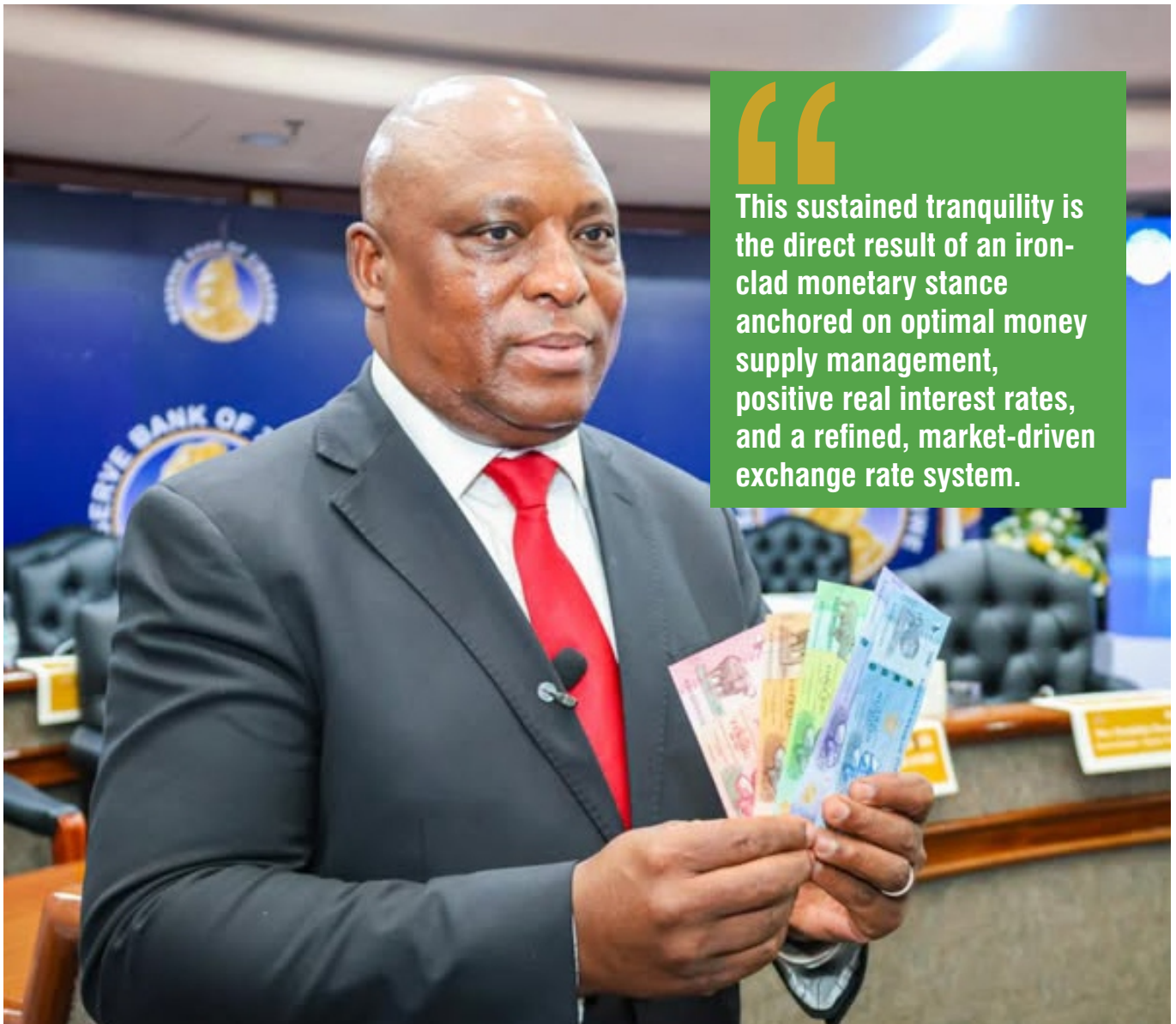




The ZiG Triumph

■ *Inside the TWO-YEAR Stability*



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This sustained tranquility is the direct result of an iron-clad monetary stance anchored on optimal money supply management, positive real interest rates, and a refined, market-driven exchange rate system.

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From the Editor's Desk

Welcome to the inaugural edition of the Africa Economic Development Strategies (AEDS) newsletter. As a regional development think tank anchored in the co-creation of evidence-based solutions, we launch this publication at a defining moment for Zimbabwe and the broader African continent. We are navigating a transformative economic era, driven by deep structural reforms, evolving national development frameworks, and the historic operationalisation of the African Continental Free Trade Area (AfCFTA). In such a rapidly shifting landscape, the need for data-driven clarity has never been more urgent. This newsletter is designed to serve as a definitive economic compass.

Our mission is to bridge the gap between rigorous research and actionable economic strategy. Every edition will deliver deep-dive, well-researched articles and strategic market intelligence that move beyond superficial rhetoric to analyse the actual mechanics of sustainable growth, value-chain integration, and global competitiveness. Our editorial lens is strictly execution-oriented. We recognise that true economic transformation requires a synchronised ecosystem. Therefore, our insights are specifically curated to empower both public sector policymakers and private sector captains.

For the policymaker, we provide the empirical data and comparative analyses necessary to design, enforce, and measure robust regulatory frameworks. For the private sector investor, industrialist, and financier, we unlock critical intelligence on emerging market trends, value-chain disruptions, and viable investment pipelines.

From analysing the downstream multipliers of heavy industry to mapping localised SME integration and resource beneficiation, our goal is to foster highly informed decision-making. We believe that sound public policy should not be formulated in a vacuum, nor should corporate capital be deployed in the dark.

We invite you to engage with our findings, leverage our data, and partner with us as we convert rigorous economic intelligence into national and regional



progress.

Thank you for joining us on this journey toward an integrated, competitive, and fully industrialised Africa.

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Shifting Geopolitics Demands Tighter Monetary, Supply Chain Safeguards

Africa Economic Development Strategies (AEDS) convened its first quarter economic review under the theme “Geopolitical Risks: Implication on Zimbabwe and Policy Options.” The dialogue drew participants from business, Government, academia, media, and think tanks. Industry and Commerce Minister Mangaliso Ndlovu was the guest of honour. The event also received presentations from the Reserve Bank of Zimbabwe (RBZ), Grain Millers Association of Zimbabwe, Ministry of Agriculture, Mechanisation and Water Resources Development, and AEDS.

Global Instability and the “Gold Shield”

Professor Gift Mugano, Executive Director of AEDS, warned that global economic growth is projected to slow to 2,6 percent in 2026 due to escalating trade wars and Middle East tensions. While global inflation is generally easing, the US-Israel-Iran conflict has triggered shockwaves in Zimbabwe through a massive hike in fuel prices, with petrol now at US\$2,08 per litre.

However, gold has emerged as a critical “safe haven” asset; with prices expected to climb above US\$5,000/oz, gold—which accounts for 45,7 percent of total export earnings—is expected to offset revenue losses from declining base metals.

Domestic Growth vs Mounting Debt

On the domestic front, Zimbabwe’s economy is projected to grow by 5% in 2026, supported by a resurgent agricultural sector. Local currency (ZiG) inflation dropped to single digits for the first time in 30 years, averaging 4,8% in April 2026. Despite these gains, Professor Mugano highlighted a “steep” rise in total public debt to US\$23.4 billion (44.7% of Gross Domestic Product). He cautioned that deteriorating debt-servicing capacity and reliance on domestic borrowing remain central macroeconomic concerns.

Financial Markets and External Sector Resilience

Capital markets showed a measured recovery, with the Victoria Falls Stock Exchange (VFEX) continuing to

attract foreign interest. In the first quarter of 2026, foreign currency inflows surged to US\$4.97 billion, up from US\$3.22 billion in 2025, resulting in significant trade surpluses. However, money market conditions remain tight as the central bank maintains strict liquidity management to anchor exchange rate expectations.

Call for Structural Reform and Discipline

Professor Gift Mugano also detailed a rigorous policy framework designed to stabilise the economy and mitigate systemic risks.

The roadmap focuses on four strategic pillars:

● Statutory Fiscal & Monetary Discipline

To anchor inflation within single-digit territory, Prof Mugano advocates for legally entrenched fiscal discipline. This would be paired with restrictive interest rate policies to curb excess money supply and ensure long-term price stability.

● Modernising Liquidity Frameworks

The proposal calls for a comprehensive overhaul of the current liquidity management system. By ensuring the timely settlement of treasury securities, authorities can prevent “liquidity fragmentation,” a phenomenon currently threatening the equilibrium of the banking sector.

● Strategic Regulatory Incentives

To spur growth, the Prof Mugano suggests a “carrots and sticks” approach to banking regulation. Specifically, he recommends lowering reserve requirements for financial institutions that prioritize lending to high-impact productive sectors, including SMEs, agriculture, and manufacturing.

● Restoring Market Confidence

At the heart of the roadmap is a demand for radical transparency. Prof Mugano argues that clear, public reporting on the reserves backing the local currency is the only way to deter currency speculation and build durable trust in the monetary system.

JULY 23 - 24

ZIMBABWE INDUSTRIALISATION CONFERENCE & EXPO 2026

Accelerating Industrialisation: Investment, Value
Chains and Global Competitiveness



Hosted by the Ministry of Industry and
Commerce in partnership with Africa
Economic Development Strategies and ZimTrade



AEDS
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STRATEGIES



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Beyond the Talk Shop

■ How Zimbabwe Industrialization Conference and Expo Aims to Lock in Capital for Industry

For decades, economic conferences have followed a predictable, often frustrating cadence: high-level panel discussions, sweeping declarations of intent, and a quiet return to the status quo once the exhibition booths are packed away.

But as Zimbabwe moves deeper into the implementation of its National Development Strategy 2 (NDS2) and the newly minted Zimbabwe National Industrial Development Policy (ZNIDP 2), policymakers and private sector anchors are attempting a structural pivot.

The upcoming Zimbabwe Industrialisation Conference & Expo (ZICE) 2026, scheduled for July 23–24 at The Harare International Conference Center, Harare, is being intentionally designed to break that cycle.

Hosted by the Ministry of Industry and Commerce in partnership with the regional economic think tank Africa Economic Development Strategies (AEDS), the event is arriving at a critical macroeconomic juncture. It

represents a deliberate, market-driven attempt to shift the conversation from what Zimbabwe needs to build, to how those projects will be capitalised and legally integrated into regional supply chains.

End of the "Talk Shop" Era

The structural framework of ZICE 2026 signals a departure from traditional corporate networking. According to briefing documents, the event is being aggressive about a single metric: transactional execution. Rather than passive audience sessions, the conference has integrated an algorithmic Business to Business matchmaking platform where participants—ranging from Development Finance Institutions (DFIs) and private equity funds to large-scale manufacturers—must pre-map their capital requirements and asset offerings.

The goal is to funnel delegates directly into high-intensity, 15-to-30-minute operational meetings within dedicated "Deal Rooms." >>**next page**

Beyond the Talk Shop

<<from previous page

By treating the industrial ecosystem more like a venture portfolio and less like a seminar, organisers are aiming to build an active, bankable pipeline of public-private partnerships (PPPs) capable of absorbing domestic and international liquidity.

Capitalising the Manhize Multiplier

At the heart of the fresh analytical focus for 2026 is the Iron and Steel Industrial Ecosystem. With the landmark Dinson Iron and Steel Company (DISCO) plant in Manhize acting as the country's new industrial anchor, the primary challenge has shifted from foundational production to downstream expansion.

ZICE 2026 is positioning itself as the clearinghouse for this specific transition. The thematic agenda targets the rapid commercialisation of backward and forward linkages to ensure Zimbabwe does not merely export crude steel billets, but instead feeds a localized manufacturing base.

This includes:

- Engineering and Fabrication
- Spurring local casting, machining, and industrial component manufacturing.
- Infrastructure Inputs
- Supplying local transport, housing, and mining

infrastructure directly from domestic mills.

Another point of divergence for the 2026 summit is its explicit focus on regulatory enforcement rather than just policy drafting.

With Zimbabwe's Local Content Strategy mapped out through 2035, the dialogue in Harare is expected to tackle the thornier, granular aspects of industrial survival: procurement reform and strict import substitution metrics. As the African Continental Free Trade Area (AfCFTA) transitions from a theoretical trade pact into operational reality, Zimbabwean manufacturers face a double-edged sword.

To survive, local firms must scale up production to defend their home turf against duty-free imports while simultaneously upgrading their operations to meet standard compliance rules in regional markets.

Panels at ZICE 2026 are slated to address this directly by linking small and medium enterprises (SMEs) into the value chains of large mining and manufacturing conglomerates.

This avoids the systemic trap of isolating SMEs to informal markets, providing them instead with a direct runway to formal industrial off-take agreements.

Major highlights from ZICE 2026



1. Shift from talk to transactional execution

ZICE 2026 is designed to end the "talk shop" cycle. Instead of passive panels, the event uses an algorithmic B2B matchmaking platform and dedicated "Deal Rooms" for 15–30 minute high-intensity meetings. The single metric is deals signed, with a focus on building a bankable pipeline of public-private partnerships.



2. Focus on capitalizing the Manhize Iron and Steel ecosystem

The Dinson Iron and Steel Company plant in Manhize is the anchor. The conference aims to drive downstream expansion by commercializing backward and forward linkages—engineering and fabrication, casting/machining, and supplying infrastructure inputs from domestic mills—so Zimbabwe exports finished products, not just crude steel billets.



3. Emphasis on regulatory enforcement and local content

Unlike past summits focused on policy drafting, ZICE 2026 will tackle implementation: procurement reform, strict import substitution metrics, and enforcement of Zimbabwe's Local Content Strategy mapped out to 2035. The goal is to make local content work in practice, not just on paper.



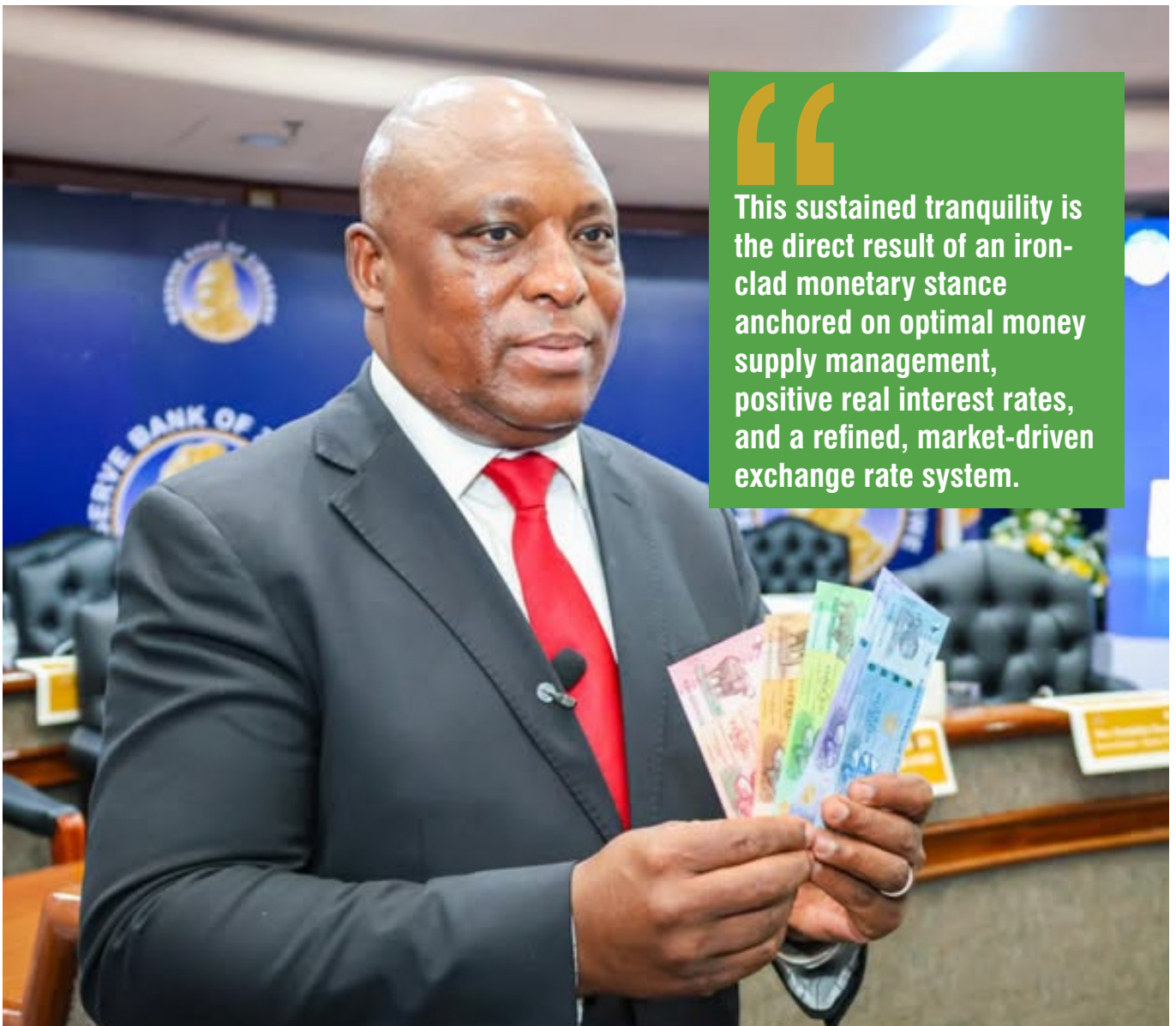
4. Integration of SMEs into formal industrial value chains

With AfCFTA becoming operational, the conference will push to link SMEs directly into the supply chains of large mining and manufacturing firms. This gives SMEs access to formal off-take agreements and helps them scale to compete with duty-free imports while meeting regional compliance standards.



The ZiG Triumph

■ *Inside the TWO-YEAR Stability*



This sustained tranquility is the direct result of an iron-clad monetary stance anchored on optimal money supply management, positive real interest rates, and a refined, market-driven exchange rate system.

Reserve Bank of Zimbabwe Governor Dr. John Mushayavanhu

Professor Gift Mugano, Executive Director of the Africa Economic Development Strategies, recently sat down with the Governor of the Reserve Bank of Zimbabwe, Dr. John Mushayavanhu, to dissect the mechanics behind this unexpected resilience and map out the country's definitive roadmap towards a sole domestic currency.

Dr Mushayavanhu explained that the central bank has aggressively implemented bold monetary policy measures to tame the historic ghosts of hyperinflation

and exchange rate volatility since 2024.

According to Dr Mushayavanhu, the formula has been simple yet strictly enforced as the central bank finally walks the talk.

The central bank's strategy relies on a heavily fortified monetary stance anchored by strict money supply control, aggressive reserves accumulation, a pure floating exchange rate, and positive real interest rates to eradicate speculative borrowing. >>next page

The ZiG Triumph

Inside the TWO-YEAR Stability

To the surprise of once-cautious analysts and traditionally cynical financial experts, the Zimbabwe Gold (ZiG) has achieved what many thought impossible...

<<Previous Page

"The Reserve Bank of Zimbabwe not only shares this vision but has actively engineered the very architecture making it possible. "This sustained tranquility is the direct result of an iron-clad monetary stance anchored on optimal money supply management, positive real interest rates, and a refined, market-driven exchange rate system," said Dr Mushayavanhu.

Dr Mushayavanhu noted during the discussion that the predictability in their monetary policy has been the missing puzzle piece, and by maintaining policy consistency, they have begun the arduous process of rebuilding central bank trust, credibility, and public confidence.

The numbers backing Zimbabwe's current fiscal reality paint a picture of deliberate and highly synchronised institutional engineering.

A critical driver of the 24-month stability has been the iron-clad coordination between the central bank and the Ministry of Finance, Economic Development and Investment Promotion at all levels, including the joint liquidity and cash flow management committees.

This coordination effectively halted the chaotic and unscheduled State payments that previously flooded the parallel market with liquidity.

"There is absolute conceptual alignment between the central bank and the fiscal authorities on this matter, as absolute fiscal discipline is the bedrock of monetary success," said Dr Mushayavanhu.

"The primary mitigation strategy has been the historic institutional synchronicity achieved through the joint Liquidity and Cash Flow Management Committees, which ensure that state expenditures never overwhelm market liquidity. Crucially, the Treasury's strict adherence to a policy of non-recourse to Central Bank financing throughout 2025 has permanently closed the door on inflationary money printing, proving that coordinated fiscal consolidation is our strongest shield."

Furthermore, the smooth functioning of the formal forex market was supercharged by massive foreign currency receipts, which topped a staggering US\$16,2 billion between January and December 2025.

The massive influx allowed the Reserve Bank to utilise export surrender requirements to strategically inject US\$1,34 billion into the Willing Buyer Willing Seller interbank market since April 2024, ensuring that all

legitimate import invoices from the private sector were fully met. By refining the Willing Buyer Willing Seller framework, removing rigid trading limits, and clarifying trading margins, the formal banking sector successfully wrestled pricing control away from the streets.

Consequently, annual ZiG inflation plummeted to 15 percent by December 2025, while the notorious parallel market premium was tightly contained to around 20% for the greater part of the year. With foreign reserves currently standing at about US\$1,3 billion, which corresponds to 1,5 months of import cover, the ZiG now enjoys increased confidence and the historical luxury of a six-times cover for reserve money and a two-times cover for broad money.

For market analysts, the ultimate question is how this hard-won stability paves the way for Zimbabwe to completely shed its multi-currency system and transition into a sustainable monocurrency regime. Dr Mushayavanhu maintained that the transition will not be rushed by ideology, but will rather be earned through continued market discipline.

"The roadmap to a sole domestic currency is governed by strict economic metrics rather than political expediency, requiring sustainable disinflation, a stable exchange rate, and substantial reserves cover," noted Dr Mushayavanhu.

Moving forward, the Reserve Bank intends to continue walking the talk by implementing a prudent monetary policy to durably anchor inflation expectations needed to entrench trust, confidence, and credibility in the bank.

For a country long plagued by monetary skepticism, the last 15 months have proven that stability is achievable when institutions choose to remain disciplined, giving Zimbabwe a fighting chance on its road to a single currency.



The central bank's strategy relies on a heavily fortified monetary stance anchored by strict money supply control, aggressive reserves accumulation, a pure floating exchange rate, and positive real interest rates to eradicate speculative borrowing

Middle East War: Fuel Surpass US\$2, Industry Holds Steady as Farming Risks Mount



The outbreak of the US-Israel conflict with Iran on February 28, 2026, has sent severe shockwaves through the Zimbabwean economy, with the closure of the Strait of Hormuz driving global crude oil prices above US\$110 per barrel. The Zimbabwe Energy Regulatory Authority (ZERA) has implemented aggressive price hikes in response to the crisis, with petrol prices surging 43% to a peak of US\$2.23 per litre and diesel rising 35% to US\$2.05 per litre by mid-April.

Analysts noted that by mid-March, the Cost, Insurance, and Freight (CIF) component accounted for a staggering 70% of the diesel pump price, highlighting persistent inefficiencies in the nation's fuel procurement framework. To mitigate the inflationary impact on the productive sector, the Treasury has executed a strategic "tax pivot," effectively penalising private motorists to subsidize industry.

Authorities slashed diesel taxes by 25% (from US\$0.57 to US\$0.42 per litre) to cushion the manufacturing and transport sectors, while simultaneously hiking petrol taxes by 36% (from US\$0.63 to US\$0.86 per litre) to recoup fiscal losses. Based on average monthly consumption levels, this policy shift results in a net monthly revenue loss of US\$4.3 million for the government, representing a direct state subsidy to preserve economic stability.

Industry and Commerce Minister Mangaliso Ndlovu reported that while production costs are rising in mining and manufacturing due to the conflict, the prices of basic goods—including mealie meal, cooking oil, and sugar—have remained remarkably stable due to restraint within the business sector. "The response from industry shows a level of discipline that is helping to contain wider price instability," said Minister Ndlovu said.

However, the Ministry of Agriculture has issued a "high-alert" warning, noting that the disruption of the Strait of Hormuz threatens the 2026/27 farming season by blocking critical shipping routes for urea, ammonia, and sulphur.

As Zimbabwe sources a significant portion of its fertilizer inputs from the Gulf and Russia, Chief Director for Strategic Planning and Business Development in the Ministry of Agriculture warned that the strategic waterway is central to global fertiliser

trade. Significant volumes of urea, ammonia and sulphur all essential to crop production move through the corridor.

Zimbabwe imports much of its fertiliser inputs, sourcing urea, ammonia, sulphur and phosphates from Gulf producers as well as markets such as Russia and Morocco. The ministry outlined three possible outcomes for the 2026/27 farming season, depending on how long the shipping challenges persist. A brief disruption may push prices up in the short term, but a prolonged crisis could lead to tighter supplies, higher input costs and weaker crop yields.

Rising fertiliser costs would likely feed into broader food price pressures, adding strain to both farmers and consumers. Authorities are now urging early intervention ahead of the winter and summer planting seasons. Proposed measures include diversifying import sources, strengthening buffer stocks and improving efficiency in fertiliser use.

The Strait of Hormuz: what you need to know

The Strait of Hormuz is the world's most vital oil chokepoint, and as of April 2026, it is the center of a major global energy crisis. Ongoing conflict has effectively closed the Strait to most commercial traffic. Iran has used mines and drones to restrict passage, while the U.S. has blockaded Iranian ports.

Roughly 20% of global oil and 33% of liquefied natural gas (LNG) transit this narrow waterway. The disruption has pushed Brent crude prices well above US\$120 per barrel.

Beyond oil, the Strait is a primary route for global fertilizer and aluminum shipments, threatening food security and manufacturing worldwide.

At its thinnest point, the Strait is only 21 miles wide, with shipping lanes just two miles wide. This makes it exceptionally easy to disrupt with minimal naval force.

Existing pipelines in Saudi Arabia and the UAE cannot handle the massive volume of oil that usually moves through the Strait. Shipping insurance has skyrocketed, and most tankers are rerouting or waiting at anchor, leading to the most significant energy supply disruption in decades.

Mid Term Economic Review & High Level Policy Dialogue



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M Ndhlovu**
Minister of Industry
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**Dr John
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Governor, Reserve
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**Linda
Muriro**
Event Facilitator

**2 July 2026
Cresta Lodge, Msasa
0800 - 13:00**

INVESTMENT FEE:
\$100

FOR REGISTRATION CONTACT



Delistings from ZSE and Implications

Since 2020, more than 10 companies have delisted or initiated delistings from the Zimbabwe Stock Exchange (ZSE) and the Victoria Falls Stock Exchange (VFEX). These are exits from public markets altogether — distinct from companies that migrated between the ZSE and VFEX, which represent repositioning within the market rather than departure from it.

The exits span telecommunications, manufacturing, hospitality and retail. They are not isolated corporate events. They reflect a reassessment of whether the domestic equity market still performs its core economic function: preserving and compounding capital in hard currency terms.

Some departures were voluntary — boards concluding that listing no longer served their capital allocation objectives. Others were distress-driven — companies that could not sustain listing obligations or access the capital markets for recapitalisation precisely because depressed valuations made equity issuance prohibitively dilutive. Both categories are consequences of the same underlying market dynamics, but they operate through different mechanisms and carry different implications.

The arithmetic is stark. At the end of 2021, the ZSE's market capitalisation stood at approximately US\$12.19 billion. By October 2022, it had fallen to about US\$2.92bn — a loss of US\$9.27bn, or 76 per cent, in less than a year. The collapse was not a conventional equity bear market. It was driven primarily by the June 2022 ZSE trading suspension and the rapid depreciation of the local currency against the US dollar, which eroded USD-equivalent valuations across the board.

A rebound followed in 2023, with USD returns of 18.8 per cent. That recovery proved fragile. In 2024, the exchange delivered a -75.55 per cent USD return, reducing a US\$100 investment at the start of the year to roughly US\$24 by year-end. By December 2025, ZSE capitalisation stood at roughly US\$3.49 billion, up 26.81 per cent in USD terms for the year but still more than 70 per cent below its 2021 peak. In order to retain to the 2021 glory, a 75 per cent decline requires a 300 per cent.

Restoring capitalisation from US\$3.49 billion to US\$12.19 billion requires roughly a 3.5-fold expansion. Even sustained annual USD returns in excess of 25 per cent would take more than five years to reclaim prior scale. At 10–15 per cent annual growth, recovery extends toward a decade. The ZSE's best recent year in US-dollar terms was 2023 at 18.8 per cent, still below the 25 per cent threshold needed for a five-year recovery, and the 2024 result of negative 75 per cent demonstrated how quickly accumulated gains can be reversed.

For that 25 per cent annual return to materialise on a sustained basis, one would need some combination of consistent earnings growth, multiple expansion and currency stability, none of which Zimbabwe has delivered simultaneously over a prolonged period.

At the same time, Zimbabwe's implied equity risk premium has risen from 13.82 per cent in 2025 to 15.89 per cent in 2026, according to Damodaran's country risk estimates. The drivers of that 207-basis-point increase are identifiable at the country

level: the persistent gap between official and parallel exchange rates, sovereign debt remaining in distressed territory, and perceived policy unpredictability around exchange controls and taxation.

Each of these factors independently raises the discount rate that rational investors apply to Zimbabwean equities. Because equity valuation is inversely linked to required return, higher risk premiums directly compress valuation multiples.

In a simple Gordon framework, assuming 4 per cent long-term growth, increasing the cost of equity from 14 per cent to 16 per cent reduces the implied price/earnings multiple from 10x to 8.3x — a 17 per cent contraction from a two-point shift. In practical terms, at a 16 per cent cost of equity and 4 per cent growth, a company earning US\$10 million is valued at approximately US\$83 million.

The same company listed on the JSE, at a 12 per cent cost of equity and identical growth, would command a valuation of US\$125 million. Based on this scenario, a Zimbabwean company trades at a 34 per cent discount to its JSE-listed equivalent, same cash flows, same growth trajectory, with the entire gap attributable to country risk. As discount rates rise, valuation capacity contracts non-linearly, and the incentive to remain listed on a Zimbabwean exchange diminishes accordingly.

Most companies that exited the ZSE cited persistent undervaluation on the ZSE reflected structural constraints, thin liquidity, unusable USD valuations and limited participation, rather than operational weakness. In addition, constrained capital formation, unnecessary fixed listing costs and, in several instances, a regulatory compliance burden that is disproportionate to the benefits received were noted as additional reasons for delisting.

To be specific, annual listing costs, ongoing reporting requirements, audit fees, sponsor fees and regulatory levies, can run into hundreds of thousands of US dollars for a mid-cap company. When the company's own market capitalisation may only be a few million dollars, listing costs as a percentage of market value become unreasonable. In view of the fact that the ZSE cannot retain its listed companies, the country's ability to mobilise domestic savings into productive investment is fundamentally impaired. That cost is borne not by the exchange or the departing companies, but by the economy as a whole.



The exits span telecommunications, manufacturing, hospitality and retail. They are not isolated corporate events. They reflect a reassessment of whether the domestic equity market still performs its core economic function: preserving and compounding capital in hard currency terms.



Confidence Builds Around Zimbabwe's Vision 2030

Confidence in Zimbabwe's economic trajectory is strengthening, with business leaders and policymakers citing emerging signs of stability and growth. Ms. Tracey Mutaviri noted that insights from the Africa Economic Development Strategies (AEDS) and the Reserve Bank of Zimbabwe align with current market realities. In her view, the Vision 2030 goal is becoming increasingly attainable, and she urged companies to position themselves now to capitalize on these opportunities.

Monetary Policy Committee member Persistence Gwanyanya highlighted that a response to a crisis often dictates the outcome more than the crisis itself.

Drawing on historical shocks in 1973, 2000, and 2008, he used the 1973 oil crisis to illustrate his point. While the U.S. struggled following an expansion of its money supply, Germany mitigated the impact through disciplined, tight monetary policy. Ultimately,

these insights signal a clear message for the private sector—disciplined policy and strategic investment are essential to sustaining national momentum.



Persistence Gwanyanya

Industry Raises Concern Over Policy Inconsistency on Import Controls

Government faced intense scrutiny recently as stakeholders raised concerns over import policies, exchange rate reforms, and the long-term stability of the country's evolving currency system. Debate began with questions from CAFCA chief executive Vimbai Nyakudya over inconsistencies in regulations affecting the importation of electronic cables during a recent business breakfast meeting hosted by AEDS.

Reference was made to statutory instruments introduced in 2017 and more recently in 2024, with concerns that local producers are struggling to compete against significantly cheaper imports, particularly from Asian markets. Mr Nyakudya warned that practices such as dumping, smuggling, and failure to comply with regulations are distorting the market and disadvantaging domestic businesses.

In response, the Minister of Industry and Commerce Mangaliso Ndlovu said import controls are not meant to be permanent, but rather a short-term tool to support local industries. He explained that measures such as import bans or tariffs are typically applied for a limited period often up to ten years to allow domestic companies time to strengthen their capacity and competitiveness.

He added that authorities consider factors such as market share before imposing restrictions, noting that local firms should ideally control around 40 to 50 percent of the market.

Minister Ndlovu acknowledged the reality of extreme price



The Minister of Industry and Commerce Mangaliso Ndlovu

undercutting, pointing to examples like imported shoes selling for as little as US\$2, which puts pressure on established local brands.

He urged stakeholders to report cases of dumping and regulatory violations to the Competition and Tariff Commission.



RBZ, Treasury Ignite Demand for ZiG



Ruvimbo Mushando – AEDS Economist

Zimbabwe has a history of instability for close to 30 years when the local currency collapsed due to excessive printing and increase in money supply. In a turn of events, the country has managed to retain its stability and an economic turnaround as it experienced a 6% growth rate, above the SADC growth rate and is projected at around 5% at the end of 2026. The central bank handles the demand side of the economy making sure that there is enough demand for local currency. However, this requires the effort of the government in managing the fiscal pressures in the economy.

The collaborative effort of both parties working together has made drastic improvements in terms of trying to reach the pre-conditions for a country to fully transition into mono-currency.

The government of Zimbabwe took deliberate steps to ensure and strengthen the demand of the ZiG by allowing the payment of taxes in local currency up to 50% as a minimum requirement. Since taxes are compulsory for businesses and entities to pay, this move ensures that companies trade using local currency since part of their earning are attributed to payment of taxes. The government further supported the use of local currency through the New Standard Price List, introduced by the ministry of finance highlighting the benchmark for pricing of goods and services supplied to the government to be paid in local currency ensures the constant use of the ZiG in daily transactions.

Consequently, the Reserve bank of Zimbabwe managed to increase foreign currency reserves to US\$2.1 billion by end of 2025 resulting in 1.5 months of import cover in the quest of achieving the 3 to 6 months import cover. The current strides by the Reserve Bank help in confidence building and motivate business and individuals to hold and transact using the local currency.

The Reserve Bank of Zimbabwe through its tight monetary policy has managed to maintain the policy rate at 35% as a bold move to reduce borrowing and money supply in the economy.

This resulted in over 16 months of stability and inflation figures trickle down from a whopping 92.5% - 93.8% between August and June 2025, down to single digit inflation of 4.1% in January and further down to 3.8% in February and slightly increases to 4.4% in March due to geopolitical tensions of the US-Israel war on Iran. This shows that the Reserve Bank has managed to curb inflation pressures in the country which is the most important condition when a country is transitioning to mono-currency.

The exchange rate is being kept under control with the interbank midrate ranging from 25% to 27% since, the beginning of 2026. This is a strong indicator of price stability and reduced inflation volatility in the country. Which further strengthen the ZiG and restore confidence in the economy as the country move towards a single currency.

The government and the Reserve Bank are collectively working together while reducing fiscal pressure, keeping low budget deficits and enforcing a tight monetary policy. The results are already showing with transaction in local currency reaching to about 43% of the total payments indicating the growing in the acceptance and circulation of ZiG as the country gravitates toward de-dollarization.

For decades, global trade patterns have positioned developing nations as exporters of raw, unrefined minerals to Western economies, only to import them back as expensive, finished manufactured goods.



The Great Realignment:

Zimbabwe knocks on the door of BRICS



For Zimbabwe—a nation holding vast deposits of lithium and gold alongside high agricultural potential—this dynamic has historically resulted in structural economic dependency. However, a significant geopolitical realignment is underway. Zimbabwe is actively seeking admission into the BRICS alliance and its financial counterpart, the New Development Bank (NDB). This move represents a deliberate structural correction aimed at transitioning the country away from Western-led financial systems and into an economic ecosystem that represents approximately 45 percent of the world's population, over 28 percent of global GDP, and roughly 21 percent of global exports.

The core attraction of the BRICS+ alliance for developing nations lies in its departure from traditional Western frameworks. While Western economic engagement has often prioritised raw material extraction to feed advanced domestic industries, BRICS operates on the principles of South-South cooperation. This model fosters mutual, equitable terms among emerging economies, emphasizing local industrial value addition and processing (beneficiation) rather than unrefined resource export.

Because the founding members share historical development challenges, the alliance is structurally designed to accommodate the distinct economic needs of developing nations. The most immediate domestic impact of this geopolitical pivot centers on capital-intensive infrastructure, including roads, energy grids, and digital networks.

Historically, Zimbabwe has relied on bilateral loans—predominantly from Beijing—outside of standard multilateral banking channels.

Formal entry into the alliance would grant Zimbabwe access to the Shanghai-headquartered New Development Bank (NDB). Established in 2015, the NDB was engineered specifically to bypass the strict, politically conditional lending terms characteristic of traditional Bretton Woods institutions like the World Bank and IMF.

Beyond project finance, the pursuit of BRICS membership serves as a mechanism for economic self-defense. In an era marked by unilateral trade wars, protectionist policies, and sudden tariff adjustments, smaller developing economies face high exposure to external market shocks.

BRICS offers a collective shield. By pushing exports into diversified, favourable member markets with fewer restrictive trade barriers, integrated nations can better safeguard their domestic commercial interests. Furthermore, the alliance's focus on conducting a greater share of trade in national currencies offers an alternative payment pathway to help mitigate the impact of international sanctions.

The timing of Zimbabwe's diplomatic push coincides with a rapid expansion of the alliance. Now operating as an expanded powerhouse, the bloc has absorbed major economic actors including Egypt, Ethiopia, Iran, and the United Arab Emirates, with dozens more nations currently seeking full membership or partner-country status. Zimbabwe is recording concrete progress towards this integration, having initiated formal accession negotiations directly with NDB leadership. For Harare, entering the BRICS orbit has shifted from a long-term diplomatic objective to the central pillar of its survival and growth strategy within a multi-polar global economy.

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Stable, Secure, Sustainable





Powerful El Niño Projected, Puts 2026 on Track for Second-Warmest Year



(Eronews)--The first three months of 2026 were the fourth warmest on record, despite weak La Niña conditions suppressing temperatures. The start of the year has also seen record-low sea ice cover in the Arctic. Now, scientists expect the warming El Niño event predicted to arrive by early autumn to be especially strong. Experts say this means 2026 has a 19 per cent chance of surpassing 2024 as the warmest year on record.

Based on temperature datasets from five different research groups, environmental news and analysis website Carbon Brief predicts that 2026 is virtually certain to be one of the four warmest years on record – and likely to be the second-warmest on record. Global temperatures are expected to rise throughout the year, particularly as autumn could see the arrival of a 'super' El Niño.

The warming phenomenon in the tropical Pacific shapes global weather patterns, and can power droughts, flooding and marine heat waves. The most common method of predicting the nature of conditions is by measuring the temperature anomaly in the 'Niño3.4' region of the tropical Pacific. Sustained sea surface temperatures in excess of 0.5°C indicate an El Niño event, temperatures above 1.5°C represent a strong El Niño event and temperatures above 2°C are often referred to as a 'super' El Niño event.

Carbon Brief says the latest climate models provide a median estimate of 2.2°C warming by September – a scenario which would put the world firmly in 'super' El Niño territory. Warming is expected to build after September, as El Niño conditions generally peak between November and January. Should a super event occur, it would "substantially increase the chance that 2027 will be the warmest year on record", according to

Carbon Brief.

How do scientists predict El Niño strength?

Accurately predicting how El Niño conditions will develop this early in the year has historically been difficult. Scientists usually need a few more months before they can confidently forecast a strong or super event. However, researchers from the University of Hawai'i at Mānoa published a recent study purporting to skillfully predict El Niño and La Niña 15 months ahead of time.

The paper, in *Geophysical Research Letters*, bases forecasts on observations of ocean surface temperature and height, without using complex climate models. "Many of today's leading forecast systems are either computationally expensive dynamical climate models, statistical models that rely on El Niño-Southern Oscillation (ENSO) knowledge built over decades of research, or AI approaches that require large amounts of training data and are often harder to interpret physically," said lead author Yuxin Wang.

Instead, the researchers used two core "climate memories" discovered decades ago to create a data-driven, empirical model. Sea level changes can reveal heat build-up in the tropical Pacific, which led pioneering oceanographer Klaus Wyrtki to use tide gauge observations to predict El Niño as early as the 1970s.

Furthermore, anomalies in global sea surface temperatures, even outside the tropical Pacific, contribute to El Niño or La Niña developing months later.

Mutapa at a Glance



Financial Performance & Capital Metrics

- Total assets expanded to US\$16,5 billion (up from US\$14,9 billion), fueled by a US\$1,37 billion fair value appreciation across the investment book.
- Achieved a turnaround with an operating surplus of US\$21,7 million on a total revenue envelope of US\$60,3 million.
- Assumed full state custody of Kuvimba Mining House via a US\$1,6 billion Treasury Bill buyout of a 35 percent private minority stake, expanding national debt obligations.
- Finalized the structural split of Kuvimba into distinct, commodity-focused vertical subsidiaries to improve operational transparency and attract joint-venture partners.
- Driving a balance sheet and structural cleanup of ZESA Holdings to replace a fragmented framework with a unified utility model.
- Capitalizing a major project execution pipeline exceeding US\$1 billion by acting as a sovereign anchor to crowd in external capital.
- Earmarked over US\$500 million to secure financial close on commercial-scale power generation developments.
- Prioritizing a US\$400 million USD commodity offtake framework alongside a \$75 million syndicated mining facility to lift base metal and gold capacities.
- Pushing output targets at Zimbabwe Consolidated Diamond Company (ZCDC) to 5 million carats, anchored by the completion of the Chiadzwa processing plant upgrade to counteract global pricing headwinds.
- Allocated US\$100 million USD to recapitalize National Railways of Zimbabwe (NRZ) freight corridors and relieve road congestion from bulk mineral transport.
- Published backlogged commercial financial audits for 25 out of 31 frontline state-owned enterprises to restore regional corporate credibility.
- Adjusting long-term asset deployment strategies around tight regulatory shifts, including local beneficiation quotas for critical battery metals ahead of upcoming lithium concentrate processing deadlines.



Modern Wars Don't Respect Borders

Africa needs Iran peace talks to succeed



Mwigulu Nchemba

An old Swahili proverb warns that when the powerful sneeze, the vulnerable catch a cold. After months of bloodshed and faltering negotiations, the US and Iran once again look to be on the verge of a deal which could finally stem the plague of instability which has rocked the world's developing nations. African countries are still reeling from a barrage of global crises, particularly the pandemic and the war in Ukraine. While innocent civilians in the Middle East are

undoubtedly the greatest victims of this war, families across Africa are feeling profound effects that threaten their livelihoods.

It is for these reasons – peace in the Middle East and relief at home – that Africans across the continent stand united in calling for urgent de-escalation and for the US and Iran to come to an agreement as quickly as possible. For Africa, the Middle East is not a distant theatre of war. It is a vital hub where energy production, financial networks, trade routes, and labour markets intersect. Over the past two decades, Gulf countries have emerged as some of Africa's most important partners, investing heavily in infrastructure, agriculture, and logistics. They also host millions of African workers, whose remittances are a lifeline for families back home.

In Tanzania, we import 59% of our fuel directly from the Middle East. The continued blockade and renewed fighting in the Strait of Hormuz have severely disrupted our energy supply. Pump prices have already risen 33.4% in a single month, undercutting industrial production and driving up costs for ordinary citizens.

African economies today are far more capable of weathering global shocks than they were in the 1980s – the product of two decades of macroeconomic reform, diversified trade partnerships, and hard-won institutional discipline. Tanzania is a case in point, with inflation quiescent at 4% despite the global headwinds.

Nevertheless, we cannot shield citizens from these shocks forever. If the government is forced to introduce fuel subsidies, the bill could exceed US\$500 million in just over three months. These resources would be better invested in healthcare, education, water, infrastructure, agriculture, and other critical sectors that directly improve the livelihoods of our people.

The Middle East conflict threatens food production as well as fuel supplies. The Gulf provides about 16.7% of Africa's finished fertilizer and 25% of nitrogen fertilizers, putting crop yields at risk. The World Food Programme warns that if this war continues, a further 45 million people worldwide could be pushed into acute hunger.

Under the leadership of Her Excellency President Samia Suluhu Hassan, Tanzania's government has taken proactive measures at every level, directing officials to travel by bus and stripping back the presidential motorcade. We have also deepened partnerships with Gulf nations to bolster our domestic energy and agriculture sectors.

However, not every African nation is so well positioned. Prices have already skyrocketed across the continent, triggering protests and civil unrest. Some factories and flour mills have ground to a halt. Taxi drivers are sleeping on petrol station forecourts, waiting days for fuel.

In addition to the pressure on imports, the Middle East crisis is also weighing heavily on East Africa's vital export market. Meat exports from Tanzania were down 62% from February to March. Tourism – one of our proudest engines of growth – is also at risk if this conflict persists. Flight suspensions and rising insurance costs could reduce visitor arrivals and foreign exchange inflows, weakening incomes for hotels, airlines, tour operators, workers, small businesses and the entire tourism value chain.

African nations will learn the lessons of this crisis. Where the Middle East conflict has exposed structural vulnerabilities, we will repair and strengthen these weak points in our economies. Companies and sovereign nations are eagerly looking for ways to diversify their energy supplies – a gap which some African nations stand ready to fill. In Tanzania, we are on the verge of finalizing a landmark \$42 billion LNG investment framework, potentially unlocking 57 trillion cubic feet of natural gas. We are determined that our country will emerge from this crisis with new opportunities and greater resilience.

These solutions are still a long way off, however. So long as this war carries on, families and businesses across Africa and the world will continue to bear the strain of rising costs, stagnating incomes, and an increasingly uncertain future. De-escalation and an ultimately peaceful resolution will bring huge relief to millions of people.

The world is watching and waiting, impatiently, for a lasting peace.

Mwigulu Nchemba is the Prime Minister of Tanzania. The article was first published in CNBC Africa.



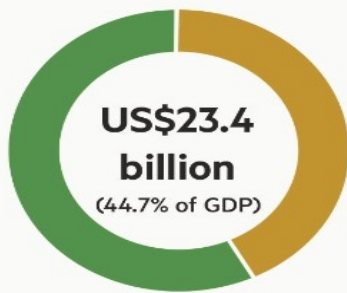
NEAR TERM AND MEDIUM TERM OUTLOOK AND RISKS & POLICY OPTIONS

27 May 2026



In 2025, total Public and Publicly Guaranteed (PPG) debt amounted to US\$23.4 billion (44.7% of GDP), up from US\$21.5 billion as at December 2024.

COMPOSITION OF PUBLIC DEBT



- External Debt US\$ 13.6 billion (58.8%)
- Domestic Debt US\$ 9.8 billion (41.2%)



Of serious concern is the rate at which the Government of Zimbabwe is acquiring domestic debt through MDAs, reflecting weaknesses in public finance management systems (PFMS) and effectively weakening the role of the Ministry of Finance, Economic Development and Investment Promotion on managing the national purse.



As a result, between 2022 and 2024, a staggering domestic debt of US\$1.7 billion was acquired by MDAs without necessary approvals and due process was hardly followed.



The overall domestic debt burden has escalated, compounded by continued reliance on high-cost, short-term financing amid limited alternative sources.



The government's deteriorating debt servicing capacity is further evidenced by recent policy measures which, inter alia, include a partial reprofiling of domestic debt obligations—including a temporary suspension of servicing treasury bonds related to blocked funds, the RBZ, Fidelity Gold Refinery, and RBZ printing and minting — coupled with an accumulation of arrears to suppliers. Together, these actions signal a tightening of financing constraints and a weakening fiscal position.

POLICY CONSIDERATIONS FOR PUBLIC DEBT MANAGEMENT



Addressing public debt vulnerabilities requires a comprehensive and credible strategy focused on debt sustainability, fiscal discipline, and institutional reform. Key priorities include:

- Accelerating engagement with international creditors to **resolve external arrears** and restore access to concessional financing
- Strengthening public financial management systems**, including the effective implementation and periodic review of the Standardised Price List
- Enhancing **transparency and governance** in debt contracting and management, particularly for state-owned enterprises and public funds
- Developing a **medium-term debt management strategy** that prioritises concessional borrowing and lengthens the maturity profile of domestic debt
- Maintaining strict **coordination between fiscal and monetary authorities** to avoid fiscal dominance and preserve macroeconomic stability

OUTLOOK



Sustainable public debt management is critical for restoring confidence, accessing financing and achieving durable macroeconomic stability and growth.

NEAR TERM OUTLOOK



Debt pressures are likely to remain elevated due to high domestic financing needs and tight global financing conditions.

MEDIUM TERM OUTLOOK



With disciplined fiscal consolidation, stronger PFM systems and improved access to concessional finance, debt sustainability can be restored.



COLLATERAL BASED LOANS



**YOUR ASSETS
CAN FINANCE
YOUR NEXT
MOVE**

WE ACCEPT

- CARS
- LAPTOPS
- TITLE DEEDS

 **Festive Season
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More than just gas

■ *Inside Zimbabwe's game changing petroleum frontier*



Finance minister Prof Mthuli Ncube exchange documents with Scott Macmillan, Managing Director of Invictus Energy after signing the PPSA

THE Petroleum Production Sharing Agreement (PPSA) signed between the Government and Geo Associates on Wednesday has set the stage for a game-changing transformation of Zimbabwe's energy and industrial sectors.

In an explanatory statement issued after the signing of the deal, Invictus Energy, which partners Geo Associates on the project, and Finance, Economic Development and Investment Promotion Minister Professor Mthuli Ncube said the economic benefits stretch far beyond resource extraction and position Zimbabwe's Cabora Bassa Basin as Africa's newest oil and gas frontier.

The PPSA, the first of its kind for Zimbabwe's fledgling petroleum sector, provides a definitive legal and commercial framework for the Muzarabani oil and gas project, unlocking capital for further exploration and extraction in the Cabora Bassa Basin.

This comes after exploratory drilling by Invictus Energy, which owns 80 percent of licence holder Geo Associates, confirmed that the Cabora Bassa Basin holds a world-class, liquids-rich conventional gas-condensate system.

The initial discoveries account for an estimated 230 million barrels of oil equivalent (mmboc) and roughly 1,3 trillion cubic feet (Tcf) of gas.

Independent estimates by globally acclaimed energy and sustainability consulting firm ERC Equipoise (ERCE) rank the broader Mukuyu prospect's potential much

higher, indicating that it could hold up to 20 trillion cubic feet (Tcf) of gas and 845 million barrels of conventional gas condensate (a form of light oil).

This is approximately 4,3 billion barrels of oil equivalent on a gross mean unrisks basis.

Zimbabwe has not yet started producing oil or gas, though, because the Cabora Bassa project is still in the exploration and resource appraisal phase.

Following the discovery of gas-condensate deposits, significant infrastructure, additional drilling and commercial feasibility assessments are required before commercial extraction can begin. Although early wells confirmed the presence of high-quality gas, companies typically must drill multiple appraisal wells to determine the full volume, quality and most effective extraction methods.

Invictus is also preparing to shift focus from the Mukuyu 1 and 2 discovery fields to the Musuma-1 exploration well.

Situated in the eastern portion of the Cabora Bassa acreage, the Musuma-1 target tests the shallower Dande geological formation, which holds an estimated 1,17 Tcf of gas and 73 million barrels of condensate gas.

In addition to Mukuyu and Musuma, regional evaluations have identified at least eight other high-potential, drill-ready prospects across the 360 000-hectare permit area.

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Inside Zimbabwe's game changing petroleum frontier

The Cabora Bassa Basin in northern Zimbabwe is widely recognised as one of the largest untested frontier rift basins and the largest undrilled onshore prospect in Africa.

While public anticipation has focused heavily on the potential for traditional crude oil, the dominant resource confirmed at the Mukuyu field is high-quality natural gas, accompanied by light oil condensates with minimal impurities. Geochemical testing has also confirmed the presence of highly valuable commercial helium, a secondary by-product. The commercial processing of the hydrocarbons will unlock several benefits and downstream products for both local and regional industries.

The primary natural gas will directly fuel large-scale gas-to-power projects to generate electricity, feeding directly into the national grid and the Southern African Power Pool.

Meanwhile, the light oil condensates can be refined into essential transport fuels such as diesel, petrol and aviation kerosene, as well as liquefied petroleum gas (LPG), for domestic use.

The light oils provide the essential petrochemical building blocks for producing plastics, waxes and lubricants, while the secondary helium reserves can be captured for high-tech medical imaging electronics manufacturing.

Integrating the by-products of the hydrocarbon discovery into fertiliser production is one of the most economically transformative aspects of the Mbire/Muzarabani gas discovery in Mashonaland Central.

Natural gas is the foundational raw material for modern agriculture because it drives the manufacturing of nitrogen-based fertilisers.

Invictus Energy has already signed memoranda of understanding (MOUs) with local fertiliser manufacturers like Sable Chemicals to supply the natural gas required to revitalise domestic production.

Under the PPSA, the Government can choose to receive its share in cash or in kind, ensuring direct State participation expected to boost fiscal inflows for funding critical national programmes.

The framework utilises a sliding-scale rate of return to balance risk and reward.

During periods of lower returns, Geo Associates will receive a higher share to accelerate project payback. About US\$100 million has been invested in exploration works.

Conversely, during periods of high commodity prices or

stronger project returns, the Government's share increases significantly. This dynamic structure protects investor returns while ensuring the Government maximises its upside during peak production.

"The profit sharing or product sharing arrangement is a sliding scale," Mr Scott Macmillan, managing director of Invictus Energy, an Australian Securities Exchange-listed junior explorer, explained in a statement released after the signing. "In times of lower returns, the contractor, Geo Associates in this case, gets a higher share.

"In times of higher commodity prices or higher returns of the project, the Government gets a much bigger share. It balances that risk versus a reward scenario to ensure that the project can achieve its payback.

"As the rate of return gets higher, the Government gets a bigger and bigger share. That ensures that we can generate a rapid payback for the project.

"And once that happens, then we start seeing much bigger shares allocated to the State . . . over and above the standard royalties. The royalty and the tax arrangement stay constant for the entire life of the project."

Prof Ncube described the agreement as far more than a standard mining contract, saying it was a cornerstone for long-term fiscal stability. Analysts also anticipate that domestic gas production will serve as a massive import-substitution tool, drastically reducing the country's hefty annual fuel and power import bills while safeguarding scarce foreign currency reserves.

Ultimately, the project is expected to drive substantial gross domestic product growth and generate foreign currency.

Oil and gas drive economies with huge deposits primarily through massive export revenues, direct foreign exchange inflows and government royalties or taxes.

Governments across the world secure revenue via corporate taxes, production-sharing agreements and leasing rights from national or international oil companies.

Selling petroleum on the global market brings in high-demand international currencies like the US dollar or Euro, which governments can use to import critical goods and stabilise their balance of payments.

These massive capital windfalls can fuel rapid industrialisation.

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The Breakdown

Inside Zimbabwe's game changing petroleum frontier

"As Government, we are particularly encouraged that this project has the potential to reduce Zimbabwe's import dependence on petroleum products and strengthen national energy resilience," said Minister Ncube.

Major drilling, pipeline and power plant construction campaigns are also projected to directly and indirectly create thousands of local jobs. On the infrastructure front, the development of gas-to-power projects in Mbire and Muzarabani, where the company holds exploration licences, is expected to inject a substantial amount of power into the already stretched national grid.

Broadly, resource wealth allows governments to fund large-scale public works (roads, ports, power grids) and social programmes that can significantly raise the standard of living, and Zimbabwe will not be an exception to such potential benefits.

Domestic energy security and investments in energy infrastructure will ensure a stable power supply to rapidly expanding sectors of Zimbabwe's economy, such as mining and manufacturing.

Zimbabwe currently faces electricity supply shortages that sometimes result in power cuts to balance out demand with constrained supply. This will soon be a thing of the past as plans are underway for a major "gas-to-power" initiative targeting up to 500 megawatts (MW)-1 000MW to feed the grid and help alleviate the region's crippling power shortages.

Domestic production of crude derivatives such as petrol, diesel and jet fuel will drastically cut the country's massive petroleum import bill.

Economic reconfiguration

Beyond simple resource extraction and power generation for domestic consumption and export markets, the broader master plan promises a complete societal and economic reconfiguration.

Economic analysts say that localised gas supply could anchor a new domestic petrochemical sector. This would allow Zimbabwe to manufacture its own agricultural fertilisers and industrial chemicals, thereby lowering production costs for local businesses and boosting overall economic competitiveness.

The prospects have already triggered frenzied interest in real estate in and around the Mbire and Muzarabani areas.

Regions synonymous with climate vulnerability are now on the cusp of becoming modern, world-class establishments.

The expected influx of various investments will lay the

groundwork for new urban centres, retail developments and specialised tourism infrastructure designed to service the region, roads, bridges, schools and health facilities.

While the agreement focuses specifically on sharing direct revenues from the project, it will also expand fiscal space through broader tax streams.

As the project triggers a wave of high-value opportunities, paving the way for better, sustainable incomes and improved livelihoods across the region, the fiscus will benefit from increased taxes such as corporate tax and pay as you earn.

Commenting on the latest development, Harare-based economic analyst Mr Enoc Musara noted that the true value of Invictus' oil and gas project lies in its multi-layered impact on the fiscus.

"The real fiscal game-changer is the velocity of money this project will inject into the local economy," Mt Musara said.

"It will create a robust local tax ecosystem. As corporate footprints expand and thousands of high-value jobs are created, the Treasury will see a sustainable upswing in aggregate tax collections." -**The Sunday Mail**



As Government, we are particularly encouraged that this project has the potential to reduce Zimbabwe's import dependence on petroleum products and strengthen national energy resilience,"



Deconstructing the Muzarabani PPSA Sliding-Scale Fiscal Model

The defining commercial feature of the Muzarabani Petroleum Production Sharing Agreement (PPSA) signed between the Government and Geo Associates is its utilisation of a sliding-scale rate of return framework. Rather than locking the State and the contractor into a rigid, fixed-percentage split, the agreement functions as a dynamic, self-adjusting financial instrument designed to handle high-risk frontier oil and gas economics. At its foundation, the agreement guarantees direct state participation by giving the Government of Zimbabwe flexibility in how it extracts value from production.

The Government can elect to receive its allocation in either cash or physical product (in-kind). This optionality is a critical strategic buffer: it allows the Government to take physical gas to directly fuel local gas-to-power projects and localized fertilizer manufacturing without relying on intermediate cash transactions.

Risk vs Reward

The sliding scale adjusts automatically based on the project's cumulative profitability and internal rate of return (IRR). It operates on a simple principle: the faster the contractor recovers their capital, the faster the State's share scales up.

Capital Recovery & Investor Protection

During the initial production years or during periods of depressed global commodity prices, the contractor (Geo Associates/Invictus Energy) receives a higher, prioritised share of the profit oil/gas. This accelerates the payback period for the substantial upfront capital expenditure—including the over US\$100 million already risked in initial seismic testing and exploratory drilling. De-risking the capital recovery phase is what makes the project bankable for international financiers.

Windfall Capture & Fiscal Upside

As the project achieves its initial payback and hits higher rates of return—or if global oil and gas prices spike—the contractor's percentage drops. Simultaneously, the Government's share increases aggressively and progressively. This mechanism ensures that the state acts as a true equity partner. It prevents a scenario where an investor reaps windfall profits from national resources during a commodity boom while leaving the state with a fixed, flat return.



The royalty and the tax arrangement stay constant for the entire life of the project. But as the rate of return gets higher, the Government gets a bigger and bigger share... over and above the standard royalties." — Scott Macmillan, Managing Director of Invictus Energy

Dual-Layered Fiscal Safehouse

To maintain absolute commercial predictability for the entire life of the project, the PPSA splits the fiscal framework into variable and fixed components:

"The royalty and the tax arrangement stay constant for the entire life of the project. But as the rate of return gets higher, the Government gets a bigger and bigger share... over and above the standard royalties." — Scott Macmillan, Managing Director of Invictus Energy

By keeping base royalties and corporate income taxes fixed, the agreement protects the project from ad-hoc fiscal changes, while the flexible sliding profit-share naturally adjusts to capture market windfalls for the Treasury.

It represents a modern, balanced approach to resource nationalism—securing investor capital while maximizing long-term public returns.

History of the Muzarabani (Cabora Bassa) Project

■ *The Mobil Era: First Data Set*

1990 – 1994

Global energy giant Mobil Oil Corporation spends millions conducting extensive geophysical work, including aeromagnetic and gravity surveys. They identify a massive, undrilled rift basin in northern Zimbabwe but eventually relinquish the acreage in 1994 because there was no viable regional market or infrastructure to commercialize natural gas at the time.

Invictus Farm-In & Data Rescue

2018

Invictus Energy enters Zimbabwe. Managing Director Scott Macmillan tracks down Mobil's archived legacy seismic field tapes inside the Zimbabwe Geological Survey vaults. Using modern reprocessing technology, Invictus reveals the world-class scale of the Mukuyu prospect (formerly Muzarabani prospect).

Early Industry Validation & Commercial MOUs

2019 – 2020

The project gains global visibility, listing on global "Top Wildcat Wells to Watch" lists. Recognizing the gas potential, Invictus signs early non-binding Memoranda of Understanding (MOUs) with domestic off-takers like Sable Chemicals (for fertilizer feedstock) and Tatanga Energy (for gas-to-power).

Signing of the PEDPA

March 2021

Invictus Energy and the Government formally execute the Petroleum Exploration Development and Production Agreement (PEDPA). This establishes the initial regulatory and operational framework for the drilling campaign, alongside an approved Environmental Impact Assessment (EIA).

Maiden Drilling Campaign (Mukuyu-1)

Late 2022

Invictus moves the Exalo 202 drilling rig to the site and spuds the Mukuyu-1 basin-opening well. While technical limitations prevent a fluid sample from being brought to the surface, the well officially proves a working conventional hydrocarbon system in the Cabora Bassa Basin, validating 30 years of theory.

Historic Discovery Declared

December 2023

The Mukuyu-2 drilling campaign achieves a massive breakthrough. Invictus successfully retrieves downhole fluid samples to the surface, officially declaring a dual gas-condensate discovery in the Upper and Lower Angwa formations, ranking as one of the largest onshore discoveries in Sub-Saharan Africa.

Transition to Appraisal & National Status

2024 – 2025

The project officially moves from pure exploration to the appraisal phase. The Government of Zimbabwe awards the project National Project Status and consolidates the previous legal frameworks into a single, unified commercial target. In late 2025, negotiations on the final profit split structure are wrapped up.



Sovereign backing & Strategic Adjustments

Early 2026

Zimbabwe's sovereign wealth fund, the Mutapa Investment Fund, signals strong state backing by directly injecting US\$5 million of institutional capital into Invictus. Concurrently, a proposed US\$500M financing partnership with Qatari firm Al Mansour Holdings collapses due to settlement delays, prompting Invictus to pivot to alternative funding structures while safeguarding its core assets.

Formal Execution of the PPSA

May 2026

The Government of Zimbabwe and Geo Associates (Invictus) formally sign the definitive Petroleum Production Sharing Agreement (PPSA) in Harare. Attended by Finance Minister Professor Mthuli Ncube, this historic pact establishes the dynamic, sliding-scale framework for sharing cash or in-kind gas products.

Next Frontier: Moving to Musuma-1

Mid – Late 2026

With EIA permits extended through 2027 and a fresh institutional capital raise locked in, the project operator prepares to spud the high-impact Musuma-1 exploration well, targeting an unriskened prospective resource of 1.2 trillion cubic feet (Tcf) of gas on the basin's eastern margin.

Direct Asset Ownership

The license holder and asset operator for the Cabora Bassa project (including Special Grant 4571 and Exclusive Prospecting Orders 1848/1849) is Geo Associates (Pvt) Ltd. The equity split within Geo Associates is divided as follows: Invictus Energy Limited (80%): The Australian-listed independent energy firm holds the controlling stake, driving all technical exploration, funding, and operational execution. One Gas Resources (20%): A local Zimbabwean exploration company representing indigenous back-in rights and local corporate participation.

The Government participates in the wealth generation of the Muzarabani project through two distinct avenues, ensuring a highly secured national interest:

Through the newly signed Petroleum Production Sharing Agreement, Zimbabwe acts as an overarching profit/product partner. It exercises its right to command a variable, sliding-scale share of the actual oil and gas produced (or its cash equivalent) above and beyond standard royalties and corporate income taxes.

The Mutapa Investment Fund (Zimbabwe's Sovereign Wealth Fund) is directly integrated into this ecosystem. Mutapa holds a significant institutional shareholding within Invictus Energy itself.

This dual-layered position means the State captures value both upstream as the sovereign regulator/PPSA partner and downstream as a corporate equity shareholder in the main investing vehicle.