable Livelihood Programme

412. The Sustainable Livelihood Programme (SLP) aims to equip vulnerable populations with skills and resilience needed to mitigate the impact of shocks, adapt to changing circumstances and ultimately achieve long term stability and prosperity. The Programme is shifting from a traditional, piecemeal welfare approach, to a comprehensive development approach focusing on building household resilience to ensure the sustainability of the programme.

413. The Programme targets the poor, vulnerable and marginalised households and communities including the elderly, persons with disabilities, women and youths. Ongoing projects are in Gutu, Mangwe, Gokwe South, Tsholotsho, Hwedza and Buhera. Going forward, these programmes will be expanded

414. In 2026, the target is to establish at least 2 projects in each province with a Budget allocation of ZiG65 million.

Health Assistance

415. Under social protection programmes, Government extends health assistance to disadvantaged groups to ensure that they access health care services in both public and private health institutions.

416. In 2026, a provision of ZiG600 million has been made to facilitate access to basic health care services by the vulnerable citizens, especially, the rural population, women, children and persons with disabilities.

Veterans of the Liberation Struggle

417. Government is committed to improving the welfare and livelihoods of Veterans of the Liberation Struggle, war victims, non-combatant cadres and their dependents. In June 2025, Government launched the Presidential War Veterans Empowerment Scheme. This initiative includes a US$2 million Revolving Fund for veterans and an additional US$2 million for their dependents and war collaborators.

418. In 2026, Government will focus on fully operationalising the Veterans Investment Corporation to strengthen welfare programmes for the veterans of the liberation struggle with priority being given to funding projects under veteran-owned enterprises, cooperatives and agribusiness ventures. Efforts

will also centre on enhancing entrepreneurship training, providing mentorship for Veteran entrepreneurs and facilitating market access for their businesses to promote economic empowerment.

419. Furthermore, housing provision to the veterans remains a key priority, with emphasis on delivering serviced residential stands and completing housing units for the veterans of the liberation struggle, war victims and their dependents across the country.

420. Government will also expedite the finalisation of the Memorialisation Framework for the Liberation War to better coordinate national programmes related to exhumation, reburial and repatriation, providing closure to families and preserving the liberation war legacy. Strengthening the capacity of veterans' institutions to accurately document and safeguard the nation's liberation war history will also be a focus moving forward.

421. Therefore, the 2026 National Budget has allocated ZiG1.1 billion to the Ministry of Veterans of the Liberation Struggle Affairs to cover for essential needs such as monthly gratuities, medical benefits, educational assistance and funeral grants, as well as for veterans empowerment programmes, ensuring continued support for this important constituency.

422. In 2026, Government will resume the medical assessments and re-assessments for war victims, this marks a major step towards addressing the long-outstanding needs of war victims. Government reaffirms its unwavering commitment to ensuring that all war victims receive the recognition, care and support they rightfully deserve.

423. In the same vein, Government will priorities the review and amendment of the Veterans of the Liberation Struggle Act, War Victims Act and National Heroes Act to strengthen the policy framework governing the welfare of veterans and war victims, ensuring that their benefits are both equitable and reflective of their immense sacrifices for national freedom and sovereignty.

424. This support is meant to improve the welfare of War Veterans and support the families of fallen heroes, a commitment reflecting our collective gratitude to those who fought for our freedom and reinforces our duty to honour their memory.

Women and Gender Equity

425. Gender equality and equity, women's empowerment and inclusive economic participation are integral pillars of NDS2 and Vision 2030. During NDS1 period, significant progress has been achieved in implementing programmes and projects under the Women in Leadership and Decision-Making Strategy, which opens avenues for advancing women's participation

in leadership roles in Government, State Enterprises, local authorities, the private sector and within communities.

426. The convening of the African Women Leaders Network (AWLN) retreat and the launch of the Women in Public Sector Collective, have strengthened platforms for mentorship, peer learning, capacity-building and collaboration among women leaders. Going forward, the 2026 National Budget will continue to support initiatives that enhance leadership training, mentorship networks and recognition of outstanding women in innovation and business.

427. The focus during 2026 will be aimed at supporting interventions that promote gender equality, protecting the health, dignity and empowerment of women's well-being, critical for building resilient communities in the face of economic and climate change related challenges.

428. To this end, the 2026 National Budget is setting aside ZiG1.1 billion for the Ministry of Women Affairs, Community, Small and Medium Enterprises to undertake the following interventions:

- ZiG152.3 million for capitalisation of the Women's Micro Finance Bank;
- ZiG70.4 million for capitalisation of the Women Development Fund;

- ZiG74.7 million for construction of safe markets for women and children; and
- ZiG152.3 million for capitalisation of the Small and Medium Enterprises Development Cooperation.

Gender-Based Violence (GBV) Prevention and Social Protection

429. The fight against Gender-Based Violence (GVB) remains a key priority under the National Strategy on Preventing and Addressing GBV (2023–2030). Government, therefore, working with partners, will continue to operate One Stop Centres, Safe Shelters and Mobile Outreach Services to provide survivor-centred care, psychosocial support and legal aid.

430. Government will also continue to scale up the promotion of gender related issues, strengthen law enforcement responsiveness and enhanced protection systems for women and children, especially in rural and marginalised areas.

Disability Inclusion

431. Government is committed to fostering an inclusive society, where persons with disabilities fully participate in national development. In this regard, the 2026 National Budget will embed disability inclusion, across all aspects of national development planning, budgeting and service delivery.

432. The Disability Budget Sub-Framework will guide the implementation of key interventions, earmarked to strengthen the monitoring of resource allocation and assess the effectiveness of disability-inclusive programmes and projects. In addition, Government will continue to ensure provision of rehabilitation services and assistive devices, as well as ensuring the establishment of district-level satellite repair centres.

433. In addition, Government will expand the Disability Empowerment Fund to increase access to financing for inclusive businesses, enhance public sector recruitment targets and ring-fence procurement from disability-owned enterprises. To support these efforts, a national sensitisation campaign will be launched to accelerate the implementation of the National Disability Policy.

Infrastructure Development and Housing

434. The economic development and transformation agenda, in particular the drive towards attainment of a *Prosperous & Upper Middle-Income Society by 2030,* requires continuous public sector investment in infrastructure rehabilitation and development, especially on key sectors that catalyse economic growth and enhance productivity.

435. Therefore, the 2026 National Budget prioritises investment in public infrastructure projects with high economic and social returns, trade competitiveness, as well as promoting digitalisation. Specifically, the following criteria guided the prioritisation of public sector investment projects in 2026:

- Ongoing projects that are at advanced level of completion;
- Emerging projects which catalyse economic growth and socio-economic transformation;
- Projects with high socio-economic returns and downstream benefits;
- Projects that boost the country's competitiveness in global markets and attract foreign direct investment;
- Investments that foster the country's climate change mitigation and adaptation;
- Projects that crowd in private sector participation; and
- Protection of existing assets or investments.

436. In view of limited fiscal space, Government will adopt a phased and prioritised approach to implementation of capital projects in 2026 and beyond. This strategy aims to avoid spreading resources thinly and ensure that limited public resources are channelled towards high impact and economically strategic projects that deliver measurable value to the citizens.

437. In this regard, a total of ZiG26.9 billion will be deployed towards financing infrastructure projects in 2026 as follows:

Table 38: 2026 Infrastructure Investment Funding Mix (ZiG)

Sector	Fiscal	Statutory	Development Partners	Total Resources
Energy			21,390,000	21,390,000
Transport	2,997,435,000	13 000 217 000	153,000,000	16,210,652,000
Water and Sanitation	1,056,200,000			1,056,200,000
ICT	460,115,000	2,002,000		462,117,000
Health	3,700,788,000			3,700,788,000
Education	978,033,000	68,388,000		1,046,421,000
Agriculture	1,019,490,000		221,398,000	1,240,888,000
Housing	3,027,401,000			3,027,401,000
Other	91,800,000			91,800,000
Total	13,331,262,000	9,293,577,000	395,788,000	26,857,656,438

Source: MoFED&IP, 2025

Transport

438. During the 2026 fiscal year, Government will support investment in transport infrastructure systems that facilitate movement of goods, services and people within the country and across borders. In this regard, the 2026 has made an allocation of ZiG4.6 billion towards the Ministry of Transport and Infrastructural Development.

Road

439. In the road sector, focus is on rehabilitation and upgrading the road network, leveraging on the progress made thus far.

440. During the year 2025, support was extended towards the rehabilitation and upgrading of the Harare-Masvingo-Beitbridge road, which is in its final stages and earmarked for completion during the first half of 2026. So far, 533.4km have been opened to traffic and the remaining 48.6km are at various stages of completion.

Completed section of the Harare – Masvingo – Beitbridge road - 5km stretch from Clipsham Park to Nyanda Lodge

Surfacing on the Harare-Masvingo-Beitbridge Road (Ngundu Section)

Construction of Harare – Masvingo – Beitbridge road underway

Construction of Manyame and Mucheke river bridges, which are critical component of the Harare – Masvingo – Beitbridge road project

441. In 2026, Government will avail resources for the completion of the Harare – Masvingo – Beitbridge road.

442. Further, work is underway on the rehabilitation and upgrading of the Bulawayo – Victoria Falls Road. As at October 2025, a total of 19.2km (including Hwange and Insiza sections) had been completed and opened to traffic.

5km section of the Bulawayo – Victoria Falls (Insuza section) road project opened to traffic

443. Upgrading of the road is a significant step forward in Government's mission to enhance the highway, which is one of the country's most vital tourism and trade corridor. Therefore, an amount of ZiG2.9 billion has been set aside to support the ongoing road rehabilitation works in 2026, including clearance of arrears.

444. Through the Emergency Road Rehabilitation Programme II (ERRPII), an amount of ZiG12.7 billion was expended towards road rehabilitation and upgrading with the following notable achievements in 2025:

Table 39: Emergency Roads Rehabilitation Programme

Nature of Works	Planned For 2025	Current Progress
Construction, Reconstruction and Rehabilitation (km)	120	69.55
Reseal and Overlay (km)	18.5	242.17
Gravelling and Re-gravelling (km)	120	1,053.23

Nature of Works	Planned For 2025	Current Progress
Grading and Spot-gravelling / Spot-dumping (km)	-	1,317.9
Pothole Patching (km)	6 000	11,755.98
Bush and Verge Clearing (km)	2 000	9,316.59
Drain Construction / Lining and Drain Clearing (km)	3 000	21,239.55

Source: MoFED&IP, 2025

Surfacing of Murambinda – Birchenough Road and Priming of Murewa – Madecheche road

445. Some of the specific projects which were supported under the Programme, as well as the milestones achieved are provided in the table below.

Table 40: Milestones on Priority Projects

Project name	Province	District	Milestones achieved
Murehwa-Madecheche Road	Mash East	Murewa	8.8 km clearing completed and priming underway
Golden Valley-Sanyati Road	Mash West	Sanyati	11 km asphalt for independence completed, 8.1km open to traffic
Bulawayo-Victoria falls	Mat North	Various	19.2km opened to traffic
Bulawayo – Nkayi Road	Mat North	Various	11.5km opened to traffic.
Domboshava Road	Mash East	Dombos-hava	7.2 km completed and opened to traffic
Nyanga-Ruwangwe Road	Manicaland	Nyanga	5 km completed
Kadoma-Chakari Road	Mash West	Sanyati	2.2 km asphalt overlay

Project name	Province	District	Milestones achieved
Kwekwe-Gokwe Road	Midlands	Kwekwe	40 km overlay asphalt, completed
Kuwirirana-Nembudziya Road	Midlands	Gokwe North	27km open to traffic
Gokwe-Kuwirirana Road	Midlands	Gokwe North	60km regravelled
Harare Roads	Harare	Harare	11.1km reconstructed, 24.8km re-sealed.
Marondera - Chiduku Road	Mash East	Maron-dera	8km regravelled
Murambinda - Birchenough Bridge Road	Manicaland	Buhera	3.5km surfaced
Mushandirapamwe - Wedza Road	Mash East	Wedza	21km opened to traffic. 14km under construction
Manyika-Muswe-Nyadire-Mutoko Road	Various	Various	Priming underway
Marondera – Wedza Road	Mash East	Maronde-ra/Wedza	Priming underway
Chivhu – Gutu Road	Mash East/ Masv	Chikom-bo/Gutu	Resealing underway

Source: MoFEDIP, 2025

Glenara road rehabilitation project

Resealing of Chivhu – Gutu Road and surfacing of Bulawayo – Nkayi road

446. In 2026, ERRPII will be supported to the tune of ZiG11.6 billion, comprised of ZiG2.4 billion from fiscal and ZiG9.2 billion from ZINARA.

447. Ongoing construction works on roads connecting major cities and towns, such as Harare-Kanyemba, Shurugwi-Mhandamabwe and the Harare-Chirundu Road rehabilitation projects, including arterial urban roads and rural feeder roads will also be supported.

448. Government will also support scheduled maintenance of roads, including routine patching, crack sealing and resurfacing in order to protect current investments. In addition, ongoing works towards rehabilitation and upgrading of our road network, including feeder roads connecting remote areas will be prioritised.

449. Cognisant of the limited fiscal space, Public-Private Partnership arrangements will be pursued to finance the rehabilitation and upgrading of Harare-Nyamapanda Road, Kwekwe-Nkayi road, Old Gwanda Road, Mutare Christmas Pass By-pass project, Joshua M. Nkomo road, Harare-Chirundu Road, Beitbridge-Bulawayo-Victoria Falls Road, Mutare-Masvingo Road and the Birchenough Bridge project.

450. To augment the available funding options, Government will construct new tollgates, upgrade the existing tollgates, including systems automation to enhance efficiencies in traffic movement and revenue collection.

451. On the other hand, the Japan International Cooperation Agency (JICA), is projected to disburse a total amount of US$5 million towards the upgrading and widening of the 7.8km road section in Marongora area along the Harare-Chirundu Road. This will go towards surfacing and road improvement scheduled under the northern part of the North-South Corridor (Phase 2).

Airports

452. The airport upgrade and modernisation programme, which has improved the country's image and increased passenger handling capacity for major airports, will be extended to cover

strategic small domestic airports, in order to facilitate domestic tourism and trade.

453. Subsequent to the completion of the upgrading and modernisation programme on Robert Mugabe International and Victoria Falls Airports, focus is now on the remaining critical ancillary aspects related to air safety and security, communication system, airspace management and uplifting catering facilities. At J.M. Nkomo and other smaller airports, priority is on construction of traffic control towers.

454. Furthermore, Government will continue to explore mechanisms towards enhancing revenue generation at the airports to allow reinvestment in infrastructure and associated systems.

Border Posts

455. The modernisation of Beitbridge Border Post has resulted in improved movement of traffic and effective border management. Going forward, Government seeks to modernise the remaining border posts, beginning with Chirundu and Forbes Border Posts. The financial closure for Chirundu Border Post is expected during the first quarter of 2026, paving way for commencement of works.

456. In addition, Government will continue to capacitate border management agencies with tools of trade, accommodation and upgrading of security systems to enhance movement of traffic and combat smuggling.

457. In support of these initiatives a provision of ZiG738 million is being set aside as indicated in the table below.

Table 41: Capacitation of Border Management Agencies

Entity	Programme/Project	Allocation (ZiG Million)
ZIMRA	Automation	200
	Staff houses	150
Immigration	Staff houses	65.6
ZIMRA	Upgrading of Border Posts	322.4
Total		738

Rail Infrastructure

458. The rehabilitation of the National Railways of Zimbabwe (NRZ) is a critical step towards the revitalisation of the country's transport infrastructure and enhancing domestic and regional connectivity. To this end, Government is now at an advanced stage of engaging external private investor to rehabilitate the railway network, leveraging on mineral resources under a structured Resource Financed Infrastructure (RFI) Model.

459. The Model which has worked well in various countries will entail the private investor injecting capital for the railway network rehabilitation, while pursuing mining development under a joint venture arrangement with Government through NRZ.

460. A feasibility study has since been conducted and approximately US$600 million is required for phase 1 of the entire railway network rehabilitation. Under the Model, Government is required to avail mining concessions to the joint venture company as its equity contribution, while the investor will inject fresh capital and expertise. Revenues to be realised from the joint venture operations will be used to implement the next stages of the railway rehabilitation process.

461. As the country seeks to modernise the economy and improve trade competitiveness, a functional and efficient railway system is critical to lower transportation costs, ease pressure on the existing road networks and attract both domestic and foreign investment. This PPP financing approach will allow the country to unlock the potential of the mining sector to generate more revenues, upgrade the railway network and fund other key infrastructure projects.

462. Noting that miners are the major users of railway system, Government will explore PPP with local mining houses as a broader strategy to revive the railway sector.

Energy

463. Access to energy services is a fundamental enabler for industrialisation, inclusive growth and sustainable development.

During 2025, several strategic policy instruments and frameworks have been developed to guide energy planning and investment. These include the Zimbabwe National Energy Compact, the National Electrification Strategy, the E-Mobility Framework, the Energy Efficiency Policy and the National Integrated Energy Resource Plan (NIERP).

464. Collectively, these instruments provide the policy architecture necessary to ensure energy security, promote diversification of energy sources, enhance efficiency and facilitate a just transition toward low-carbon development pathways.

465. Recognising the critical role of the private sector in bridging investment gaps, Government will enhance frameworks for public-private partnerships (PPPs) in energy generation, transmission and distribution. Specific attention will be given to collaborations which allows large-scale industrial consumers to import power directly from the Southern African Power Pool (SAPP), alleviating pressure on the national generation capacity and improving energy supply stability to productive sectors.

466. With regards to Energy Compact, Government, in partnership with the African Development Bank and the World Bank, developed and signed the National Energy Compact in

October 2025 as a strategic framework for the transformation of the country's energy sector. The Compact embodies Government's firm commitment to accelerate national energy sector reform. This is an ambitious and actionable roadmap to deliver universal access to reliable, affordable and sustainable energy by 2030, which is advancing inclusive growth and climate resilience. This initiative is pivotal to unlocking the country's industrialisation potential, driving inclusive economic growth and improving socio-economic outcomes across all communities.

467. Strategic investment mobilisation totalling over US$9 billion is envisioned for the 2025-2030 period. Approximately, US$4.4 billion of this investment is expected from private sector sources, complemented by public funding and development partner support. The investments will prioritise the expansion and modernisation of generation, transmission and distribution infrastructure, including regional interconnectors that enhance integration within the Southern African Power Pool.

468. The Compact, therefore, integrates key pillars encompassing infrastructure expansion, regional integration, last-mile access acceleration, private sector engagement and strengthening of utility financial viability and governance.

469. Priority in 2026 will be on operational improvements in order to realise improved cost recovery, supported by advanced metering technologies and transparent financial reporting. In addition, Government is committed to resolving legacy debt challenges that have constrained sector performance and investment capacity.

470. To ensure effective execution and transparency, the Programme will be supported by a comprehensive monitoring and evaluation framework designed to assess progress, facilitate accountability and optimise resource utilisation in alignment with the Energy Compact targets.

471. Development Partners have committed US$2 million to support the energy sector in 2026 to complement Government efforts to improve access to electricity in both rural and urban communities. This will promote use of green energy sources, enhance efficiency and productive use of energy and provision of technical assistance for the sustainability of the sector, thereby contributing to the country's Energy Compact targets.

Water and Sanitation

472. Government prioritises water and sanitation interventions which are a key enabler of climate resilience, food security, industrial development, and broader economic growth.

473. The implementation of the Integrated Approach to Water Supply Development, fosters the concurrent execution of activities like irrigation and conveyance infrastructure on dam construction projects, will be reinforced to fully leverage the economic benefits of water harvesting investments.

474. Therefore, a total of ZiG1.1 billion has been set aside to support water and sanitation projects and programmes in 2026.

475. Development Partners committed to disburse US$8.5 million for interventions under the WASH sector in 2026. Major disbursements are meant to support projects on emergency intervention to "*Increase Water, Sanitation and Hygiene*". The Project aims to prevent outbreak of water borne diseases through provision of clean water supply in 5 districts under Masvingo province (Masvingo, Bikita, Gutu, Chivi and Mwenezi).

Kunzvi Dam

476. On Kunzvi dam, a total of US$73.56 million was availed towards the construction of dam project in 2025. The dam is now at 65% level of completion with the following critical works having been undertaken.

Table 42: Kunzvi Dam Works Completion Schedule

Item	% Complete
Excavation on the main dam	95
Embankment placing main dam	65
Construction of site roads	80
Site establishment	100
Mobilisation	100
Outlet Works	60
Spillway	10

Source: MoFED&IP, 2025

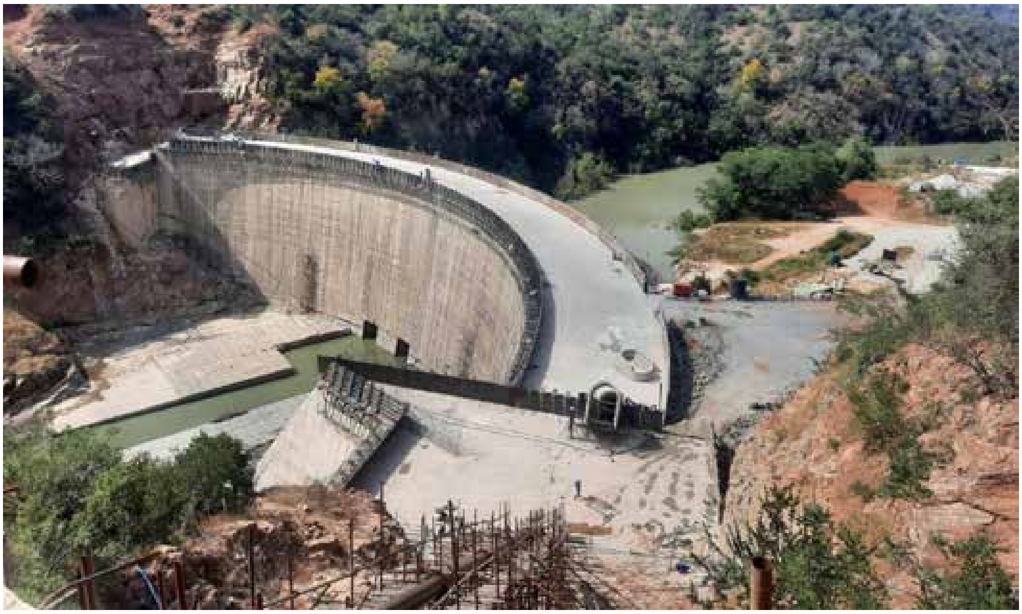
477. The 2026 National Budget will prioritise the completion of the remaining works with an allocation of ZiG130.6 million to complete the outstanding works.

Kunzvi dam ongoing excavations

Gwayi- Shangani Dam

478. Gwayi - Shangani dam construction now about 72.4% of completion. Disbursements during the year 2025 enabled the following works to be undertaken: -

- Construction of upstream water tank;
- Installation of insulation panels to cater for thermal differentials at the downstream face of the dam which is still in progress;
- Steel fabrication of 1400m diameter mini-hydro penstock pipe was done; and
- Mini-hydro power plant construction which is now at 50% completion.



Gwayi Shangani dam

479. In 2026, Government seeks to complete the construction of the dam with an allocation of ZiG273 million.

Other Dams

480. During 2025, construction of Vungu dam in Midlands province registered progress from 24% to 45% of completion.

Vungu Dam core drilling in progress

481. Furthermore, Semwa Dam also registered significant progress with overall progress now at 45.7%.

Semwa dam project

482. Works on other ongoing dam construction projects will be sustained and appropriate funding allocations will be prioritised in 2026.

Rural WASH Programme

483. Climate change exacerbates water scarcity and threatens sanitation systems through both drought and flood episodes. Waterborne diseases increase during floods, compromise hygiene practices. Climate-resilient WASH infrastructure and behaviour change are essential public health adaptations.

484. During the year 2025, priority was on: -

- Strengthening WASH sector coordination and regulation through the WASH National Action Committee and the establishment of water, sanitation and hygiene;

- Reviewing the Community Based Management Strategy to professionalise management of water supply assets; and

- Strengthening sector monitoring through the Rural WASH Information Management System (RWIMS).

485. In 2026, Government will expand WASH programmes to include improvement in sector coordination and regulation, capacity building and Rural WASH Information Management Systems with an allocation of ZiG182.6 million.

Presidential Borehole Drilling Programme

486. The Presidential Borehole Drilling Programme has significantly improved water supply from 77% in 2020 to 81% in 2025, attesting to Government's commitment to achieve Sustainable Development Goal number 6, which aims to ensure availability and sustainable management of water and sanitation for all.

487. During the year 2025, a total 887 boreholes were drilled, 12 boreholes equipped with bush pumps, 694 boreholes

solarized and 632 Village Business Units established under the Presidential Rural Development Programme.

488. Cumulatively, 4 517 boreholes were drilled, 752 equipped with bush pumps, 1 758 solarised and 1 517 Village Business Units established during the National Development Strategy 1 period.

489. The Budget will continue to support Climate-smart interventions to build resilience in communities through solar powered boreholes and drip irrigation systems in Village Business Units, which have proved to be a game changer in transforming communities through access to clean water.

490. In this regard, the 2026 National Budget has set aside an allocation of ZiG105.8 million for drilling of boreholes and setting up of Village Business Units through ZINWA under the Presidential Borehole Drilling Programme.

491. In addition, the Budget will also provide ZiG9 million and ZiG2.1 million for procurement of additional drilling rigs to capacitate ZINWA and RIDA, respectively, to facilitate enhanced provincial outreach and increase water availability in rural areas.

492. The Programme is expected to continue to change livelihoods for rural communities, create jobs and income, enhance food

security, and improve access to clean water for many families, especially those in previously marginalised areas.

Housing

493. The Housing Development Strategy seeks to accelerate the provision of affordable, sustainable and inclusive human settlements, in line with the aspirations of Vision 2030 and the National Development Strategy 2 (NDS2). In this regard, the 2026 National Budget supports investment in both off-site and on-site infrastructure, such as roads, water, sewer and electricity, which are critical enablers for all new housing projects across the country.

494. A key focus in 2026 will be the regularisation and sanitisation of dysfunctional and informal settlements. Government will continue to work with local authorities and relevant agencies to bring these settlements into the formal housing system, through proper planning, provision of basic infrastructure and issuance of secure tenure. This approach ensures that the affected communities are integrated into mainstream urban development without displacements, while promoting orderly settlement and improved living standards.

495. To strengthen housing governance, Government will enhance the legal and regulatory framework governing land

use, housing delivery and urban planning giving impetus to orderly growth and development of the sector. This includes modernising outdated statutes and aligning them with the objectives of the Smart Cities framework and climate-resilient development. Strengthened regulation will provide clarity to investors, developers and communities, ensuring that housing developments adhere to quality, safety and environmental standards.

496. Given the finite nature of land, Government will promote densification programmes in both rural service centres and urban areas. The focus will be on promoting vertical construction, cluster housing and infill developments that make efficient use of existing serviced land. Densification will be complemented by the development of integrated human settlements that bring housing closer to workplaces, schools, health facilities and recreational spaces, reducing travel times, urban sprawl and carbon emissions.

497. Resource mobilisation remains a cornerstone of housing delivery in 2026. To this end, the Budget supports the expansion of Public Private Partnerships (PPPs) and commercial joint ventures, to attract private sector participation in financing, constructing and managing housing infrastructure.

498. In this regard, Government's thrust in 2026 will be on completing ongoing housing projects, regularisation and formalisation of irregular settlements as well as sanitisation of settlements without offsite infrastructure.

Residential Accommodation

499. Cumulative Budget expenditure during the year 2025 towards construction of residential accommodation amounted to ZiG1 billion and was earmarked towards ongoing works at residential flats, rehabilitation of Government Pool Properties and servicing of residential stands.

500. The targeted projects included Dombotombo flats in Marondera, Beitbridge garden flats, Dzivarasekwa flats in Harare and Mutawatawa flats in Mashonaland East.

Beitbridge Flats under construction

501. Going forward, the Budget will prioritise the completion of Beitbridge flats, Marondera flats civil works, Kasese houses and Manresa flats with an allocation of ZiG163.2 million.

502. Government will also pursue the construction of residential flats in Lupane, Siakobvu and Mutawatawa to complement the composite offices that are being constructed in these areas.

503. In addition, ongoing works related to servicing of residential stands in Crownlands in Chinhoyi, Empumalanga in Hwange and Kasese in Kariba will continue to be pursued in 2026.

504. This initiative dovetails with Government's thrust of ensuring that, no settlement will be approved without requisite off-site and on-site infrastructure.

505. The Budget will also capacitate members of the public service through procurement of decent residential accommodation and provision of affordable housing loans.

506. The private sector is also encouraged to play a pivotal role in national housing development through developing innovative financing schemes that will unlock value within the housing market. This includes monetising current and future housing stocks to unleash value through mortgages, Real Estate Investment Trust and other capital market instruments that unlock long-term funding towards housing.

Government Composite Offices

507. Government is supporting the construction and rehabilitation of Government composite offices which include Hwedza, Siakobvu and civil works for the Lupane composite office blocks with a total of ZiG115.1 million having been availed during the year 2025.

Hwedza District Composite Office Block

508. During 2026, Government will focus on the completion of the remaining works at the three sites.

509. Construction works are underway at Binga district registry offices, Mutare provincial offices, Hwedza district offices and Insiza district registry offices with the projects expected to be completed in 2026.

Binga District Registry under construction

510. Furthermore, consideration will be accorded towards the upgrading of facilities under the Zimbabwe Defence Forces, Zimbabwe Republic Police, Zimbabwe Prisons and Correctional Services.

Court Facilities

511. Given the need to ensure access to justice closer to the general populace, resources amounting to ZiG52.3 million were expended on the completion of the recently commissioned Mutawatawa Magistrate Court, supporting on-going works at Gwanda, Cowdry Park and Kwekwe Magistrate Courts, as well as upgrading and rehabilitation of key court infrastructure.

Commissioned Mutawatawa Magistrate Court

Mutawatawa Court Room Interior

512. Currently, focus is on building of new courts in high-density suburbs, upgrading existing courts, and full implementation of the digital Integrated Electronic Case Management System (IECMS) to improve efficiency in our judiciary system.

513. Therefore, the 2026 National Budget has a provision of ZiG31.5 million targeting the completion of Gwanda Magistrates court, Kwekwe Magistrate court, Cowdray Park court, as well as the construction of new courts such as the Supreme court of Zimbabwe, Gweru criminal court extension, Brunapeg Magistrate court and Mutare Labour and Magistrate courts.

Prison Facilities

514. Government is mindful of the need to provide decent accommodation to the Zimbabwe Prison and Correctional Services staff and inmates.

515. During the year 2025, resources amounting to ZiG22.1 million have been spent on construction of staff accommodation and renovation of inmates' facilities at Chikurubi Maximum Prison.

516. By utilising technical construction skills within the security sector and partnering with the private sector, the 2026 National Budget will reinforce efforts to enhance the welfare of inmates.

517. Therefore, the 2026 National Budget has set aside ZiG144.4 million to support facelifting of facilities at various prisons countrywide.

518. The goal is to progressively upgrade all facilities across the country over the next five years.

Other Housing Projects

519. Ongoing construction works at the Museum of African Liberation were supported with a total of ZiG156.3 million during the year 2025.

Museum of African Liberation

520. The remaining works towards the construction of the Museum are expected to be completed during the year 2027.

521. Rehabilitation and upgrading works at various State residences were supported during the year 2025 and the 2026 National Budget will continue to prioritise such interventions.

522. In this regard, the 2026 National Budget is setting aside ZiG948.9 million for the Ministry of Housing and Social Amenities towards housing delivery interventions. The table below indicates the major projects targeted for implementation.

Table 43: Major Housing Projects

Item	2026 Allocation
State Residences	436,086,000
Construction and Rehabilitation of ZNA & Air Force Institutional Buildings	464,564,000
Upgrading of Border Posts	322,400,000
Chanceries and Embassies	293,800,000
Government Composite Buildings Rehabilitation & Construction	156,705,000
Museum of African Liberation	65,258,000

Item	2026 Allocation
Youth & Women Training Centres	139,935,000
Immigration Offices and Housing	65,600,000
Kasese Core Houses	2,680,000
Registry Offices	100,536,000
ZRP Infrastructure	613,628,000
ZPCS Infrastructure	144,449,000
Courts Facilities	31,464,000
Social Welfare - Rehabilitation Centres	54,000,000
Sports Facilities	136,296,000
Total	3,027,401,000

Contribution by the Private Sector

523. The recent commissioning of the Madokero Creek houses by His Excellency, the President of the Republic of Zimbabwe, Cde E.D. Mnangagwa bears testimony of the critical role played by the private sector in provision of housing.

524. Other projects being implemented by the private sector include Millennium Heights, Pokugara and The Hills Luxury Golf Estate.

525. Government will continue to leverage on the private sector's technical and financial capabilities in the provision of offsite bulk infrastructure, as well as construction of residential accommodation.

Science, Technology, Innovation, Digital and Human Capital Development

526. In line with the aspirations of Vision 2030, Government will continue to leverage on modern technologies and developing a skilled and innovative workforce as key drivers for industrialisation and structural transformation. In this regard, the 2026 National Budget will support and facilitate strategic investments in science, technology, digitalisation, innovation and human capital development, critical in fostering a knowledge-driven, digitally-enabled and technology transformed economy.

Information Communication Technology

527. To spearhead the building of information communication technology ecosystem, a budget of ZiG763.5 million has been allocated to the Ministry of Information Communication Technology, Postal and Courier Services for the 2026 financial year. The resources are meant to enable the Ministry to provide a conducive environment to promote investment in the sector, guiding policy and legislative frameworks, as well as implementation of programmes and projects that promote ICT use and adoption.

National Data Centre Upgrades

528. In 2026, Government seeks to consolidate and upgrade all National Data Centres situated across various MDAs to Tier 4 standards, reflecting Government`s commitment to modernising the country's digital infrastructure and enhancing the robustness, security and reliability of public services. This also aligns with the broader ICT policy framework, which seeks to propel the country into an IT knowledge-driven economy that drives economic growth and enhance competitiveness in the digital era.

529. Further, Government`s Wide Local Area Networks will be modernised to improve inter-ministerial and inter-agency communication, ensuring seamless and secure data exchange across the public sector.

530. Going forward, there is need to avoid duplication of efforts by having multiple data centres at various MDAs, thus, spreading the resources thinly.

ICT Lab per School Programme

531. In order to bridge the digital divide, Government places itself firmly at the forefront of ensuring universal access and the development of digital skills to align education with the demands of the digital economy.

532. The 2026 National Budget, therefore, will set aside resources for scoping of 300 schools across the country, to identify infrastructure gaps. This will be followed by procuring of essential ICT equipment such as laptops and the requisite internet infrastructure.

533. In addition, intranet will be installed to provide seamless network connectivity within school premises. Critical to this endeavour is the deployment and installation of the selected ICT Lab equipment, accompanied by an extensive capacity-building programmes to empower teachers and students with the requisite skills to effectively utilise the technologies.

Community Information Centres and Smart Health Systems

534. The 2026 National Budget will continue to support the operationalisation of Community Information Centres across all provinces, to serve as hubs for digital literacy and access, particularly benefiting underserved and rural populations.

535. Government will also expedite the implementation and deployment of Smart Government Communications suite at 174 health institutions to streamline communication and data sharing. Further, the development of a smart health Warehouse Inventory System is planned to ensure efficient medical

supplies management. These initiatives will improve service delivery, making healthcare accessible through automation and data management platforms.

Artificial Intelligence

536. Cabinet recently approved the Zimbabwe National Artificial Intelligence (AI) Strategy for 2026-2030, a coordinated framework positioned to accelerate the country's transformation into a competitive, knowledge-driven economy, aligned with Vision 2030, the National Development Strategies (NDS1 & NDS2) and the Smart Zimbabwe 2030 Master Plan.

537. The AI Strategy also seeks to integrate the Heritage-Based Education 5.0 philosophy of ensuring that Artificial Intelligence development is rooted in indigenous values and cultural preservation, transitioning the country from a resource dependent economy to one that harnesses Artificial Intelligence for economic diversification across critical sectors, thereby fostering sustainable development in line with national priorities.

538. The approved Artificial Intelligence (AI) Strategy will include the following five flagship initiatives:

- The Zimbabwean AI Grand Challenge to spur innovative AI solutions addressing national challenges;

- The National AI and Data Platform ("Project Pangolin") that centralises data and computational resources;
- The "Nzwisiso.ai" literacy campaign to raise AI awareness nationwide;
- An AI Regulatory Sandbox ("Innovation Crucible") providing a controlled environment for AI experimentation; and
- The National AI Innovation Fund ("Mugove/Isabelo Fund") which finances AI start-ups and research.

539. The implementation of the AI Strategy will proceed in three phases which involves the following:

- Foundation Building in 2026 focused on establishing infrastructure, human capacity and governance;
- Scaling Core Applications during 2027-28 to drive widespread sector adoption and service delivery improvements; and
- Ecosystem Maturation and Leadership from 2029-30 where the country emerges as a regional AI hub.

540. In this regard, the 2026 National Budget will allocate resources towards capacity development, infrastructure projects supporting AI development and development of regulatory frameworks which are critical to translating the Strategy into tangible socio-economic benefits.

Higher and Tertiary Education, Innovation, Science and Technology Development

541. Sustainable development and economic transformation are increasingly being driven by technological deployment, enterprise and innovation as key enablers for enhanced productivity, competitiveness and inclusive growth. Government, therefore, remains steadfast in its commitment to strengthening the country`s innovation ecosystem.

542. In this regard, the 2026 National Budget has set aside ZiG10.3 billion for the Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development to support Education 5.0. These resources will capacitate institutions of higher learning, expand infrastructure requirements and support innovation hubs and agro-industrial parks.

543. The resources will also support the establishment and full operationalisation of innovation hubs across all higher and tertiary institutions. The hubs will function as strategic platforms which will facilitate research and development, experimentation and entrepreneurial incubation networks.

544. The table below indicates some of the targeted institutions as well as the resource allocations thereof.

Table 44: Higher and Tertiary Education Projects

Name of Institution/Project	Allocation (ZiG)
Bindura University of Science Education-Male Hostel	30,000,000
Chinhoyi University of Technology Engineering Workshops	20,000,000
Great Zimbabwe University-Chivi Centre for Dryland Agriculture	26,800,000
Harare Institute of Technology-Laboratory Plaza	20,000,000
Lupane State University- Technovation Centre	25,000,000
Midlands State University -Kwekwe Law School	5,000,000
Midlands State University -Female Hostel	20,000,000
National University of Science and Technology -Technovation Centre	5,000,000
National University of Science and Technology- Central Library	45,000,000
University of Zimbabwe - Multipurpose Learning Centre	20,000,000
University of Zimbabwe - Quinary Hospital	35,000,000
Zimbabwe Open University -Multipurpose Learning Centre	10,000,000
Marondera University of Agricultural Science and Technology-Multipurpose Learning Centre	20,000,000
Manicaland University of Applied Science -Female Halls of Residence	20,000,000
Gwanda State University-Agro Innovation Centre	20,000,000
PAMUST-Agro Innovation Centre	10,000,000
Seke Teachers' College-Construction of Offices and Recording Space	10,000,000
Mkoba Teachers' College-Mkoba Teachers Practising School	10,000,000
Kwekwe Polytechnic-Construction of College Boundary Wall	5,000,000
Msasa Training -Water Supply	13,986,000
Belvedere-Art Centre	10,000,000
Hwange-Construction of Teaching and Learning Centre	30,000,000
Plumtree-Construction of Teaching and Learning Centre	30,000,000
Binga-Construction of Teaching and Learning Centre	30,000,000
Chivi Industrial Training Centre-Construction of Teaching and Learning Centre	30,000,000
Zimbabwe Council of Higher Education-Construction of Teaching and Learning Centre	28,000,000
Total	528,786,000

Source; MoFED&IP, 2025

545. Government will also seek to strengthen synergies between academic institutions and the private sector to create an enabling environment that accelerates technology development and its

commercialisation. This will expedite prototype development initiatives, which are focused on transitioning research outputs into viable, market ready solutions that address both domestic and international economic challenges.

546. It is in the same spirit that Treasury is collaborating with the Zimbabwe Centre for High-Perfomance Computing (ZCHPC) and the Scientific and Industrial Research on Development Centre (SIRDC) to develop a budget consolidation automation system to enhance budget preperation process.

547. Cognisant of the centrality of intellectual property rights in sustaining innovation, Government will strengthen the legal and regulatory framework governing property rights. This will include streamlining patent registration and copyright enforcement processes, elevating public awareness on intellectual property rights benefits and enhancing compliance mechanisms to safeguard innovators` interests.

Skills Audit and Development

548. The National Critical Skills Audit Report of 2018 revealed that the country's critical skills base was 38.3%, with a skills deficit of 61.7%, underscoring the urgent need to strengthen human capital base across all productive sectors. Therefore, Government will continue to strengthen strategic frameworks for identifying

talent and capacity building programmes aimed at upskilling the workforce to meet the ever-evolving industry demands, critical for economic transformation and employment creation.

549. In addition, Government will upscale investment in skills development, particularly in areas with acute shortages and those aligned with emerging technologies and the Fourth Industrial Revolution. This will be complemented by programmes and projects aimed at bridging the skills gap through enhanced collaboration between Government, industry and institutions of higher learning. The collaboration will also entail collective curriculum design, research and development to ensure that training and teaching remain responsive to the evolving demands of industry and the labour market.

550. To this end, the private sector is encouraged to take full advantage of internship and graduate trainee programmes, which provide opportunities to impart practical skills and nurture industry-ready graduates. These partnerships are essential in ensuring that young people acquire the technical competencies and professional work ethic required to drive industrial productivity and innovation.

551. Key priority areas for 2026 include the expansion of sectoral and provincial skills audits, the assessment of industry technology readiness and the development of a National

Skills Development Policy to promote lifelong learning and the recognition of prior learning. The Budget will also support programmes that bridge the digital divide, enhance rural and vocational training and revitalise the TVET sector through curriculum reform, institutional upgrades and international partnerships.

552. In this regard, the 2026 National Budget has set aside resources amounting to ZiG229 million to support the Ministry of Skills Audit and Development in its mandate to build a competitive, innovative and adaptive workforce, capable of driving the country`s industrialisation, digital transformation and inclusive growth.

REGIONAL DEVELOPMENT AND INCLUSIVITY THROUGH DEVOLUTION AND DECENTRALISATION

553. Since 2018, Government has been facilitating regional development through disbursements of devolution funds, as enshrined in the Sections 264 and 301 of the Constitution, which requires allocation of at least 5% of revenue collections to lower tiers of Government. The initiative has resulted in significant improvement in infrastructure in local authorities and rural districts, including education, health, water and sanitation, among others.

Devolution and Decentralisation

554. To enhance the effectiveness and utilisation of devolution resources, Government will continue to strengthen fiscal administration and planning in line with the Inter-Governmental Fiscal Transfer System Administrative Manual. This is in pursuit of empowering provincial and local authorities, to directly respond to the developmental needs and aspirations of their communities, a cornerstone of inclusive economic growth, transformation and equitable development.

555. In this regard, the 2026 National Budget has set aside ZiG14.4 billion to support developmental initiatives in provinces and local authorities.

556. Local authorities play an important role in public service delivery, however, their performance has been unsatisfactory and hence Government introduced the Minimum Service Delivery (MSDS) digital platform, to improve their governance and service delivery.

557. In this regard, Government will continue to assist local authorities to explore and promote revenue generating initiatives at the local level to reduce reliance on the fiscus through the Local Economic Development Programme (LED). In addition, Intergovernmental Fiscal Transfers (IGFTs) will

continue to be directed towards supporting development, with a strong focus on improving the quality and accessibility of public services. The finalisation and enactment of Devolution Act, as well as alignment of the current regulatory policy and institutional frameworks to the Constitution will facilitate the full operationalisation and entrenchment of the devolution agenda.

558. In 2026, priority will be on ongoing projects. Specifically, Government will support the completion of composite office blocks in Mutoko, Siakobvu and Wedza, among others. In addition, the refurbishment and construction of public buildings, alongside advancing urban renewal programmes aimed at modernising infrastructure and fostering sustainable urban development, will be pursued.

559. To support devolution and decentralisation initiatives, ZiG4.6 billion has been set aside for the Ministry of Local Government and Public Works for the refurbishment and construction of Government buildings, disaster relief, as well as strengthening governance and oversight role.

560. In consideration of the capacity gaps that exist within local authorities, focus will also be on identification of capacity gaps within sub-national tiers of Government and communities

with a view to strengthen the human, financial, technical, and institutional capacities necessary for effective service delivery at the local level.

Project Development

561. Generally, most Local Authorities and Rural District Councils do not have the capacity to develop investment projects to bankability. The 2026 National Budget has, therefore, set aside US$5 million to support capacity building and development of bankable projects through the Project Preparation Development Fund (PPDF).

562. To access the Fund, Local Authorities and Rural District Councils are expected to conduct pre-feasibility studies. The detailed criteria to access the Fund will be provided in due course.

563. This initiative will go a long way in developing a pipeline of bankable projects into compendiums for investment promotion.

Disaster Risk Management

564. On the risk and disaster preparedness, Government will continue to strengthen disaster risk management by enhancing preparedness, response and coordination mechanisms. Key

interventions will include the dissemination of early warning information, capacity building for rapid response teams and the prepositioning of essential supplies to ensure timely and effective disaster response, as well as the establishment of evacuation centres across disaster-prone areas.

565. Resources will be availed to support the execution of a National Multi-Hazard Contingency Plan for the 2025/26 rainfall season, in response to the predictions of the 2025/26 National Climate Outlook Forum Report (NACOF). This multi-sectoral plan will provide a coordinated framework to manage multiple disaster risks proactively, enhancing early warning systems and response preparedness to mitigate adverse outcomes from climate-induced shocks.

566. Furthermore, Government will prioritise operationalising the National Disaster Management Centre, which is a one stop shop for disaster coordination. The Centre will serve as the national hub for disaster coordination, integrating activities across subnational structures through the Zimbabwe Integrated Multi-Hazard Disaster Information Management System. This will also ensure effective communication and efficient resource mobilisation during emergencies, significantly elevating the country's disaster management capacity.

Monitoring and Evaluation

567. Monitoring and evaluation (M&E) remain critical tools for ensuring that National Budgets deliver on their intended objectives, outcomes and developmental impact. In this regard, Government will continue to strengthen M&E systems, to track programmes and projects implementation, promote accountability and ensure efficient use of resources in line with NDS2 priorities and the Public Finance Management. This will ensure that the outcomes of programmes and projects will positively impact the livelihoods of the citizenry.

568. A comprehensive M&E framework will be implemented to guide performance tracking at national, sectoral and institutional levels. This Framework will enhance coordination among MDAs, improve consistency in reporting and support timely decision-making based on performance evidence.

569. In order to improve data quality, Government will also conduct targeted surveys to identify data gaps and establish reliable baselines and key performance indicators (KPIs). Existing data within MDAs will be harmonised to develop KPIs that accurately measure progress and impact across sectors, which also aligns with international best practices.

570. Further, institutional capacity for M&E will be strengthened through training of focal persons across MDAs to enhance data management and analysis. This will improve evidence-based decision-making, ensure transparency and position the 2026 National Budget as a results-driven tool for achieving national development outcomes.

Good Governance, Institution Building, Peace and Security

571. Good governance, institution building, peace and security are critical elements, essential for fostering macroeconomic stability, inclusive growth, sustainable development and economic transformation. In 2026, Government seeks to enhance effective governance processes, promote transparency and accountability, as a way of creating a conducive environment for inclusive development.

572. In this regard, Development Partners have committed US$15 million in 2026 to augment Government efforts in strengthening political and economic governance, through capacitating the Zimbabwe Electoral Commission (ZEC); Zimbabwe Anti-Corruption Commission (ZACC), Office of the Auditor General (AG), Local Authorities, as well as, the Parliament of Zimbabwe to effectively carry out their mandates. Gender Based Violence (GBV), including Intimate Partner Violence (IPV) and child

marriage programmes, targeting vulnerable women and girls in Zimbabwe, will also be supported.

Justice Delivery

573. The 2026 National Budget allocates total of ZiG9 billion to the Ministry of Justice, Legal and Parliamentary Affairs and other justice delivery institutions. The funding is strategically designed to achieve core objectives, including upholding the rule of law through the alignment and harmonisation of legislation to the Constitution, in order to advance the decentralisation of the justice services to provinces and districts, and implementing the Intellectual Property Policy.

574. Part of the allocation is earmarked for modernising the sector, specifically through the automation of the judicial service delivery system and the digitalisation of the Deeds Office, ensuring a more efficient and responsive justice system for all citizens. Resource allocation also includes vital funding for the rehabilitation and upgrading of prisons, provision for prisoners' welfare, and the capacitation of the Zimbabwe Anti-Corruption Commission (ZACC) and the National Prosecuting Authority (NPA) to combat corruption and bolster the integrity of the justice system.

575. The Budget further prioritises improving access to justice for all, promoting equality before the law, and strengthening public trust. Significant investments are planned to strengthen the judicial system, including the expansion of court infrastructure in Districts (ZiG31.5 million) and boosting access to legal services for vulnerable groups (ZiG606 million).

576. To reduce case backlogs and improve trial efficiency, ZiG2 million is dedicated to the modernisation of judicial processes through continued digitalisation. Furthermore, Government is investing in enhancing the capacity of justice sector personnel, including judicial and prosecution staff, through targeted training and resources. These integrated initiatives aim to ensure that justice is not only efficient but also readily accessible and effective, fostering a fair and just society for every citizen.

Peace and Security

577. Peace and security constitute the bedrock for sustainable economic growth and inclusive transformation. In the context of ongoing regional and global geopolitical developments, Government is committed to allocating resources to the security cluster to safeguard territorial integrity, protect national interest, as well as upholding national sovereignty.

578. Recognising that innovative technologies and evidence-based strategies are critical, to addressing emerging security concerns and economy wide inventions, Government will continue to support investment in Research and Development initiatives aimed at strengthening intelligence capabilities, crime prevention and law enforcement effectiveness.

579. The Budget will support the capacitation of the security sector through hiring and training of personnel, provision of consumables and rations, construction and rehabilitation of staff accommodation and procurement of operational and condition of service vehicles. In addition, resources have been set aside for the capitalisation of security sector strategic business units, as well as for domestic landmine clearance.

580. In this regard, the 2026 National Budget has set aside ZiG46.8 billion for the security sector cluster to cater for employment costs, operations, training, institutional support and infrastructure development, including equipping Manyame Hospital with advanced medical technology. The resources will also be channelled towards supporting Research and Development in the security cluster.

581. The allocation includes ZiG1.5 billion to capacitate the Civil Registry Department to maintain and acquire the necessary

equipment and consumables to facilitate the issuance of IDs, birth certificates and other essential documents.

582. Further, ZiG1 billion has been set aside for the Department of Immigration in order to enhance their facilitatory role inclusive of entry and exit of travellers, issuing permits and promoting investment. The resources are meant to support hiring and capacitating of manpower, digitalising ports management through operationalisation of the Online Border Management System (OBMS), strengthening surveillance systems and equipment such as drones.

Strengthening Public Finance Management

583. In order to improve Public Finance Management and accountability, Treasury is in the process of amending the Public Finance Management Act (PFM Act) of 2010, to align with the Constitution. The amendment seeks to allow the PFM Act to:

- Incorporate Constitutional principles relating to Public Finance Management;
- Align the Act to relevant international and regional agreements;

- Align the Act with the Procurement Act, the Public Debt Management Act, as well as other relevant statutes; and
- Embrace the principle of gender responsive budgeting.

584. Meanwhile, Accounting Officers are expected to review their Accounting Officers Instructions of their staff so that they are in line with the new Accounting Framework, Public Finance Management (Treasury Instructions), Public Finance Management Regulations and the Accounting Manual.

585. To enhance transparency and accountability in public finance management, Government through MDAs will religiously implement audit recommendations from the Auditor General's Report.

586. In terms of Public Finance Management Regulations, the annual budget documents should include a report outlining measures taken by MDAs to implement prior year audit recommendations. In this regard, this Budget is accompanied by a report of measures taken by Government to address Auditor General's observations in the previous Auditor`s Report.

Parliament

587. The 2026 National Budget has set aside ZiG3.1 billion for the Parliament of Zimbabwe to undertake its legislative and oversight role. This includes funding for operations, Constituency Development Fund, vehicle loan schemes and other activities that will aid Parliament in execution of its mandate. Parliament Constituency Information Centres will also be funded in the 2026 National Budget.

Auditor General

588. Public sector transparency, accountability, good corporate governance and public service delivery are important governance tenants which ought to be rigorously adhered to all the time. In Zimbabwe, the Auditor General is mandated to carry out financial audit of all public sector institutions to ascertain their management of public resources.

589. To undertake this mandate, the Office of the Auditor General requires resources to meet its operational and capital expenditure requirements. In this regard, ZiG764.4 million has been allocated to the Office of the Auditor General for the 2026 fiscal year. The resources will cater for employment costs, capacity building, digitalisation, as well as rehabilitation and upgrading of Burroughs House Building.

590. Government seeks to complete the process of appointment of a substantive Auditor General before the end of 2025 to ensure the smooth operation of the Office.

Mutapa Investment Fund

591. The establishment of the Sovereign Wealth Fund, the Mutapa Investment Fund (MIF), is beginning to bear fruit, as significant strides have been achieved towards reviving and strengthening State-Owned Entities (SOEs) under its ambit during its first year of operation.

592. The Fund significantly addressed working capital challenges affecting most of the entities through direct capital injections, partnerships and joint ventures. As of September 2025, over US$100 million had been deployed to the entities under the management of the Fund to boost operations and achieve commercial viability, transforming 53% of the SOEs into profitable entities.

593. The Fund is expected to play a pivotal role in the realisation of Vision 2030 by establishing a National Stabilisation Fund to support the development objectives. The target is to raise over US$1 billion during the National Development Strategy 2 (NDS2) period.

594. MIF is addressing major challenges facing SOEs that include governance, management and regulatory compliance, limited access to finance, financial management and human capital constraints to improve their operational and financial performance and service delivery.

595. To enhance transparency, credibility and tap into foreign investment opportunities, the Fund successfully joined the continental African Sovereign Investors Forum (ASIF) in June 2025, becoming the 17th member of the Forum with efforts underway to join other similar international institutes where experiences are shared and long-term capital sourced.

Ease of Doing Business Reforms

596. The country's Vision 2030 to achieve the upper middle-income status by 2030, requires elevated and sustained economic growth. This implies significant increase in investment by reducing the cost of doing business to increase domestic production and productivity to enable the local industry to compete both regionally and internationally.

597. In January 2025, the President, His Excellency, Cde. Dr. E. D. Mnangagwa, highlighted the urgent need to address high and numerous levies, licences, fees, charges and

permits that increase the cost of doing business and impede economic dynamism.

598. In response to this clarion call, Government has commenced the implementation of the reforms aimed at streamlining regulatory and compliance requirements to foster a conducive environment for private sector growth and investment. The overarching objective is to reduce administrative burden by eliminating prohibitive and duplicative regulations, while ensuring that fees and permits are aligned with economic development priorities and contribute to improving livelihoods.

599. As part of these reforms, Government, together with the support of the World Bank, has embarked on a targeted review programme encompassing twelve priority sectors to rationalise and harmonise fees, licences, permits and levies. The sectors are Agriculture, Tourism, Retail, Transport, Health, Energy and Power, Manufacturing, Broadcasting, Telecommunications, Liquor Industry, Construction and Financial Services.

600. To date, Government has approved reforms in the following key sectors:

- Livestock, dairy and feedstock manufacturing (approved August 5, 2025);

- Tourism (approved August 26, 2025);
- Transport (approved September 9, 2025);
- Wholesale and Retail (approved October 7, 2025); and
- Energy Sector (approved November, 2025).

601. The reform measures adopted the following strategic principles:

- Removal of unjustifiable and obsolete licences and permits;
- Consolidation and streamlining of overlapping regulatory requirements under single authorities;
- Reduction and capping of fees and levies to sustainable levels; and
- Harmonisation of fees across local authorities to eliminate significant disparities.

602. The promulgation of the necessary legislative frameworks to formalise the implementation of these reforms is currently underway, through coordinated efforts involving the Office of the Chief Secretary to the President & Cabinet, Ministry of Finance, Economic Development & Investment Promotion, the Office of the Attorney General and relevant sector ministries.

603. Some of the approved reforms have been gazetted through the Finance Act of 2026, while others will be gazetted through Statutory Instruments and legal reforms by the respective line ministries. Government targets to complete the review of the outstanding seven sectors by the first quarter of 2026.

604. Going forward, all new regulatory fees will be subject to rigorous Regulatory Impact Assessments coordinated by the National Competitiveness Commission, to prevent undue burden on business operations.

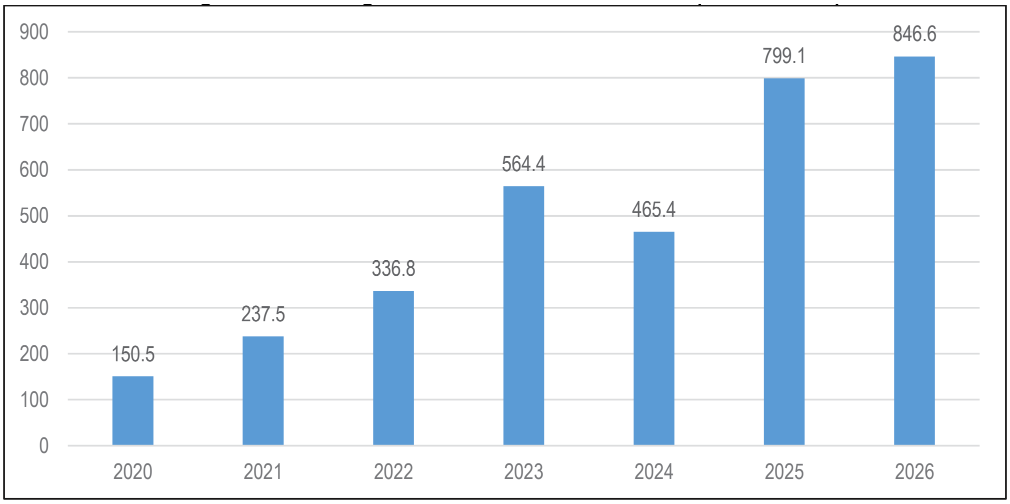
605. In tandem with the reforms, Government will undertake a comprehensive review of the regulatory institutional framework. This review will assess the optimal configuration and number of regulatory bodies necessary to perform functions efficiently without encumbering economic activity, drawing from best practices in comparable jurisdictions.

606. Through these initiatives, Government aims to enhance the ease of doing business, reduce transactional costs, support the emerging sector, especially Micro, Small and Medium Enterprises (MSMEs) and create an enabling environment for sustainable economic growth.

Investment Inflows

607. Since 2018, the country has recorded significant increase in FDI inflows, notwithstanding the challenging global environment characterised by geopolitical uncertainties and changing investor priorities. FDI inflows grew from US$151 million in 2020, to an estimate of US$799 million in 2025 and is projected to increase further to US$847 million in 2026.

Figure 45: Foreign Direct Investment Inflows(US$ Million)



Source: RBZ, 2025

608. During the first nine months of the year, the Zimbabwe Investment and Development Agency (ZIDA) issued 203 new investment licences, a 20.8% increase compared to the corresponding period last year.

609. The new investment licences investment value is estimated at US$3.3 billion, of which US$2.2 billion being investments

in the financial services. This sustained investment pipeline reflects strong policy coherence and confidence in the country's macroeconomic environment.

Table 45: ZIDA New Investment Licences

	Licences Issued	Capital Equipment from Abroad	Foreign Currency Cash Injection	Foreign Loan/ Debt	Initial Raw Materials Components	Local Contribution	Grand Total
Q3 2025	203	354.1	2,824.00	2472.5	10.8	3.2	3,264.80
Q2 2025	190	306.8	2,115.60	33.9	2.4	8.2	2,466.80
Q1 2025	207	2,645.90	1,933.20	159.2	6.4	3.1	4,747.70
Q4 2024	200	804.7	3,259.00	477.9	8.8	36.7	4,597.00
Q3 2024	168	334.2	376.5	327.4	5.1	128.9	1,171.40
Q2 2024	154	670.5	636	484.3	7.5	11.3	1,809.60
Q1 2024	143	202.5	254.5	70.1	1.3	93.7	622.2

Source: ZIDA, 2025

610. To attract investment to support the industrialisation agenda, Manhize area was officially declared a Special Economic Zone (SEZ), marking the establishment of a fully integrated industrial hub that is set to transform the national industrial landscape. The Manhize SEZ is envisioned to position the country as the leading steel production centre in Southern Africa.

611. The Manhize SEZ will foster the development of a comprehensive manufacturing ecosystem by attracting downstream industries, such as steel fabrication, construction materials, automotive components and machinery production. This initiative is expected to drive value addition and strengthen

the country's participation in regional and global manufacturing value chains.

612. Going forward, Government will continue to improve the doing business environment by prioritising investment in public infrastructure, rationalising the high levies, licences, fees, charges and permits, as well as continue to market the country as a safe investment destination.

Social Contract

613. The partners of the Tripartite Negotiating Forum (TNF), namely, Government, Organised Labour and Organised Business, have finalised the development of a Social Contract, which is expected to be signed by all three parties before the end of 2025. This milestone agreement, which took two years of extensive negotiations, represents a shared commitment by the social partners to work collaboratively in advancing national development, through clearly defined rights, responsibilities and mutual obligations.

614. The Social Contract focuses on key thematic pillars encompassing economic, social and labour dimensions. The implementation of the Contract will run concurrently with NDS2 and will be guided by a monitoring and evaluation framework to ensure accountability and measurable progress.

615. For the 2026 fiscal year, resources amounting to ZiG150 million have been allocated to support effective stakeholder engagement through awareness programmes, as well as monitoring and evaluation of the implementation of the Social Contract, among other activities of TNF.

Image Building, International Relations and Trade

616. Government has made progress to improve the Brand Zimbabwe through image building initiatives, including the engagement and re-engagement under the mantra: *Zimbabwe is a friend to all and an enemy to none*. A number of initiatives have been implemented to market the country including investment conferences, digital and online marketing and expansion of diplomatic missions with a positive impact on the country`s image, international relations and trade.

617. In 2026, Government seeks to further deepen the bilateral and multilateral relations with the international community, as well as the Zimbabweans in the diaspora to unlock new trade markets, attract foreign direct investment and harness remittances towards the development of the country.

Image Building, Engagement and Reengagement

618. The Ministry of Foreign Affairs and International Trade is at the core of the country`s strategy for economic diplomacy, serving

as the primary conduit for advancing the country`s diplomatic and economic interest on the global stage.

619. During the year 2025, Government successfully completed refurbishment works at several embassies including staff residences in Cape Town, Pretoria and Johannesburg, whilst the construction of the chancery, ambassador's residence and staff apartments in Abuja is now at an advanced level of completion.

620. In line with the national thrust on image building, engagement and reengagement, the 2026 National Budget has set aside ZiG3.9 billion for the Ministry to promote the country as a credible and investor destination, while fostering beneficial partnerships that contribute to sustainable growth and development.

621. The resources will go towards operational support of the Ministry, construction and refurbishment of the country`s foreign Missions, digitilisation of consular services, implementation of the African Continental Free Trade Area (AfCFTA) and facilitate the country`s participation in high profile trade and investment expos.

Arrears Clearance and Debt Resolution Process

622. Government is in the process of implementing the Arrears Clearance and Debt Resolution Roadmap, under the Structured Dialogue Platform, with the objective of clearing the country`s external debt arrears to restore debt sustainability and unlock critical concessional external financing to support the country`s economic development agenda. This is being implemented under the three sector working groups, namely:

- Economic Growth and Stability;
- Governance Reforms; and
- Land Tenure Reforms, Compensation of Former Farm Owners (FFOs) and the Resolution of Bilateral Investment Protection and Promotion Agreements (BIPPAs).

623. In October 2025, Government established additional Sector Working Group, the Debt Resolution Sector Working Group, with the responsibility of bringing all the country`s creditors to participate during the implementation of the Arrears Clearance and Debt Resolution Roadmap. This is meant to show the country’s commitment to information sharing, transparency and to institutionalise the debt resolution process.

624. As part of implementation of the Arrears Clearance and Debt Resolution Process, Government is in discussion with the IMF

with a view to sign off a Staff Monitored Programme (SMP) during the first quarter of 2026.

625. In the meantime, Government will continue to implement mutually agreed policy measures during the IMF Mission in June and November 2025. These include among others:

- Sustainably finance the 2025 budget. In this regard, Treasury issued a circular number 10 of 2025 aimed at containing expenditure during the 4th quarter of 2025;
- Strengthening the monitoring of fiscal risks from public entities;
- Institutionalisation of reporting of domestic arrears to suppliers of goods and services. Treasury has developed an Expenditure Arrears Clearance Strategy to clear and curb further accumulation of these arrears;
- Strengthen the monetary policy framework to entrench price stability,
- Enhance the willing buyer willing seller exchange rate market to improve efficiency; and
- Preparation and adoption of manuals detailing the systems operations of the Zimbabwe Social Registry.

626. These reforms are also outlined in NDS1 and NDS2, as necessary to achieve the desired economic growth and development.

Summary Roadmap of the Arrears Clearance and Debt Resolution Process

627. The Roadmap of the ACDR Process entails two Phases, and Phase one includes:

- Securing and signing off the SMP with the IMF;
- Engagement of a bilateral champion or a coalition of bilateral champions for the bridge loan to clear arrears to IFIs;
- Clearance of arrears with the IFIs; and
- Clearance of bilateral and commercial arrears.

628. Phase two of the Roadmap of the ACDR Process entails the following:

- Reaching eligibility for an Upper Credit Tranche Programme with the IMF;
- Requesting for the treatment of the ACDR Process under the G20 Common Framework for Debt Treatments;
- Securing agreements on financing and arrears clearance path with bilateral Paris Club creditors; and
- Securing agreements on restructuring and arrears clearance path with commercial creditors.

629. In line with the Roadmap of the ACDR Process, Government commits to continue making payments to approved Former Farm Owners (FFOs) under the Global Compensation Deed (GCD). In this regard, US$10 million has been allocated under the 2026 National Budget for the Compensation of farms under the GCD.

630. In addition, US$20 million has been allocated for payments of investors whose farms were affected by the Land Reform Programme protected by Bilateral Investment Protection and Promotion Agreements (BIPPAs). Government is committed to paying off the BIPPAs farmers over a four-year payment plan.

Information, Publicity and Broadcasting

631. The information, publicity and broadcasting sector remains a cornerstone for effective governance, public accountability and national identity. It serves as the primary channel through which Government communicates policies, programmes and achievements to citizens, while also projecting the image of the country to the regional and international community. Strengthening this sector is essential for promoting transparency, citizen engagement and social cohesion, which are critical enablers of sustainable socio-economic transformation under Vision 2030.

632. In this regard, the following works were successfully accomplished at the Bulawayo Montrose Studios.

Modernisation and operationalisation of television and radio studios.

Expansion of national radio coverage through installation of radio transmitters.

633. In 2026, priority will be on accelerating digitalisation within the broadcasting and communication ecosystem, through the continued rollout of the ZimDigital Phase 2 programme. This will involve implementation of the Zim-Digital Migration

Project, through construction of transmitter sites, installation of radio and TV digital transmitters, prioritising marginalised areas.

634. Government will also focus on enhancing strategic communication to promote the country`s image and economic potential, both locally and internationally. This includes strengthening collaboration with regional and global media institutions to highlight the country’s progress in governance, economic reforms and investment promotion, while positioning the country as a competitive destination in line with Vision 2030.

635. Further, the Zimbabwe Broadcasting Corporation (ZBC) will undergo continued modernisation through studio refurbishment, digital content production and infrastructure upgrades to transform it into a modern public broadcaster that meets international standards. Heritage-Based Broadcasting will also be promoted to showcase the country`s culture, history and tourism potential, contributing to social cohesion and economic growth.

636. To support these interventions, an amount of ZiG463.1 million has been set aside in the 2026 National Budget for the Ministry of Information, Publicity and Broadcasting Services to

finance digital migration, transmission network upgrades and capacity development programmes for media institutions and practitioners.

Tourism

637. Government will leverage on tourism to enhance the country`s image through showcasing the country`s rich natural heritage, cultural diversity and hospitality. This will be achieved through enhanced destination promotion and connectivity.

Tourism Investment Promotion

638. Investment in tourism infrastructure is a catalyst for the sector's development. Currently, the country faces significant gaps in essential tourism infrastructure, such as convention centres and national parks, as well as accommodation facilities. Developing infrastructure that supports Meetings, Incentives, Conferences and Exhibitions (MICE) presents a low hanging opportunity to accelerate growth within the tourism industry.

639. In this regard, Government in 2026 will proactively engage both domestic and international investors interested in various hospitality sector opportunities. Efforts will be made to explore granting prescribed asset status to construction of convention centres which enables the country to host mega conference events.

640. In addition, promotion of tourism investment through foreign direct investment and public-private partnerships (PPPs) is anticipated to significantly contribute to the development of tourism Special Economic Zones, exemplified by projects such as the Masuwe Project in Victoria Falls.

641. Government will also prioritise strengthening evidence-based policy making and strategic planning within the tourism sector through enhanced statistical data collection and analysis. Central to this effort will be the review and operationalisation of the Tourism Satellite Accounting System (TSA), an important framework for measuring the size and contribution of the sector to the economy.

642. To further support this initiative, Government will implement the Tourism Industry Management System (TIMS), facilitating online registration of tourism operators and integration with the Online Border Management System (OBMS), thereby improving real-time data accuracy and accessibility. In addition, Government will also conduct the Development of Tourism Surveys (DOTs) and Visitor Exit Surveys (VES) to enhance the TSA data.

Improved Destination Accessibility

643. Significant progress has been made in facilitating tourism accessibility through visa reforms. The country has achieved a milestone by streamlining visa regimes for Category C Countries, thereby broadening the visitor pool from diverse countries. Furthermore, regional cooperation is driving the anticipated implementation of the SADC Tourism UNIVISA, which is expected to increase tourist arrivals by enabling easier cross-border travel within the region.

644. In terms of air travel, the country has seen remarkable growth in flight connectivity, with the number of airlines flying into the country rising from 3 in 2021 to 22 in 2025. The Government's Air Services Development Plan plays a pivotal role in positioning the country as a preferred tourist destination. The Plan encompasses bold strategies such as destination marketing to support new air routes and active renegotiation of bilateral air service agreements to remove restrictions, thereby facilitating smoother travel both within Africa and internationally.

645. Therefore, Government in 2026 will enhance infrastructure development, particularly in road, rail and air connectivity, to improve accessibility and boost tourism growth.

Hosting of the Intra-Africa Trade Fair Company Headquarters

646. Zimbabwe is honoured to have won the bid to host the permanent Headquarters of the Intra-Africa Trade Fair Company (IATFCO) in Harare. The Intra-Africa Trade Fair Company is an African Union (AU) entity, which will be responsible for advancing the implementation of the Africa Continental Free Trade Area.

647. The IATFCO is mandated with hosting the biennial Intra Africa Trade Fair (IATF) and related events, which provides a platform for manufacturers, suppliers and entrepreneurs to showcase their goods and services to continental and global markets. Hosting of the IATF is envisaged to increase the country's tourism, trade, investment and infrastructure development opportunities, as well as enhance our global profile in Africa's economic transformation.

648. As the company assumes this important continental responsibility, Government will meet the requisite obligations for the 2026 financial year and subsequent years, which include the provision of financial support towards office space, among others. Furthermore, Government will ensure provision of the required exhibition space and conference facilities.

649. As regards the legal status of the company, legislation will be promulgated through the Finance Bill to establish the IATFCO Headquarters in Zimbabwe.

NATIONAL DEVELOPMENT STRATEGY 2

650. National Development Strategy 2 (NDS2) (2026-2030) stands as the nation's comprehensive blueprint to accelerate the transformation towards the realisation of the Vision 2030, which aspires to elevate the country into a *Prosperous and Empowered Upper-Middle-Income Society by 2030.* Building on the foundational gains of the Transitional Stabilisation Programme (2018-2020) and National Development Strategy 1 (2021-2025), NDS2 will consolidate past achievements, decisively address unfinished business and implementation gaps through a series of bold and transformative interventions.

651. NDS2 is an evidence-driven, results-oriented national blueprint, formulated through a robust Whole-of-Government and Whole-of-Society consultative process and anchored on the Integrated Results-Based Management (IRBM) framework. The agenda is structured around ten National Priority Areas, which serve as core pillars for building sustainable and inclusive economic growth and development, ensuring no one and no place is left behind.

652. Through the collaborative implementation of the ten National Priority Areas, underpinned by an unwavering culture of transparency and zero tolerance for corruption, NDS2 will unlock the nation's vast potential, foster broad-based prosperity and firmly position the nation as a competitive and resilient player in the regional and global arena.

653. In this regard, all the national budgets, sectoral policies, strategic plans, provincial development plans, as well as all other Government policy documents ought to be aligned to NDS2 as the country moves towards Vision 2030. Already, this 2026 National Budget is wholly guided by NDS2.

654. While the policy document is now ready, the real work lies in its implementation to achieve the desired results and outcomes which transforms livelihoods. This is achievable only if there is unity of purpose among all stakeholders comprising of Government, private sector, civil society and development partners.

REVENUE MEASURES

Introduction

655. Mr. Speaker Sir, the 2026 National Budget *Revenue Measures* seek to consolidate the gains achieved under the NDS 1 and

lay the foundation for the transition to NDS 2. The proposed measures are targeted at broadening the tax base, supporting productive sectors and providing relief to taxpayers, as well as minimise tax avoidance and evasion, whilst ensuring fairness, efficiency and simplicity in the tax system.

656. These interventions are envisaged to enhance *Domestic Resource Mobilisation* capabilities, thereby facilitating strengthened *Fiscal* sustainability and inclusive economic growth.

657. Furthermore, the proposed measures are guided by the principles of equity, fairness and enhancement of productivity and alignment with best practices.

Broadening the Tax Base

658. Mr. Speaker Sir, broadening the tax base is essential for promoting fairness, efficiency and sustainability in revenue collection. There is, thus, need to capture untaxed economic activities, reduce loopholes and tax expenditures, as well as ensuring that all sectors contribute equitably to the *Fiscus*, in line with their contribution to the *Gross Domestic Product*.

Enhancing Mining Fiscal Revenues

659. Mr. Speaker Sir, mining remains a cornerstone of the country's economy, contributing over 60% of export earnings and employing hundreds of thousands directly and indirectly. However, the sector's *Fiscal* contribution remains below potential, due to exploitation of existing loopholes in the tax system.

660. Table 46 is a comparison between mining gross revenues and the corresponding contribution to the *Fiscus* during the period 2023 and 2024:

Table 46: Mineral Revenues and Corresponding Fiscal Contribution

	2023	2024
Mining Gross Revenue (US$ millions)	4,948	5,495
Total Mining Tax Revenue (US$ millions)	671	747
Effective Tax Rate	14%	14%

Source: Zimtreasury

661. An *Effective Tax Rate* of 14% is indicative of a relatively generous tax system that is expected to generate significant revenues from an aggregation of taxes that include *Corporate Income Tax*, *Personal Income Tax*, *Withholding Taxes*, *Value Added Tax*, *Mineral Royalties* and *Customs Duty*.

662. I, therefore, propose the following measures to enhance mining fiscal revenues:-

Quoted Price Method for the Pricing of Minerals

663. Mining companies use complex pricing arrangements and non-transparent contracts to declare lower taxable profits.

664. Notable schemes include related-party transactions of minerals which are often undervalued through opaque transfer pricing practices such as market price adjustments and intercompany agreements.

665. In order to address this malfeasance, I propose to introduce the *Quoted Price Method* as the primary transfer pricing rule for mineral exports. This methodology seeks to tighten valuation protocols by referencing prices to recognised international benchmarks such as *London Metals Exchange, Metal Bulletin* and *Shanghai Metals Market.*

666. This measure is effective from 1 January 2026.

Tiered Royalty Regime: Gold

667. Mr Speaker Sir, the fixed royalty rates on most minerals limit *Fiscal* responsiveness to commodity price movements.

668. Whilst mining companies contend that high royalties discourage investment and exploration, statistics on mining revenues

indicate that the *Fiscus* is not benefiting from increased mining activity and commodity booms. Ultimately, a significant portion of the profits accrue to investors.

669. Mr Speaker Sir, international gold prices have reached historically high levels, exceeding US$4 000 per ounce as at October 2025. This exceptional price environment presents a strategic opportunity for both Government and mining operators to enhance value retention from the mineral resource, whilst ensuring continued investment and viability in the gold sub-sector.

670. Under the current legislative provisions, royalty rates differ between small-scale and large-scale producers. These differentiated rates have created administrative complexities, opportunities for tax arbitrage and distortions in the gold value chain. In particular, the varying rates are being exploited through misreporting, under-declaration or strategic restructuring of ownership arrangements.

671. In order to ensure the mining sector contributes a fair share of revenue to the *Fiscus* during periods of commodity price boom, as well as eliminate arbitrage between categories of miners, I propose to harmonise and review the royalty structure for all gold producers as follows:-

Table 47: Proposed Gold Royalty Rates

Price Per Ounce (US$)	Proposed Royalty Rate (%)
0 to 1 200	3
1 201-2 500	5
2 501 and above	10

672. This measure is effective from 1 January 2026.

Limitation of Losses Carried Forward

673. Current legislation allows mining companies an opportunity to carry forward mining losses indefinitely. Losses are, thus, deductible in full, thereby allowing mining companies to defer tax payments even when profitable. In some cases, companies maintain artificial losses through intra-group charges or asset revaluations with a view to avoid payment of tax.

674. Notwithstanding the long project gestation periods, delayed *Corporate Income Tax* obligations reduce fiscal stability and predictability.

675. In line with regional practice that matches the *Fiscal* revenues and financial risk to the production cycle, I propose to limit deductible losses to a maximum of 30% per annum, effective from year of assessment commencing 1 January 2026.

Deductibility of Capital Expenditure

676. Mr. Speaker Sir, current legislation allows mining companies to claim a full deduction on mining exploration, development and capital expenditure incurred "wholly and exclusively" for mining operations in the year the expenditure is incurred.

677. Immediate full deductibility of capital expenditure accelerates the recognition of tax deductions, thereby deferring Government revenue collections from otherwise profitable mining operations, often until the latter stages of the mine's productive life.

678. Whilst mining operators aim to expedite the recovery of significant upfront capital investments to maintain operational viability, current practice results in deferred tax inflows to the *Fiscus*. Consequently, Government bears an increased *fiscal* risk associated with potential declines in future mining revenues.

679. In order to share financial risk between Government and mining houses, I propose to align capital redemption allowance claims with the life of the mining asset, effective from year of assessment commencing 1 January 2026.

Export Tax on Un-beneficiated Minerals

Lithium

680. Mr Speaker Sir, the export of un-beneficiated lithium has limited domestic value addition and the *Fiscal* benefits thereof. This is notwithstanding the contention by mining houses that the capacity for local beneficiation is still under development, hence, higher taxes would deter investment.

681. An evaluation of mineral export patterns reveals that the exportation of unprocessed minerals leads to the forfeiture of potential value addition opportunities.

682. As part of measures to domesticate value addition of key minerals and cognisant of ongoing investments in lithium beneficiation plants, I propose to introduce a tiered *Export Tax on Lithium* based on the value of lithium sulphate as follows:-

Table 48: Proposed Rates of Tax

Level of Beneficiation	Proposed Export Tax (%)
Lithium Ore	10
Lithium Concentrate	10
Lithium Sulphate	0

Antimony and Related Products

683. I also propose to introduce an *Export Tax* of 10% on *Antimony* and related products.

Black Granite

684. In the case of black granite, I propose that Export Tax be assessed on the value of cut and polished dimensional stones.

Chrome

685. In the case of chrome, I propose to introduce Export Tax at a rate of 5% based on the value of ferro-chrome.

686. The above measures take effect from 1 January 2026.

687. Furthermore, I propose that all export taxes be payable in foreign currency.

Corporate Social Responsibility Levy: Coal

688. In addition to the above, I propose to introduce *Corporate Social Responsibility Levy* on coal at a rate of 2%, consistent with treatment of lithium, granite and quarry stones, with effect from 1 January 2026.

Threshold for Determination of Permanent Establishment

689. Foreign contractors frequently operate in the country for short periods and earn substantial income without creating a taxable presence. Under current law, a permanent establishment is only

triggered after 183 days of physical presence in a 12-month period. However, some contractors structure their projects to remain below this threshold, avoiding corporate income tax.

690. While contractors' opinion that short-term projects should not attract full taxation since profits are realised offshore, the source remains Zimbabwe. Typical projects include foreign engineering, consultancy, and extractive service companies.

691. Given the potential revenue losses, I propose to reduce the permanent establishment threshold from 183 days to 90 days and issue clear guidelines defining taxable presence.

692. In the case of construction, I propose that *Permanent Establishment* be deemed to commence from the first day of operations.

693. This review should guide bilateral engagements, for the avoidance of doubt.

694. This measure takes effect from 1 January 2026.

Enhancing Domestic Minimum Top-Up Tax Legislation

695. Honourable Members would recall that Government, in 2024, introduced *Domestic Minimum Top-Up Tax* (DMTT) legislation

aimed at ensuring fair allocation of taxing rights on incomes earned by multi-national enterprises operating in jurisdictions where economic activities are undertaken.

696. Domestic Minimum Top-Up Tax principles should ordinarily provide priority taxing rights to the source jurisdiction as opposed to the headquarters of the investing company.

697. The jurisdiction where the parent company is domiciled is empowered to impose a *Top-Up Tax,* in cases where the source country would have generated taxes lower than the 15% threshold, which is tantamount to exporting juridical taxing rights (*Income Inclusive Rule*). Alternatively, the source country is empowered to disallow tax deductions or make commensurate adjustments of taxes payable with a view to guarantee an effective tax rate of 15% (*Undertaxed Profits Rule)*.

698. In view of the above, I propose that current legislation be enhanced through the adoption of a minimum consolidated annual turnover threshold of EUR 750 million to facilitate application of DMTT provisions.

699. In addition, I propose that affected enterprises be mandated to furnish the Zimbabwe Revenue Authority with their groups'

consolidated annual turnover at the end of every year of assessment, under the *Country-by-Country Reporting* mechanism.

Non-Resident Tax on Interest

700. Mr Speaker Sir, foreign lenders and investors continue to derive significant interest income from loans extended to local entities. However, interest payments on such offshore loans made to non-residents are currently exempt from non-residents' withholding tax.

701. This contrasts with interest earned on domestic lending, which constitutes taxable income for local financial institutions. Consequently, while the interest income escapes taxation in the country, it remains taxable in the lender's jurisdiction, thereby resulting in the forfeiture of the country's sovereign taxing rights.

702. The existing differential tax treatment has created opportunities for tax arbitrage, wherein some companies structure domestic financing arrangements through offshore affiliates to inappropriately benefit from the exemption.

703. During the 2024 fiscal year, total interest payments to non-resident lenders amounted to approximately US$105 million,

translating to potential revenue foregone of about US$15 million.

704. I, therefore, propose to reinstate a 15% withholding tax on interest income paid to non-residents, whilst maintaining exemptions on Central Government loans.

705. In accordance with international practices aimed at preventing double taxation, the lender is expected to benefit from a tax credit in the source country.

706. This measure takes effect from 1 January 2026.

Taxation of Dividends Accruing to the Banking Sector

707. Mr Speaker Sir, taxation of dividends distributed by building societies do not fall within the statutory definition of a *Dividend,* as such income is deemed interest, which is consequently taxable at a *Withholding Tax* rate of 15%.

708. By contrast, similar income declared by commercial banks is treated as ordinary company dividends which are exempt from Withholding Tax when distributed to shareholders, in accordance with existing legislative provisions. This differential treatment has resulted in inconsistent tax outcomes for

financial institutions performing similar deposit-taking and lending functions.

709. This differential treatment reflects a historical distinction based on the mutual ownership structure of building societies, which no longer aligns with the modern financial sector landscape, where building societies and commercial banks now perform similar deposit-taking and lending functions. The existing framework has, therefore, created inconsistencies in tax treatment across comparable financial institutions, undermining the principles of horizontal equity and neutrality in the tax system.

710. In order to ensure fairness in the taxation of similar income, I propose to amend the legislation to the extent that dividends declared by commercial banks are subject to Withholding Tax in the same manner as dividends distributions by building societies, with effect from 1 January 2026.

711. Accordingly, dividends declared by Building Societies will no longer be classified as interest.

Enhancement of Betting Tax

712. Government has noted the growth of the betting and gambling industry over the past decade, with the emergence of sports

betting, lotteries, and casino gaming. Preliminary industry data indicates an annual increase in revenue of about 8% to 10% during the period 2023 to 2024.

713. Mr. Speaker Sir, the rise in betting-related vices which include addiction, indebtedness, suicide and loss of productive hours has outpaced the existing regulatory controls.

714. In addition, widespread profit-shifting practices and under-declaration of revenues have resulted in under-taxation of a rapidly expanding sector.

715. To promote responsible behavior and ensure fairness of the taxation system, I propose to extend the *Bookmakers Tax* to all licensed bookmakers, lotteries and casino operators.

716. Mr. Speaker Sir, in line with international best practice, operators of betting and casinos are primarily taxed on a turnover basis at rates ranging from 15% to 30% of bookmakers gross revenues.

717. I, therefore, I propose to review the *Bookmakers Tax* from 3% to 20% of gross revenues, which will be treated as a final tax. Thus, the operators will not be subject to *Corporate Income Tax*.

718. In addition, I propose to review the tax applicable on winnings by Punters from 10% to 25%.

719. These measures take effect from 1 January 2026.

Special Capital Gains Tax: Offshore Disposal of Specified Assets

720. Mr Speaker Sir, cognisant of the growth in the disposal of immovable property through indirect offshore transactions, I propose to introduce a *Special Capital Gains Tax* on transfer of shares whose underlying value is derived from immovable property located in the country at a rate of 20%, in line with the principles applicable on the offshore transfer of mining rights.

721. This measure is effective from 1 January 2026.

Cash Withdrawal Levy

722. Mr Speaker Sir, the *Emerging Sector* continues to account for a substantial share of economic activity, with the foreign currency dominating over 90% of physical cash transactions across both the formal and informal markets.

723. Although the local currency has remained stable since September 2024, the preference for foreign currency cash

persists due to perceptions of value preservation and wider acceptability. This widespread reliance on physical cash undermines transparency, reduces traceability of transactions and significantly limits the effectiveness of tax administration and revenue collection.

724. Current statistics show that the bulk of cash circulating in the *Emerging Sector* is sourced directly from the formal financial system. On average, ATM withdrawals amounted to approximately US$265.8 million per month between April 2024 and June 2025, of which over 90% were in United States dollars. Banks currently maintain nearly US$1 billion in cash and nostro balances to meet withdrawal demand. The continued increase in cash withdrawals, which reached US$353 million in June 2025, heightens risks of informality, tax evasion, corruption and administrative inefficiencies.

725. In light of these challenges, it is imperative to introduce measures that discourage excessive cash withdrawals, enhance transparency, strengthen tax compliance and gradually shift economic activity toward formal and digital payment platforms. The existing cash withdrawal levies are no longer adequate to address the scale of cash-based transactions.

726. I, therefore, propose to review the cash withdrawal levy on a progressive basis, as follows:

Table 49: Proposed Cash Withdrawal Levy

Monthly Withdrawal Threshold		Proposed Tax Rate (%)
US$1 to US$500:	Individuals	0
US$1 to US$5 000:	Corporates	0
US$501 to US$1 000:	Individuals	2
US$5 001 to US$10 000:	Corporates	2
Above US$1 001:	Individuals	3
Above US$10 001:	Corporates	3

727. The levy will, however, not apply on local currency transactions.

Enforcement of Presumptive Tax Collection

728. Mr Speaker Sir, assessments by the Zimbabwe National Statistics Agency (ZIMSTAT) and independent research institutions indicate that *Emerging Sector* economic activity constitutes, on average, approximately 60% of total economic output.

729. In recognition of the significant contribution of the emerging sector to the overall economy, and in an effort to broaden the tax base, Government introduced the *Presumptive Tax Framework* targeting micro, small and medium enterprises that traditionally fall outside the formal tax system. The tax is levied at relatively low fixed rates on specified sectors to

facilitate ease of compliance and promote equity in the tax system.

730. However, Mr Speaker Sir, presumptive tax collections as at October 2025 amounted to a mere US$4.8 million. The collections remain substantially below potential, given the estimated size of the emerging sector.

731. The existing tax rates and administrative arrangements have, thus, not adequately incentivised voluntary compliance, with a significant number of operators continuing to evade their tax obligations.

732. Notwithstanding the above, a significant portion of emerging sector operators are registered with Local Authorities, which presents an opportunity for collaboration with ZIMRA and other regulatory agencies, in order to enhance tax compliance and inculcate a culture of paying taxes.

733. Mr Speaker Sir, current legislation already provides for such collaboration, where ZIMRA is empowered to enter into arrangements with tax-compliant Local Authorities to collect selected presumptive taxes on behalf of the Tax Administration. Under this provision, Local Authorities are entitled to retain up to 10% of the proceeds as an administrative fee.

734. This mechanism represents a cost-effective and mutually beneficial arrangement between Central and Local Government institutions. However, the mechanism has not been implemented largely due to tax non-compliance by Local Authorities. Accordingly, the provisions require further strengthening to ensure consistency and accountability by participating Local Authorities.

735. Treasury will, thus, review the administrative and institutional framework governing this arrangement, with a view to enhancing collaboration and integration of digitised systems between ZIMRA, Local Authorities and other regulatory agencies.

736. This will facilitate real time data sharing, ensuring that all businesses are registered with ZIMRA and enforce compliance with both tax and Local Authorities' obligations. ZIMRA will also be expected to collaborate with Local Authorities to improve their revenue collection mechanism.

737. Furthermore, the framework will remove duplication of responsibilities between Local Authorities and ZINARA in the collection of Presumptive Taxes on transport related businesses.

Rental Income Tax

738. Despite existing presumptive tax provisions, significant business activities undertaken in commercial and non-commercial buildings continue to escape the tax net. Furthermore, the majority of property owners, managers and tenants operating from such premises remain unregistered for tax.

739. The existing legislation, while prohibiting deduction of rent paid to unregistered property owners and managers, does not adequately address situations where buildings are managed informally, or where property owners and managers collect rent but fail to pay the requisite tax. Within the same context, property owners and managers are not withholding specified presumptive taxes upon failure by the tenant to voluntarily comply with their tax obligation.

740. In order to strengthen the presumptive tax framework and enhance revenue collection, there is need to introduce measures targeting property owners and managers responsible for collecting rental income from both registered and unregistered businesses operating on their premises.

741. I, therefore, propose that legislation be amended to:

(i) require mandatory registration with ZIMRA, of all commercial and non-commercial properties where business activities are conducted; and

(ii) compel property owners or managers to submit quarterly tenant registers, occupancy lists and rental schedules to ZIMRA to facilitate audit and enforcement.

742. In addition, I propose that a property owner or manager who fails to register and account for *Rental Income Tax*, as well as withholding 10% of rental income payable by informal sector operators, be subject to a penalty equivalent to the *Rental Income Tax* and the *Presumptive Tax* payable thereof, including interest.

743. Furthermore, I propose that ZIMRA be empowered to temporarily close the premises used for such businesses until completion of compliance processes.

744. This measure takes effect from 1 January 2026.

Migration from Presumptive Tax to Self-Assessment

745. Current legislation provides for the payment of specified *Presumptive Tax*es on a monthly basis by operators of driving schools, commuter omnibus & taxi-cab operators, goods carrying vehicles (haulage trucks) and commercial water vessels, among other operators in the transport industry.

746. The above operators, however, continue to operate under *Fiscal Shadows,* characterised by tax evasion and avoidance, hence, the *Presumptive Tax* structure remains ineffective.

747. In order to ensure that all operators with a significant economic contribution are afforded equal opportunities to contribute to the *Fiscus*, I propose to graduate the following operators from *Presumptive Tax* to *Income Tax* on a Self-Assessment basis:

- Public Service Bus operators and operators of Commuter Omnibuses with seating capacity above 25 passengers;
- Operators of goods carrying vehicles (haulage trucks); and
- Operators of Commercial Water Vessels.

748. The above measure entails that operators should accordingly be registered with ZIMRA and account for applicable taxes.

749. This measure takes effect from 1 January 2026.

750. In addition, I propose that legislation be amended to empower the Minister responsible for Finance to graduate additional operators through subsidiary legislation.

751. Mr Speaker Sir, having outlined measures aimed at broadening the revenue base, I now turn to policy interventions designed to support productive sectors and promote inclusive economic growth.

Enhancing the Efficiency of Value Added Tax

752. Mr. Speaker Sir, Value Added Tax (VAT) remains the largest source of indirect tax revenue in the country. However, its efficiency is hampered by compliance and administrative challenges, as well as multiple concessions, comprising zero rated and exempt products. There is, thus, need to introduce measures intended to improve the efficiency of the tax, promote fairness and ensure that the system supports growth in economic activity.

753. I, therefore, propose the following measures:-

Splitting of Supplies for Value Added Tax Purposes

754. Mr Speaker Sir, under the current VAT legislation, supplies made by registered operators may comprise both taxable and exempt components. In such instances, the law requires that the operator apportions input tax incurred on goods and services used to make both taxable and exempt supplies. The apportionment is based on a fair and reasonable method approved by ZIMRA.

755. However, Mr Speaker Sir, in practice, the apportionment and correct classification of mixed supplies have posed significant administrative and compliance challenges for both tax administration and taxpayers, respectively.

756. The current legislative provisions, whilst requiring apportionment, do not expressly compel combining of mixed supplies at the transaction level, for example the provision of meals and other services which combine VAT standard rated and exempt supplies.

757. In order to enhance VAT compliance, accuracy and transparency, I propose that legislation be amended to standard rate goods and services produced from a combination of mixed supplies, notwithstanding the current apportionment mechanism.

758. This measure is effective from 1 January 2026.

VAT on Imported Services

759. Mr Speaker Sir, under the current legislative provisions, VAT on imported services is payable by the recipient of the service at the time the consideration for such services becomes due or is paid, whichever occurs first. The legislation further provides that, the tax payable should be declared and remitted in the currency in which the value of the supply is expressed or settled, consistent with the currency of trade provisions.

760. However, in practice, some taxpayers continue to declare VAT on imported services in local currency, which is inconsistent with the currency of trade provisions.

761. I, therefore, propose to explicitly require that VAT on imported services be declared and remitted in the currency of trade.

762. In addition, I propose to introduce penalties and interest for failure to account for taxes in the currency of trade, effective 1 January 2026.

Strengthening the Value Chain

Rationalization of Zero-Rating and Exemptions

763. Mr Speaker Sir, current legislation provides for a range of zero-rated and exempt products pivotal for social protection and enhancement of competitiveness.

764. Mr Speaker Sir, Treasury has also received additional requests for VAT relief from stakeholders on the basis that their goods or services qualify as essential or socially beneficial. In some cases, industry players actively lobby for preferential VAT treatment, resulting in inconsistencies across sectors and distortion of the tax policy framework.

765. This situation has led to substantial revenue losses to the *Fiscus* and weakened the self-enforcing nature of the VAT system.

766. I, therefore, propose the following VAT classification for selected goods and services: -

- Migrate sales between registered operators undertaken on a going concern arrangement from zero rating to standard rating, with the exception of sales to a Government owned entity;
- Align principal and subsidiary legislation on the VAT treatment of agricultural and medical goods and services;
- Standard rate the supply of financial services to corporates, supply of land and improvements, including leasehold land, supply of services on a subscription basis, supply of local authority services to corporates, as well as selected vegetables and fruits which are not predominantly consumed by economically vulnerable persons;
- Standard rate services supplied by an operator of a facility designated as a tourist facility, whatsoever classified, including hunting and safari; and
- Exempt all inputs, whether imported or locally produced, used in the manufacture of cooking oil, including sunflower seeds, in line with the exemption already provided on cotton seed and soya beans.

767. Goods and services of genuine social or economic importance, such as those directly linked to health, education, and basic welfare, will continue to benefit from VAT exemption.

768. These measures take effect from 1 January 2026.

Enhancing Taxation of Electronic Commerce

769. Mr Speaker Sir, the rapid expansion of the digital economy has enabled offshore digital platforms to supply services directly to domestic users without establishing a physical presence in the country. These include e-hailing platforms, digital streaming services, satellite-based internet services and a range of other online content, advertising and e-commerce platforms. These entities are generating significant income from domestic consumers and businesses.

770. However, the current tax framework does not adequately capture income accruing to non-resident *Digital Service Providers* or VAT payable on such services, resulting in substantial revenue leakages.

771. Payments for subscriptions, commissions, e-hailing service fees and internet access charges are mostly remitted offshore without being subjected to VAT. This has created base erosion risks and unfair competitive advantages over domestic service providers that are fully taxed in the country.

772. To safeguard the country's taxing rights and promote equity

in the tax system, it is necessary to strengthen existing tax provisions to ensure that income earned by offshore digital platforms from local users and VAT accruing from services performed by such enterprises is effectively brought into the tax net.

773. I, therefore, propose to introduce a *Digital Services Withholding Tax* at a rate of 15%, in lieu of VAT on imported services, for payments made to offshore digital platforms, including e-hailing fees, online content charges and satellite-based internet access fees.

774. To facilitate collection, banks, mobile money operators and other regulated payment intermediaries will be required to withhold and remit the tax at the point of payment, ensuring efficient and real-time collection of revenue. This will be complemented by strengthening of information sharing and reporting obligations by financial institutions.

775. In addition, I propose to remove the qualifying threshold on which the *Electronic Commerce Operators' Tax of 5%* will apply.

776. These measures take effect from 1 January 2026.

Supporting Productive Sectors and Inclusive Growth

777. The proposed tax policy measures aim to strengthen domestic production, enhance competitiveness and create decent employment opportunities, whilst maintaining fiscal sustainability.

Enhancing Creation of Value Chains

778. Mr Speaker Sir, the current customs duty regime is designed with a view to support domestication of production, through low tariffs on importation of inputs into production, that is, capital equipment, raw materials and intermediate products. The strategy is equally supported by a commensurate duty structure on finished products where the local industry has invested towards competitively substituting imports.

779. I, therefore propose the following measures:

Mineral Beneficiation

780. Mr Speaker Sir, I am pleased to advise that Government has already removed customs duty on capital equipment required for the setting up of Beneficiation Plants, coupled with longer Value Added Tax deferment periods with a view to manage project cashflows.

781. Additionally, in support of the ongoing investments in the establishment of *Beneficiation Plants*, I propose to amend legislation and allow mining companies investing a minimum of US$100 million towards such initiatives to automatically be allowed to register for Value Added Tax, during plant set up subject to approval by the Minister responsible for Finance.

782. This measure takes effect from 1 June 2025.

Cotton to Clothing Value Chain

783. Cognisant of the significant investment and improvement in the local production of cotton and polyester based fabric, it has become necessary to align the tariff regime on competing imports, also taking into consideration the current misclassification of products, on account of differential duty levels.

784. Notably, production of polyester and cotton fabrics has significantly increased to an installed capacity of 15 million and 25 million meters, respectively.

785. In support of local production, I propose to review and align the customs duty rate on selected polyester staple fibres with dyed woven fabrics of cotton at a rate of 40% + US$2.50 per kg, as shown on the table below:

Table 50: Review of Customs Duty on Selected Polyester Staple Fibers

Raw Material	Tariff Code	Current Duty (%)	Proposed Duty (%)
Other dyed polyester staple fibers, plain weave	5513.21.00	10%	40% + US$2.50 per kg
Other dyed woven fabrics or polyester staple fibers	5513.23.00	10%	40% + US$2.50 per kg
Other dyed woven fabrics	5513.29.00	10%	40% + US$2.50 per kg

786. I, further propose to review materials benefitting from the *Clothing Manufacturers Rebate* to exclude the above mentioned fabrics, subject to quality and competitive pricing from local manufacturers.

787. These measures take effect from 1 January 2026.

Suspension of Customs Duty on Critical Production Inputs

788. Mr Speaker Sir, under the Customs and Excise legislation, some raw materials, intermediate goods, and capital equipment attract import duties ranging from 5% to 25%. Whilst these duties serve to protect domestic industries, they have, in some instances, increased production costs, particularly for manufacturers reliant on imported inputs not locally available in sufficient quantity or quality.

789. Elevated input costs have constrained industrial productivity, reduced export competitiveness, and discouraged value addition and beneficiation across key sectors of the economy.

790. Mr Speaker Sir, a balanced and targeted approach to duty relief is, therefore, essential to support local production. A structured suspension of import duties on *bonafide* production inputs will lower the cost of production.

791. Mr Speaker Sir, I, therefore, propose to introduce a structured and time-bound suspension of import duties on critical production inputs for eligible industries targeting the following sectors, among others, with significant backward and forward linkages:

- Iron and steel production, particularly inputs used in smelting, rolling, and fabrication; and
- Agro-processing, including edible oils and food processing additives.

792. In addition to the above, I propose to remove surtax on critical inputs into production which include selected bars and iron rods not produced in Zimbabwe.

793. These measures take effect from 1 January 2026.

794. The proposed interventions will also enhance the country's ability to leverage opportunities under the African Continental Free Trade Area (AfCFTA) by enabling producers to meet regional quality and price competitiveness standards.

Duty on Raw Materials used in the Manufacture of Gas Cylinders

795. 142. In order to reduce the cost of producing gas cylinders, thereby stimulating local production, levelling the playing field between imported and locally manufactured products, I propose to remove customs duty on imported raw materials as shown on the Table below:

Table 51: Review of Duty on Selected Raw Materials for Gas Cylinders

Raw Material	Tariff Code	Current duty (%)	Proposed duty (%)
Steel Coils and Plates	7219.14.00	5%	0
Cored Wire of base Metal	8311.20.00	15%	0
Alkyd Resin	3907.50.00	5%	0

Migration from Sector Specific Rebates to Suspension of Duty

796. Mr Speaker Sir, cognisant of the need to balance creation of value chains, reducing the costs of importation and providing equal opportunities for the productive sectors to contribute to the *Fiscus*, I propose to migrate the *Rebates* of *Duty Facilities* shown in Annexure 2 to a *Suspension of Duty Regime*.

797. Under the Suspension of Duty *Facility*, *Import VAT* will be payable at the point of importation, with manufacturers

recouping the tax payable through the *VAT Input-Output Mechanism.*

798. In addition, I propose to terminate *Rebate of Duty Facilities* which are no longer aligned with policy priorities as shown on Annexure 3.

799. These measures take effect from 1 January 2026.

Suspension of Duty on Motor Vehicles imported by Safari and Tour Operators

800. Honourable Members would recall that Government has, over the years, availed a number of concessions targeted at enhancing the competiveness of the tourism industry. The incentives include suspension of duty on capital equipment, buses and motor vehicles imported by specified operators.

801. The incentives framework has contributed towards the growth in investment by the sector, in particular the surge in greenfield investment infrastructure and acquisition of specialised vehicles, thereby making Zimbabwe a preferred tourism destination.

802. In order to maintain the growth momentum in the sector, I, propose to extend the suspension of duty on specified motor

vehicles imported by Safari and Tour Operators by a further 2 years, beginning 1 January 2026.

803. This facility will, however, be granted on condition that the operator is up-to-date with tax obligations.

Beverages Sugar Content Tax: Artificial Sweeteners

804. Mr Speaker Sir, the Beverages Sugar Content Tax, introduced in 2024 applies to beverages containing added sugar and is intended to discourage excessive sugar consumption, promote healthier lifestyles and mobilize domestic revenue for health-related expenditure.

805. However, the existing framework excludes beverages formulated with artificial or non-nutritive sweeteners, such as aspartame, sucralose and saccharin. This has created regulatory and tax distortions, as some manufacturers have reformulated products using artificial sweeteners to circumvent the tax while maintaining comparable sweetness levels.

806. Emerging evidence and policy discussions have raised public health concerns regarding the unregulated use of certain sweeteners and their long-term health effects. To this end, the Ministry of Health and Child Care, in collaboration with industry

stakeholders, is developing a comprehensive regulatory framework for the classification, approval, and labelling of sweeteners used in beverages and food products.

807. Mr Speaker Sir, in order to ensure equity and policy consistency in the taxation of sweetened beverages and to align fiscal measures with public health objectives, Government is undertaking a comprehensive review of the sugar content tax framework with a view to incorporating sweeteners.

808. The review will assess impact on value chain competitiveness, employment, and agricultural viability, so as to maintain public health objectives without undermining domestic production.

Tax Relief Measures

Tax Incentives for a 24-Hour Economy

809. Mr Speaker Sir, the current tax legislation does not provide specific incentives for firms that operate extended or round-the-clock production cycles. Limited operating hours in key sectors such as manufacturing constrain overall industrial output, employment generation, and GDP growth.

810. Energy and security concerns are a key barrier to adopting 24-hour operations. Without fiscal support, extended operating

hours may not be economically viable, particularly in energy-intensive sectors.

811. The resulting under-utilisation of existing capital infrastructure, including factories, limits productivity and increases unit production costs.

812. To support the transition towards a 24-hour productive economy, I propose to introduce targeted tax incentives for firms operating extended production or service hours in the manufacturing sector, where operators demonstrate incremental production and revenue.

813. Discussions are ongoing with relevant stakeholders on the modalities of the proposed framework targeting, among others, the following incentives:-

- Additional tax deductions on selected expenditure incurred during extended operational hours;
- Accelerated wear-and-tear allowances on plant and equipment used in round-the-clock production cycles;
- Tax credits or concessions for firms maintaining minimum employment thresholds under shift-based operations; and
- Access to import duty concessions.

Review of Intermediated Money Transfer Tax

814. Mr Speaker Sir, the *Intermediated Money Transfer Tax* (IMTT) is payable whenever a financial institution mediates the transfer of money, between or among individuals or companies. The tax is chargeable on domestic transactions denominated in both local and foreign currency, as well as on outbound foreign payments and ZiG-based digital token transfers, at the prevailing rate of 2%.

815. IMTT remains a major and stable source of non-discretionary revenue, contributing about 8% of total tax revenue annually. However, its high incidence on business transactions and liquidity flows has made it distortionary, particularly in a dual-currency environment.

816. Consequently, there have been consistent calls by various stakeholders for a review and redesign of the IMTT framework to mitigate unintended economic distortions, whilst maintaining the integrity and predictability of public finances.

817. Mr Speaker Sir, consistent with Government's commitment to supporting business growth and maintaining fiscal stability, I, therefore, propose to review the IMTT framework as follows:

- reduce the IMTT rate on ZiG-denominated transactions from 2% to 1.5%, in order to promote use of local currency and lower transaction costs. IMTT on foreign currency transactions will be maintained at 2%;

- designated IMTT as a tax-deductible expense for purposes of Corporate Income Tax computation; and
- expand the definition of Financial Institution for the purpose of IMTT to include Microfinance Institutions.

818. To qualify for IMTT tax deductibility, taxpayers should:

- be registered for *Corporate Income Tax, Personal Income Tax, and Value Added Tax* where applicable;
- be VAT-fiscalised and interfaced with Fiscal Data Management System, where applicable; and
- be up-to-date with submission of tax returns and payments.

819. These compliance conditions will ensure that the benefit of deductibility accrues only to tax-compliant operators, thereby reinforcing ongoing efforts to broaden the tax base and encourage formalisation of businesses.

820. These measures are expected to result in an estimated revenue forgone of approximately US$89 million per annum, representing a fiscal adjustment consistent with prudent management.

821. These measures take effect from 1 January 2026.

Review of the VAT Rate

822. As a quid pro quo to the above concessions, and to partially compensate for the revenue forgone arising from the IMTT rate reduction and deductibility measures, I propose to increase the Value Added Tax rate by 0.5 % from 15% to 15.5%, effective 1 January 2026.

823. The measure will preserve fiscal balance, whilst maintaining VAT within a regionally competitive range.

Tax Deductibility of Interest on Deposits Held by Commercial Banks

824. Mr Speaker Sir, financial institutions play a pivotal role in mobilising savings and channelling them towards productive sectors of the economy. A significant proportion of bank liabilities comprises deposits held by individuals, corporate and institutional clients.

825. In order to mobilise and retain these deposits, financial institutions incur interest expenses, which constitute a core cost of doing business in the intermediation process.

826. However, under the current legislative provisions, interest expenses incurred by financial institutions on deposits are not deductible for tax purposes, despite being a legitimate and unavoidable cost directly incurred in the production of taxable income. This legislative restriction creates a mismatch between income earned and expenditure incurred, thereby overstating taxable profits and increasing the effective tax burden on the banking sector.

827. I, therefore, propose that interest expenses payable on deposits made with financial institutions be allowed as a tax-deductible expense, subject to appropriate safeguards to prevent abuse, including transfer pricing rules, thin capitalisation and anti–base erosion measures.

828. This measure is effective from 1 January 2026.

Taxation of Income Earned by Real Estate Investment Trusts

829. Honourable Members would be aware that Government, in 2021, exempted income accruing to *Real Estate Investment Trusts (*REIT) from corporate income tax, in recognition of their capacity to mobilise resources for new infrastructure projects.

830. In order to qualify for the incentive, the REIT should be an entity registered under the *Collective Investment Schemes Act*, whose principal objectives include owning, managing and investment in *Real Estate.*

831. However, *Insured Pension Funds* managers do not qualify for registration under the *Collective Investment Schemes* legislation, hence, cannot benefit from REITs tax concessions.

832. Given the potential to unlock significant investment from insured Pension Funds, I propose that legislation be amended to allow *Fund Managers* to register REITS on behalf of the *Pooled Pension Funds*.

Support for Business and Knowledge Process Outsourcing

833. Mr Speaker Sir, Government recognises the growth in local investment towards establishment of *Business and Knowledge Process Outsourcing (BKPO) services*, where specialist services are provided to offshore consumers, with a potential to significantly contribute towards employment creation, foreign currency generation and investment in appropriate infrastructure.

834. There is, thus, scope to leverage on the high competency levels of Zimbabwe's youth to provide services globally.

835. In view of the above, there is need for targeted incentives to catalyse investment in strategic ICT-enabled sectors without undermining revenue integrity.

836. I, therefore, propose to introduce the following incentives: -

Suspension of Duty on BKPO Production Equipment

- Suspension of customs duty on the importation of equipment by qualifying *Business and Knowledge Process Outsourcing* operators, including data servers, ancillary ICT hardware and any machinery and parts directly used in the provision of services for export. Duty on computers, monitors and laptops is already at 0%.

Corporate Income Tax

- a flat 15% tax rate will apply in line with the Domestic Minimum Top Up tax provisions subject to meeting the prescribed conditions;
- capital allowance deduction of 100% in the first year of use;
- exemption from Non-Residents Tax on Dividends; and
- a tax credit of US$1,500 per employee per annum as prescribed under the Youth Employment Tax Incentive (YETI) framework.

Personal Income Tax

- Tax on skilled essential expatriate staff will be pegged at a flat rate of 15%.

837. To ensure that only *bonafide* BKPO operators benefit from the incentives, the company must: -

- export 100% of its services, thereby ensuring that incentives directly support foreign currency generation;
- be registered for all applicable taxes, such as, CIT, PIT, VAT and Withholding Taxes, among others;
- be up to date with all tax filings and payments; and
- maintain verifiable employment records demonstrating sustained youth employment growth.

838. These reforms are envisaged to position the country as a competitive BKPO destination, capable of generating sustainable youth employment and foreign exchange earnings.

839. The above measures take effect from 1 January 2026.

Support for Road Infrastructure Development

840. In support of road infrastructure development, I propose to exempt Infralink (Pvt) Ltd from Corporate Income Tax on revenue accruing from toll fees along the Plumtree- Harare-Mutare highway, with effect from 1 January 2026, on condition

that such revenue shall exclusively be utilised for road maintenance and rehabilitation.

Support for Government Financing Arrangements

841. As part of conditions precedent on Government to Government financing arrangements, I propose to exempt from Capital Gains Tax, the transfer of shareholding from Government owned enterprises to specified enterprises.

842. This measure is effective from 1 November 2025.

Enhancing Efficiency in the Public Transportation System

843. Mr Speaker Sir, as Government pursues the transition towards an upper middle income economy, the availability of a reliable, safe, and efficient public transportation system becomes a critical enabler.

844. In order to promote investment in a modern public transport fleet and to strengthen service delivery, I propose to partially suspend customs duty to 10% on the importation of conventional Public Service Buses by registered and tax-compliant operators.

845. Furthermore, Mr Speaker Sir, to encourage the adoption of clean technologies and to support the modernisation of the

public transport fleet, I propose to suspend customs duty on electric Public Service Buses from 25% to 0%.

846. Eligibility for the reduced rates will be strictly conditional upon the operator being fully registered and up-to-date with all applicable taxes.

847. The proposed measures will operate in harmony with the existing incentive framework applicable to the local bus assembly which provides for a rebate and suspension of duty on Completely Knocked Down (CKD) and Semi-Knocked Down (SKD), respectively.

Suspension of Duty on Semi Knocked Down Kits: Passenger Motor Vehicles

848. Pursuant to the need to incentivise the creation of local value chains, I propose to introduce a suspension of duty on Semi Knocked Down Kits used in the assembly of passenger motor vehicles imported by approved operators.

849. The above measures take effect from 1 January 2026.

Support for Development of Film, Content and Video Production

850. Honourable Members would recall the proposal made to incentivise the film production industry through tax incentives, during the presentation of the 2025 National Budget.

851. Whereas current legislation provides for a Rebate of Duty on capital equipment imported by registered arts organisations, as well as allowing expenditure incurred in the production of films, movies and other related content as deductible expenses against taxable income, there is scope to enhance the competitiveness of the local industry, through additional incentives.

852. I, therefore, propose the following additional incentives to the industry:-

- Extend the rebate of duty to foreign film producers and materials exclusively used for film production infrastructure; and
- Any company investing in film production infrastructure will be entitled to a 200% capital allowance in the year in which such expenditure is incurred.

853. The above measures take effect from 1 January 2026.

Development of Sporting Infrastructure

854. Government recognises sport as a strategic sector, with significant economic and social multiplier effects, in particular, promotion of national unity, youth empowerment, employment creation and international competitiveness.

855. It is, therefore, important to facilitate private sector participation in the development, upgrading, and maintenance of sporting infrastructure through targeted, fiscally sustainable tax incentives.

856. I, therefore, propose the following performance-linked incentives:-

- an accelerated capital allowance of 150%, spread over two years, on expenditure incurred in the construction, upgrading, or refurbishment of public sports facilities; and
- suspension of customs duty on the importation of specialised sports equipment, turf systems, seats, electronic scoreboards, and lighting equipment used in the construction or refurbishment of approved public sport facilities. Ordinary apparel, merchandising, or personal goods will remain subject to normal duty; and
- a tax credit of US$10 000 on assessed income, for corporates that fund rural sports academies, or youth sports

development programmes registered under the SRC. The credit will be conditional upon submission of verifiable expenditure on sporting facilities and training equipment for community-level sport.

857. The above measures take effect from 1 January 2026.

Liberalisation of Gold Trading

858. Mr Speaker Sir, the Gold Trade Legislation restricts dealing in, and possession of gold to licence and permit holders, holders or tributors, and those authorised under the Mines and Minerals Act, including their employees acting within the scope of such authority. These provisions did not, however, contemplate promotion of regulated investment products based on refined gold. Within the context of our economy, citizens and businesses tend to preserve value through unsecure physical foreign currency.

859. In order to modernise the legal framework and support the use of gold as an alternative investment asset, I propose to expand the categories of persons who may lawfully possess or deal in gold to include authorised dealers, the national gold refinery, and individuals in possession of certified gold bars acquired from these entities.

860. Furthermore, I propose that holders of certified gold bars, subject to the Exchange Control legislation, be allowed to pledge, exchange, sell, barter or otherwise transact in these bars. This reform will facilitate the introduction of regulated, traceable investment-grade gold products, thereby offering citizens a secure store of value.

861. To protect the integrity, security and authenticity of certified gold bars, I propose to criminalise the tampering, alteration, defacing, smelting or fraudulent fabrication of authorised gold bars, with a fine not exceeding level fourteen or imprisonment for a period of up to fifteen years.

862. These safeguards are essential to maintaining confidence in gold-backed instruments, preventing illicit mineral leakages, and ensuring that certified gold bars remain a credible and trusted investment product.

Tax Administration

Simplification for Route to Market Legislation

863. Current legislation limits the procurement of goods from wholesalers or manufacturers to traders registered for VAT purposes and in possession of a tax clearance certificate, otherwise a 5% withholding tax applies.

864. Cognisant of the fact that a number of operators deal exclusively in VAT exempt supplies, I propose to exempt such operators from the proof of VAT registration requirement.

Regulation and Oversight of the Shipping, Clearing and Forwarding Industry

865. Clearing and forwarding agents are required to be registered and licensed by ZIMRA in accordance with the Customs and Excise legislation. Current provisions empower ZIMRA to issue, suspend, or cancel licenses for Clearing Agents.

866. Current customs clearing procedures involve the use of a single profile by multiple persons operating on behalf of a licenced Clearing Agent, which causes a huge risk to revenue. In addition, legislation does not compel persons with access to the customs clearing portal to possess the minimum practising qualifications, thereby exposing the *Fiscus* to various forms of customs fraud, which include invoice falsification, under-declaration of consignment values and misclassification of goods.

867. I, therefore, propose to strengthen the regulation and supervision of shipping, clearing, and forwarding agents through the following measures: -

- Require Operational Directors and any employee of Clearing Agents with access to the customs clearing portal to possess a minimum qualification in Customs Legislation and Procedures at Diploma Level, certified by the Ministry responsible for Higher and Tertiary Education;
- Each employee of any Clearing Agent should be issued a Unique Identification Number to enable access to the customs clearing platform; and
- Any Company and its Directors whose licence is revoked by ZIMRA shall not be relicensed as a Clearing Agent for a minimum period of five years.

868. This will enhance transparency, reduce revenue leakages, and strengthen the integrity of our customs administration in line with international standards on trade governance.

869. Furthermore, I propose to review the insurance guarantee bond from US$15 000 to US$25 000, effective from 1 January 2026.

Data Sharing Between ZIMRA and Government Ministries, Departments & Agencies

870. Current legislation compels an officer or employee of the State or a statutory body, a quasi-Government institution or registered taxpayer who is responsible for paying a contractor to withhold 30% of the amount due if the supplier of goods and services fails to produce a tax clearance certificate.

871. While issuance of tax clearance certificates signifies compliance with tax statutes and administrative requirements, it does not disclose whether a taxpayer is up-to-date with tax payments or obligations. A tax clearance certificate may be issued on the basis of nil returns to a person who has hidden their income from tax administration. In some cases, a tax clearance certificate may cover a prospective period, for example, a 12-month period, during which the taxpayer may not be remitting taxes due or submitting required returns.

872. Consequently, some taxpayers are able to participate in public tenders and receive contract awards on the strength of valid tax clearances that may no longer represent their true compliance status.

873. The gap between issuance of a tax clearance certificate and tendering for business has created a potential loophole for non-compliant taxpayers to tender and be awarded business contracts and subsequently earn income, which they may not declare for tax purposes.

874. Mr Speaker Sir, this challenge presents a clear opportunity to strengthen inter-agency data sharing between the Zimbabwe Revenue Authority, Government Ministries, Departments and Agencies (MDAs), and State-Owned Enterprises (SOEs). By enhancing transparency and automating compliance

verification, Government can improve tax administration efficiency, close compliance gaps, and safeguard revenue collections.

875. In view of the significant value of business being conducted by MDAs, I propose to introduce the following measures:

876. Automatic Reporting of Tenders Awarded by Ministries Departments and Agencies

- Pursuant to enhancing transparency in the procurement process, all MDAs shall be required to share with ZIMRA, tender notices and award decisions. This information will form the basis for tracking transactions and assessing level of revenue for tax purposes;
- Mandatory inclusion of supplier *Taxpayer Identification Number (TIN)* and bank account details used for funds disbursement by MDAs as part of the information being shared with ZIMRA;
- Whenever Government or its Agency or State Owned Enterprise schedules a payment, a record showing the amount, date, supplier TIN should be shared with ZIMRA for verification and potential withholding where non-compliance is detected; and
- Payments shall only be cleared if the supplier is registered and up-to-date with tax obligations.

Automatic Linking of New Business Accounts to ZIMRA

877. Extend the requirement for a TIN to all corporate bank accounts and merchant wallets on Mobile Network Operators' platforms and the details of transactions on these accounts should be automatically transmitted to ZIMRA.

COMESA Simplified Trade Regime

878. Government in 2010, implemented the Common Market for Eastern and Southern Africa (COMESA) Simplified Trade Regime (STR) to support small scale traders by streamlining customs documentation and procedures, as well as reducing the costs associated with intra-regional trade.

879. However, the current STR threshold of US$1 000 applicable to cross-border traders is not aligned to the regionally agreed value of US$2 000.

880. I, therefore, propose to raise the STR threshold from the current US$1 000 to US$2 000. This threshold will apply to countries with mutual reciprocal Frameworks.

881. The above measure takes effect from 1 January 2026.

Implementation of the Electronic Single Window System

882. The current Electronic Single Window System (ZeSW) is designed to streamline cross-border trade, enhance

transparency and accountability in revenue collection by allowing international traders to submit required regulatory documents through a single centralised online portal.

883. In pursuit of this commitment, an Inter-agency Agreement was established among relevant MDAs providing operational guidelines for ports of entry and exit, as well as the requirement to integrate their functions into the national single window platform.

884. Notwithstanding progress in some areas, a number of MDAs are reluctant to integrate onto the centralised platform, preferring use of their own independent systems undermining the core purpose of the single window.

885. In order to derive full benefits of the system, I propose that the Zimbabwe Electronic Single Window be mandatory for all MDAs, with effect from 1 January 2026. To give this directive force, Treasury shall withhold Budget disbursements for non-compliant MDAs.

Excise Stamps

886. The administration of excise duty remains a critical component of domestic revenue mobilisation, particularly in sectors prone to under-declaration, illicit trade and leakages.

887. Currently, ZIMRA does not utilise excise stamps as part of its enforcement and revenue assurance framework, resulting in gaps in monitoring production volumes, imports and distribution of excisable products such as alcoholic beverages, tobacco and other high-risk commodities.

888. To strengthen compliance and enhance the integrity of excise duty collections, it is necessary to introduce a modern, secure and technologically enabled excise stamp system.

889. Implementing such a system requires substantial upfront investment in secure printing, digital tracking platforms, data analytics infrastructure and field monitoring equipment, resources that may not be immediately available within the *Fiscus*.

890. In this regard, I propose that legislation be amended to empower the Minister responsible for Finance to make regulations that facilitate the engagement of private sector companies, selected through an open and competitive bidding process, to provide excise stamps.

891. Mr Speaker Sir, the proposed system presents several advantages, including:

(i) enhanced operational efficiency and innovation, leveraging private sector expertise in security printing, digital verification systems and supply chain monitoring;

(ii) strengthened compliance and revenue assurance through real-time visibility of production and import volumes for excisable goods; and

(iii) reduction of illicit trade by improving the traceability and authenticity of excisable products on the market.

892. This system will also enable the country to conform with requirements for membership to the Meeting of Parties under the World Health Organisation Framework Conversion on Tobacco Control.

Legislative Amendments

893. Mr Speaker Sir, during the course of 2025, Government implemented measures to support economic stability, investment and production.

894. I, therefore, propose regularisation and confirmation of the administrative measures implemented in 2025 as follows:

- reduction of export tax on un-beneficiated platinum from 5% to 3% for a period of 12 months, commencing 1 January 2025, due to insufficient processing capacity; and

- temporarily reduce *Strategic Reserve Levy* from US$ 0.187 to US$ 0.157 per litre of diesel for the period 21 August to 03 September 2025, with the rate reverting to the standard rate thereafter.

895. In addition to the above, I propose that legislation be amended to provide the following measures aimed at enhancing and simplifying tax administration:-

- expand the conditions and requirements for registration as an Authorised Economic Operator (AEO) guided by the World Customs Organisation SAFE Framework of Standards concept, as well as introduction of the mutual recognition of approved AEOs among implementing countries;
- extend payment of excise duty and surtax on ethanol and non-alcoholic beverages, including energy drinks, in the currency of trade, in line with current treatment of similar products;
- further strengthening of fiscalisation regulations to clearly outline the obligations of approved supplies of fiscal devises and penalties thereof for non-compliance, including enhancement of the definition of fiscal device and tax invoice to ensure compatibility with Fiscal Data Management System;
- amend legislation to provide for additional features of fiscal tax invoice;

- provide for monthly submission of ITF16 by employers;
- provide for mandatory 5-year imprisonment for repeat offenders who are habitually involved in the smuggling of goods;
- provide for the attachment of immovable property owned by taxpayers pursuant to recovery of tax debts;
- provide for the temporary closure of business premises until operators fulfill the necessary procedures to comply with all tax obligations, in line with existing provisions relating to the taxation of the *Emerging Sector*;
- replace Zimbabwe dollar with local currency, correct all cross-referencing errors in all tax statutes and reinstate omissions incurred during legislative amendments, including tariff rates;
- reduce the degree of export orientation for operators to qualify for Special Economic Zones tax incentives from 100% to 80%;
- remove export tax from expenses allowable as deductions against taxable income; and
- allow automatic VAT registration for any approved *Special Mining Lease* (SML) operator commencing from the date of approval as a SML.

896. The above measures take effect from 1 January 2026.

Enhancement of Collection of Non-Tax Revenue

897. Pursuant to the need to strengthening domestic resource mobilisation, enhancing transparency and efficiency in the collection of non-tax revenue, as well as reducing the cost of administration, I propose to implement the following measures:

- Direct all Government Ministries and Department to ensure that the public is provided with the option to pay user fees through *Point-of-Sale Machines*, direct bank deposits & bank transfers and mobile money platforms, thereby eliminating reliance on cash payments. Payment of user fees using cash shall, thus, not be mandatory.
- The Public Funds Management System will accordingly be upgraded and recalibrated to ensure seamless and traceable payments of fees, which are categorically specified, with revenues directly deposited into Treasury accounts, with users only required to provide proof of payment prior to accessing services.

Retention of Non-Tax Revenue

898. Honourable Members would be aware that Section 302 of the Constitution of Zimbabwe prescribes that all fees and taxes and all other revenues of the Government, whatever their source, shall be deposited into the Consolidated Revenue Fund, unless an Act of Parliament permits such revenues to be paid into some other fund established for a specific purpose or

for use by the authority responsible for the collection of such revenues.

899. Mr Speaker Sir, the collection of revenues that accrue to some Statutory Funds has often been associated with arbitrary and unjustified fees which are costly to business, coupled with opaque utilisation of the funds thereof.

900. In addition, a number of statutory funds have accumulated substantial bank balances, with most failing to report to Treasury as prescribed in the Public Finance Management legislation.

901. In view of the need to enhance transparency and accountability in the collection and utilisation of public funds, I propose that legislation be amended to the effect that:

- All *Statutory Funds* held by MDAs, with the exception of approved and appropriated funds, be ceased forthwith. Existing bank balances shall be transferred to the *Consolidated Revenue Fund*; and
- Treasury will issue appropriate directives on the management of Statutory Funds such as the Universal Service Fund, Environmental Management Agency Fund and National AIDS Trust Fund.

CONCLUSION

902. The year 2025 marks the end of the NDS1 implementation period with indications that most of the NDS1 targets were achieved. One critical milestone achieved during the NDS1 period is the introduction of the local currency (ZiG) in April 2024, which has restored price and macroeconomic stability. This was achieved through concerted efforts by both the monetary and fiscal authorities and it is very important to stay the course in order to sustain the stability, critical for the attainment of Vision 2030.

903. This paves way for transition from macroeconomic stabilisation mode to structural transformation, informed by lessons from the implementation of the TSP and NDS1. This is achievable if all stakeholders have a unity of purpose towards economic transformation, so that growth is shared through the creation of decent jobs with decent incomes, while the vulnerable members of the society are equally taken care through social protection programmes.

904. Collectively, we can build a modern, resilient and prosperous economy that delivers on the aspirations of Vision 2030 of an *Upper Middle-Income Status*.

Hon. Prof. Mthuli Ncube, (M. P)

Minister of Finance, Economic Development and Investment Promotion

27 November 2025

ANNEXURES

Annexure 1: Irrigation Schemes to be Supported During 2026

Name of Irrigation Scheme	Province	District	Amount
Zhove Irrigation Scheme	Matabeleland South	Beitbridge	96,512,776
Calssvale Irrigation	Matabeleland North	Umguza	4,500,000
Mupudzi Irrigation	Manicaland	Mutare	2,235,639
Hiltop Irrigation	Mashonaland West	Makonde	1,060,375
Mopani Irrigation	Mashonaland West	Sanyati	3,461,308
Masasa Irrigation	Masasa	Masasa	2,089,511
Chipoli D (Shamva) Irrigation	Mashonaland Central	Shamva	2,356,388
Chimhanda B (Rushinga)	Mashonaland Central	Rushinga	5,178,194
Osborne Irrigation	Manicaland	Mutasa	15,000,000
Muchena Irrigation	Manicaland	Mutasa	9,900,000
Mbembeswani Irrigation	Midlands	Gweru	2,376,669
Bita Irrigation	Mashonaland East	Hweza	12,238,569
Lowlands Irrigation	Masvingo	Masvingo	2,550,000
Nyakomba Irrigation	Manicaland	Nyanga	4,300,000
Portelet Irrigation	Mashonaland West	Makonde	9,600,000
Romsley Irrigation	Manicaland	Makoni	33,600,000
Rustlers Gorge Irrigation	Matabeleland South	Gwanda	1,413,833
Bonchance Irrigation	Mashonaland East	Marondera	7,767,291
Nyika Irrigation	Masvingo	Masvingo	9,750,000
Vuka Irrigation	Mashonaland Central	Muzarabani	2,433,003
Chinehasha Irrigation	Mashonaland Central	Mazowe	5,131,066
Milsonia Irrigation	Midlands	Kwekwe	4,296,014
Valley Irrigation	Matabeleland South	Matobo	4,767,291
Gwingwizha Irrigation	Mashonaland Central	Mazowe	4,060,375
Nyarumwe Irrigation	Mashonaland Central	Mazowe	12,000,000
Chimwe Chegato Irrigation	Midlands	Mberengwa	12,000,000
Sommerset Irrigation	Mashonaland East	Murehwa	1,531,652
Kudzwe Irrigation	Mashonaland East	Mudzi	1,131,066
Nyambiri Irrigation	Mashonaland East	Seke	4,296,014

Name of Irrigation Scheme	Province	District	Amount
Svisva Irrigation	Mashonaland East	Goromonzi	1,296,014
Arda Transau Irrigation	Manicaland	Mutare	1,885,111
Laverstork/Ena Vante Irrigation	Manicaland	Mutasa	3,534,582
Mudzindiko/Mataka Irrigation	Manicaland	Mutasa	7,200,000
Eladale Irrigation	Midlands	Gweru	2,883,976
Eben Irrigation	Mashonaland Central	Shamva	3,435,198
Phaphamani Irrigation	Matabeleland North	Umguza	2,188,511
Nhema Irrigation	Masvingo	Zaka	1,413,833
Laverstork Elavante	Manicaland	Mutare	3,534,582
Biri Irrigation	Midlands	Mberengwa	1,500,000
Chemakudo Irrigation	Midlands	Mberengwa	13,534,582
Katsvenzve Irrigation	Mashonaland West	Zvimba	5,424,150
Tugwi Mukosi Irrigation	Masvingo	Chivi	19,200,000
Manjera (Ruti) Irrigation	Manicaland	Buhera	5,770,221
Ruwari Irrigation	Mashonaland East	Marondera	4,767,291
Pondoresa Irrigation	Manicaland	Makoni	4,060,375
Nyazvikatsi Irrigation	Manicaland	Chimanimani	7,200,000
Tuli-Manyange Irrigation	Matebeleland South	Gwanda	4,000,000
Vusamani Irrigation	Matebeleland North	Umguza	11,159,347
Kachuta Irrigation	Mashonaland Central	Guruve	2,400,000
St Joseph Irrigation	Masvingo	Chiredzi	2,942,555
Lee Farm Irrigation	Manicaland	Mutare	3,922,706
Mabiya Farm Irrigation	Manicaland	Mutare	2,430,065
Gutsa Irrigation	Gutu	Masvingo	6,659,025
A4 Store Irrigation	National	National	6,000,000
Irrigation Working Group	National	National	4,350,000
China Aid	National	National	6,609,607
Database	National	National	4,500,000
Building the Climate Resilience of Vulnerable Agricultural Live-lihoods in Southern Zimbabwe Project	National	National	11,178,194
ZITC Upgrading	National	National	30,000,000

Name of Irrigation Scheme	Province	District	Amount
Smallholder Agriculture Cluster Project IFAD	National	National	6,000,000
Plant and Equipment	National	National	70,000,000
Operationalisation of V3O Accelerator	National	National	9,640,431
Pedstock Irrigation Equipment Facility	National	National	10,000,000
Feasibility Studies	Mashonaland East	National	3,000,000
Green Climate Fund Project (GFC, UNDP)	National	National	15,000,000
Upgrading and Rehabilitation of Irrigation Demonstration Plots	National	National	30,000,000
Offgrid Small Holder Farmer Led Irrigation Systems	National	National	4,516,000
Virtual Irrigation Academy (VIA)	National	National	6,000,000
Technical Performance Evaluation of Irrigation Schemes	National	National	6,706,916
Project Management & Capacity Building	National	National	14,419,694
Farm Equipment Facilities	National	National	183,900,000
Smallholder Irrigation Schemes (RIDA)	National	National	2,100,000
Total			**823,800,000**

Annexure 2: Migration from Sector Specific Rebates to Suspension of Duty

Existing Incentive
Rebate of duty on goods for the mining industry
Rebate of duty on materials to be used in the preparation and packaging of fresh produce for Export
Rebate of duty on parts and accessories of certain public transport type passenger vehicles
Electrical Manufacturers Rebate
Luggage ware Manufacturers' Rebate
Clothing Manufacturers' Rebate
Textile Manufacturers' Rebate
Furniture Manufacturers' Rebate
Electrical Manufacturers' Rebate
Toothpaste Manufacturers' Rebate
Shoe Manufacturers' Rebate
Food, Soap and Cosmetics Manufacturers' Rebate
Centre Pivot Manufacturers' Rebate
Printing & Packaging Manufacturers' Rebate

Annexure 3: Proposed Rebates for Repeal

Existing Incentive
Rebate of duty on motor-spirits, fuel oils and greases used or to be used by the Government
Rebate of duty on materials and equipment imported by road safety associations or organisations
Rebate of duty on capital equipment imported for use in export processing zones
Rebate of Duty for Development Zones

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