AEDS | Market Watch

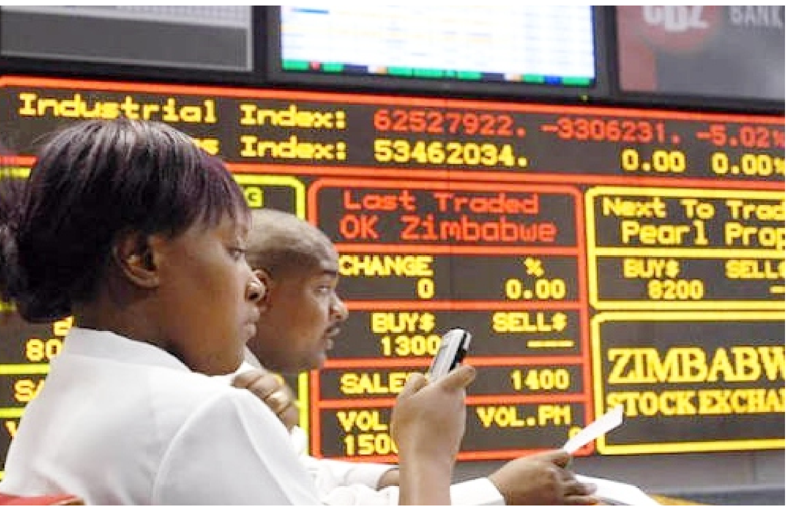
Policy meets investment at National Agriculture Conference 2026

Conference to launch US$2 billion import substitution strategy

Zimbabwe is moving to eliminate its agricultural import bill by US$2 billion through the launch of a transformative localisation strategy

INSIDE

Table of CONTENTS



From the Editor's Desk

As Zimbabwe shifts its policy focus toward long-term structural execution, August's macroeconomic narrative reflects sustained price stabilisation alongside targeted interventions across key productive sectors. Data released in Treasury's 2026 Mid-Term Budget and Economic Review and the Reserve Bank of Zimbabwe's Mid-Term Monetary Policy Statement confirm that the domestic economy remains on track to achieve its 5% GDP growth projection for 2026. The growth will be supported by strong fiscal revenue, foreign direct investment inflows reaching US$965 million, and disciplined monetary governance.

Headline monetary indicators demonstrate unprecedented price control and exchange rate resilience. Annual ZiG inflation decelerated to 2.9% in August 2026, marking eight consecutive months of single-digit inflation, the lowest sustained levels observed in over three decades. The disinflationary trend, anchored by zero central bank monetisation of fiscal deficits, prompted the RBZ to lower its benchmark policy rate from 35% to 30% per annum during the second quarter of 2026. Foreign currency reserves backing the ZiG increased to US$1.7 billion as of July 2026, providing 1.7 months of import cover against global supply chain shocks.

Across the real economy, multi-sector performance shows broad-based resilience. The primary growth engine remains the agricultural sector, projected to expand by 6.9% in 2026 following a good harvest that drove maize imports down by 32.9% in the first half of the year. Maize output is estimated at 2.4 million metric tonnes alongside 390,272 metric tonnes of traditional grains, while dairy production is set to increase 7.5% to 166 million litres. In the mining sector, semi-manufactured gold exports reached a record US$583.4 million in June alone, while gold production is expected to reach 55.6 tonnes for the year. Concurrently, the Zimbabwe Investment Development Agency reported US$1.59 billion in new second-quarter investment approvals, with mining and manufacturing accounting for 79.6% of the total.

Driven by plant retooling and increased local mineral value addition, manufacturing capacity utilisation has stabilised at 61.2%. Translating these empirical macroeconomic gains into concrete sector action, policy dialogue turns directly to agricultural transformation next month. The Ministry of Lands, Agriculture, Fisheries, Water and Rural Development, in collaboration with Africa Economic Development Strategies (AEDS) and the Agricultural Marketing Authority, will convene the National Agriculture Conference and Expo 2026 from 24 to 25 September at the University of Zimbabwe's Diamond Conference Centre.

The Conference, to run under the theme, *Transforming Agriculture for Resilience, Investment, and Inclusive Growth*, aims to operationalise strategies to systematically reduce Zimbabwe's US$2 billion annual agricultural import bill while advancing regional food security. Mirroring the evidence-based model established at the Zimbabwe Industrialisation Conference and Expo, discussions will be anchored by a comprehensive analytical report designed to tackle agro-processing, climate resilience, supply chain integration, and sustainable financing. Core deliverables will include the validation of the State of the Agricultural Sector Study, medium-term output projections through 2027, and the launch of the Agricultural Investment Prospectus to mobilise private capital for bankable projects.

Looking beyond September, regional economic mobilisation will centre on provincial devolution and localised investment frameworks. A major highlight on the fourth-quarter itinerary is the Midlands International Investment Conference, scheduled for October 30, 2026. Designed to unlock decentralised growth nodes, this platform will pitch structured, high-yield opportunities in mining, agro-processing, heavy manufacturing, and infrastructure tailored specifically to the Midlands province. However, fully capitalising on such provincial opportunities requires sustained momentum at the national level. Riding on the prevailing macroeconomic stability, authorities must now transition from short-term inflation control toward long-term structural competitiveness.

Fiscal and monetary authorities have a clear window to leverage single-digit inflation and stable exchange rates to build durable foreign currency reserves, deepen domestic capital markets, and drive broader economic diversification beyond raw commodity exports. Authorities should incentivise non-traditional revenue streams, expanding agro-processing, renewable energy infrastructure, tech-driven services, and high-value manufacturing.

Broadening the production base and simplifying the business environment reduces vulnerability to global commodity price swings and weather shocks, ensuring recent monetary gains convert into sustainable, shock-resistant growth.

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Policy meets investment at National Agriculture Conference 2026

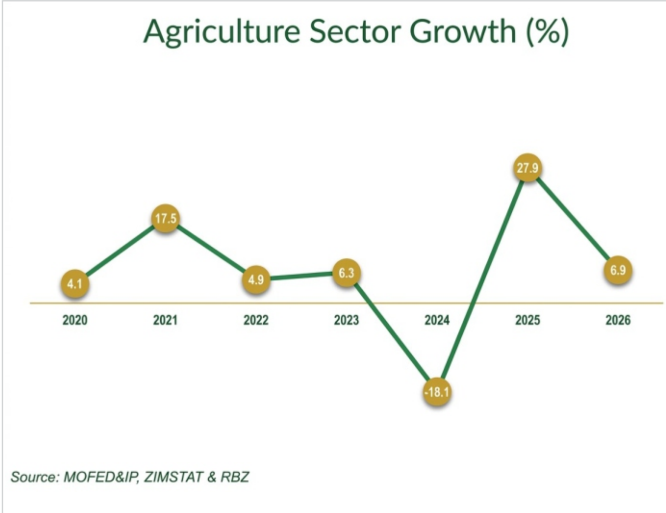
The Ministry of Agriculture, Mechanisation and Water Resources Development is convening the National Agriculture Conference and Expo 2026 this month to unlock sector growth while tackling persistent operational hurdles. Hosted in collaboration with the Agricultural Marketing Authority, Africa Economic Development Strategies and Buy Zimbabwe, the conference will develop a localisation strategy to eliminate agricultural imports by US$2 billion and establish the country as a regional food hub.

The event, which will run from September 24 to 25, 2026, at the Diamond Conference Centre at the University of Zimbabwe, will be held under the theme *Transforming Agriculture for Resilience, Investment, and Inclusive Growth*. Agriculture remains central to food security, rural livelihoods, industrial inputs, exports and inclusive growth. Under the Agriculture, Food Systems and Rural Transformation Strategy 1 (AFSRTS), the sector expanded significantly, with its gross economic value growing from US$5.2 billion in 2019 to US$10.3 billion in 2024.

Key growth milestones during this period included record wheat harvests exceeding domestic requirements, cereal production reaching nearly 2.9 million tonnes, gains in dairy and livestock production, and the expansion of functional irrigated land from 151,000 to 233,000 hectares. Despite these structural gains, the sector remains susceptible to external and environmental shocks, as highlighted by an estimated 12% contraction in 2024 caused by an El Niño-induced drought. Persistent challenges such as infrastructure gaps, limited access to long-term capital, weak value chain integration, and low unit productivity continue to constrain maximum output.

NACE 2026 will serve as the operational alignment platform for AFSRTS 2 (2026–2030), which targets scaling the agricultural economy to US$15.8 billion by 2030. To achieve this trajectory, the conference will feature several core deliverables designed to translate policy into actionable investment outcomes. The agenda includes the presentation and validation of an evidence-based State of the Agricultural Sector Study to outline structural bottlenecks, emerging risk factors, and short-to-medium-term sectoral outlooks through 2027.

Additionally, the event will mark the launch of the Agricultural Investment Prospectus, unveiling a curated pipeline of bankable opportunities across crop production, livestock, cold-chain logistics, and irrigation infrastructure to crowd in domestic and foreign direct investment. Structured high-level public-private sector dialogues between government ministries, regulatory bodies, commercial financiers, input suppliers, and agribusinesses will address regulatory bottlenecks, de-risk primary production, and enhance local processing capabilities.



The conference will provide a platform for technology providers, financial institutions, and equipment manufacturers to showcase climate-smart innovations, precision farming tools, and modern mechanisation services. The two-day summit will feature multi-sectoral participation spanning crop farming, livestock and dairy sub-sectors, agro-processing, agricultural finance, water resource management, and regional trade logistics. Core thematic discussions will centre on scaling climate-resilient practices, expanding access to blended finance, strengthening trade linkages under the African Continental Free Trade Area, and integrating smallholder producers into commercial value chains.

RBZ crosses halfway mark in transition to mono-currency

The Reserve Bank of Zimbabwe (RBZ) has crossed the halfway mark in its transition to mono-currency, registering an overall progress score of 50.1% across key economic benchmarks required to transition from the current multi-currency regime. The central bank said Zimbabwe will continue operating under a multi-currency framework, where foreign currencies co-circulate alongside the ZiG, until the prerequisite conditions are fully achieved and durably sustained. The 50.1% score, according to the central bank's latest Monetary Policy Statement (MPS), reflects significant momentum in inflation control and banking sector soundness, balanced alongside ongoing efforts to build foreign exchange reserves and drive local currency adoption.

Summary of transition benchmarks

Annual ZiG inflation averaged 4.2% over the first seven months of 2026, putting the country on track toward its goal of sustained single-digit inflation within the 3-7% SADC benchmark over a 24-month horizon. Reserves increased to US$1.7 billion as of late July 2026, representing 1.7 months of import cover. The RBZ is targeting 1.8 to 2 months by year-end, progressing toward a medium-term requirement of 3 to 6 months. All legitimate foreign payment requests in the willing-buyer, willing-seller interbank market are being cleared with no backlog. An automated FX trading platform, developed with World Bank assistance, will launch in the fourth quarter of 2026.

The official exchange rate remained stable between ZiG25-27/US$, shifting by 2.9% from January to June 2026, while the parallel market premium narrowed to an average of 15%. Authorities are working to raise local currency usage from 40% to 60%. Policy drivers include setting quarterly payment dates, taxes at a 50:50 ratio, reducing the ZiG Intermediated Money Transfer Tax (IMTT) to 1.5% while keeping US$ IMTT at 2%, and settling government supplier invoices in ZiG.

As of June 2026, the non-performing loans ratio stood at 3.19% (well beneath the 5% international ceiling), supported by a robust capital adequacy ratio of 24.13% (exceeding the 12% standard). Electronic payment infrastructure maintained 99% uptime for both ZiG and US dollar transactions, passing the 95% threshold with zero cybersecurity breaches reported. Policy coordination between fiscal and monetary authorities remains intact, backed by zero central bank monetisation of the budget deficit. The central bank reiterated that the final shift to a mono-currency system will be driven strictly by market readiness and the sustained fulfilment of all eight benchmarks, rather than a fixed calendar date.

AEDS view on mono-currency

The current situation, which shows the intensity of dollarisation at the expense of a drive towards a mono-currency, can be corrected by creating demand for ZiG. This requires Treasury and the whole system of government to tilt towards the use of ZiG by increasing the proportion of taxes (VAT, import duties, and excise duties) in ZiG. In some instances, Treasury may need to make a deliberate move to demand payment of selected tax heads exclusively in ZiG.

In the same vein, Treasury may need to consider amending the Finance Act, which compels firms to pay taxes in the currency of trade, for the simple reason that miners can't use the ZiG received from the central bank under the 30% export retention. At the moment, miners participate in the interbank market with a view to securing foreign currency on their ZiG balances, yet they could have given it to the Treasury and reduced pressure on the foreign exchange market.

In addition, Treasury should consider selling its foreign currency balances (received from ZIMRA) in exchange for ZiG (which will be printed by the RBZ in exchange for the USD). This will create the supply of ZiG, which will enable Treasury to pay local service providers in ZiG in line with its recent announcement, whilst at the same time increasing the USD reserves at the central bank. With this approach, we can fast-track mono-currency by 2028.

The RBZ alone can't increase the supply of ZiG. We need a structured approach which is demand drive and every ZiG printed must be backed by or exchanged for foreign currency so that we avoid run away exchange rate and inflation.

No.	Condition Precedent	Measure of Success	Status
1.	Durable macroeconomic stability, characterized by low and stable inflation at single-digit levels.	▪ Inflation sustained within the SADC benchmark of 3-7%. ▪ Sustained Single-digit Inflation for 24 months. ▪ Anchored Inflation Expectations	*Current Status* 7 months; *Target* 24 months
2.	Adequate foreign currency reserves of at least 3-6 months of imports cover in the medium to long-term.	▪ Achieve a minimum of 3 months of import cover and maintain reserves of up to 6 months of import cover in the medium to long term, consistent with the SADC convergence criteria. ▪ Restored Market Confidence	*Current Status* 1.7 months; *Target* 3-6 months
3.	Efficient FX Trading system that promotes ease of access to FX by importers.	▪ Timely clearance of *bona-fide* foreign payment requests in the WBWS. ▪ All invoices submitted for payment are met with no outstanding FX demand backlog. ▪ Completed development of an enhanced FX trading System. Roll-out in Q4/2026 ▪ Restored Market Confidence	*Current Status* System Under Review; *Target* Q4 2026
4.	Stable exchange rate dynamics with minimum over/ undervaluation of ZiG.	▪ The real effective exchange rate maintained within +/- 10% over/undervaluation. ▪ Sustained exchange rate stability for at least 24 months ▪ Restored Market Confidence	*Current Status* Stability Maintained Since Oct 2024
5.	Increased demand for local currency (ZiG) – recalibration of the percentage of Government taxes and broadening the payment of public sector goods and services in local currency.	▪ Increasing the ZiG based transaction from the current 40% to achieve 60% in the medium term. ▪ Increase in the proportion of taxes paid in ZiG to above 60% and target to achieve 100% in the medium term. ▪ Restored Market Confidence	*Current Status* 40% of Transactions & 26% of Gov Tax; *Target* 60% & 100%, respectively
6.	Financial sector stability.	▪ Stable banking sector characterised by: ▪ Non-performing loans (NPL) ratio below the international benchmark of 5%, and ▪ Capital adequacy ratio (CAR) above 12%.	*Current Status* Achieved
7.	Efficient and secure National Payments System to promote ease of payment in ZiG locally.	▪ Payment system uptime maintained above 95%.	*Current Status* Achieved
8.	Fiscal and monetary policy cohesion with non-monetisation of the budget.	▪ No recourse to inflationary central bank financing of the budget.	*Current Status* Achieved

Source: Reserve Bank of Zimbabwe, 2026

AEDS on 2026 Mid-Term Monetary Policy Review

1. Introduction

The Governor of the Reserve Bank of Zimbabwe (RBZ) presented the first-half monetary policy review on August 20, 2026, under the theme ***Sustaining Single-digit Inflation and Monetary Stability to Foster Economic Resilience***. The 2026 Mid-Term Monetary Policy Statement comes at a critical juncture for the Zimbabwean economy. Following several years of elevated inflation, exchange-rate instability and weak confidence in the domestic currency, the economy has entered a period characterised by significantly improved macroeconomic stability, which has now been enjoyed for over two years. This paper therefore presents Africa Economic Development Strategies (AEDS)'s assessment of the first-half monetary policy performance and identifies priorities for the remainder of 2026.

The Reserve Bank has also adjusted monetary policy instruments in response to the changing inflation environment. The bank policy rate was reduced from 35% to 30% per annum, while the interest rate on the Targeted Finance Facility was reduced from 20% to 15%. The TFF remains targeted at productive sectors. AEDS considers these developments encouraging. Our view is that the macroeconomic framework has laid the foundation which guarantees durable stability, which is an *a priori* requirement for sustainable production, investment, employment and inclusive economic transformation.

2. AEDS Assessment of the First-Half Monetary Policy Performance

Price stability showing significant achievement: The Reserve Bank of Zimbabwe underscored that single-digit ZiG inflation achieved in January 2026 has been enjoyed for seven months up to July, with the July annual inflation at 3.2%, while month-on-month ZiG inflation averaged 0.4% during the same period. At the same time, the ZiG/US dollar exchange rate remained relatively stable, averaging ZiG26 per US dollar during the seven months.

The reduction in inflation represents a substantial improvement in the credibility of monetary policy. The RBZ's monetary framework has increasingly focused on controlling money-supply growth, maintaining appropriate liquidity conditions and strengthening the relationship between monetary expansion and real economic activity. The Bank has stated that monetary policy will remain anchored on transparency, market-based instruments and the accumulation of foreign reserves.

Price stability is particularly important for Zimbabwe because high inflation episodes in the past have had significant negative effects on household welfare, savings, investment decisions and business planning. When inflation is high and unpredictable, economic agents shorten their planning horizons, favour foreign currency and physical assets over domestic financial assets, and become reluctant to enter into long-term contracts. The current environment provides an opportunity to reverse this behaviour.

However, AEDS cautions that low inflation should not be interpreted as evidence that inflation risks have disappeared. The economy remains exposed to fiscal pressures, external commodity-price shocks, supply and climate-related disruptions and changes in foreign-currency availability.

AEDS on 2026 Mid-Term Monetary Policy Review

AEDS supports the current inflation trajectory with the immediate policy priority being to preserve the credibility that has been built rather than prematurely easing monetary conditions.

Exchange-rate stability: Exchange-rate stability is another major achievement. The ZiG has traded broadly within the ZiG25–27 per US dollar range during the first half of 2026, while the parallel-market premium has narrowed to approximately 15%. This represents a significant improvement from previous periods when large exchange-rate differentials created substantial distortions in pricing and economic decision-making.

AEDS considers the improved functioning of the interbank foreign-exchange market particularly important. A stable and transparent foreign-exchange market reduces uncertainty for businesses, improves price discovery and makes it easier for firms to plan investment and import requirements.

Foreign-exchange market development: There has been some marked improvement in foreign currency receipts in the first half of 2026. Foreign-currency inflows reached US$10.72 billion during the first half of 2026 from US$7.3 billion during the same period in 2025, representing a 47.8% increase. These inflows exceeded foreign-currency payments of approximately US$7.30 billion. This enabled the RBZ to meet foreign currency requirements for all bona fide importers as well as develop and build foreign currency reserves.

Resulting from this, foreign-currency reserves subsequently increased to about US$1.7 billion by the end of July, equivalent to approximately 1.7 months of import cover. In addition, the RBZ is at an advanced stage of developing an electronic trading platform for authorised dealers in the fourth quarter of 2026, with a long-term objective of coming up with an efficient, liquid and transparent foreign-exchange market in which the exchange rate increasingly reflects underlying economic fundamentals.
Progress on Conditions Precedent (CPs) for mono-currency: There has been some marked improvement in the CPs, which are at various stages, and overall CPs performance stands at 50.1%.

AEDS supports greater transparency and improved price discovery in the foreign exchange market, as these are essential for strengthening market confidence. This should, however, be underpinned by clear and consistent rules, adequate market liquidity, and predictable policy implementation.

Progress on staff monitored programme (SMP): The progress on SMP is well noted and shows that the RBZ is walking the talk by meeting money supply targets agreed with the IMF in the first quarter of 2026.

AEDS supports the gradual improvement which are well aligned with a market-led transition to monocurrency. The focus should be on strengthening confidence in the local currency through creating a stronger demand for ZiG through adjusting the composition of tax payments obligations by business and the public.

AEDS welcomes this progress and expects the momentum to continue into the last half of 2026.

3. Conclusion

AEDS considers the first half of 2026 a significant period of macroeconomic consolidation for Zimbabwe, marked by sustained single-digit inflation, exchange-rate stability, stronger foreign-currency inflows, increased reserves, improved interbank market functioning, and effective fiscal-monetary coordination. These gains demonstrate the importance of policy credibility and discipline, and AEDS supports the broad direction of monetary policy while urging that the second half of 2026 focus on consolidating stability and using it as a foundation for structural transformation.

This means maintaining monetary and fiscal discipline while boosting productive investment, domestic production, exports, financial-market development, and confidence in the ZiG, with the transition toward mono-currency remaining gradual and market-led. Ultimately, AEDS believes Zimbabwe must protect and deepen its macroeconomic gains and translate them into durable, productive, and inclusive growth through consistent policy, fiscal prudence, monetary discipline, market development, and structural transformation, with AEDS ready to support these efforts through evidence-based research and policy engagement.

4. Recommendations

The AEDS policy recommendations for the second half of 2026 emphasise stability, confidence-building, and structural reform.

i. **Monetary discipline:** At the core is the call for monetary discipline, ensuring that money-supply growth is aligned with real economic activity and inflation objectives. This is reinforced by the principle of zero central-bank deficit financing, which seeks to permanently separate fiscal financing from monetary creation, anchoring Zimbabwe's macroeconomic framework.

ii. **Foreign currency reserve accumulation:** AEDS also highlights the importance of foreign-currency reserve accumulation as a strategic priority, aiming for stronger import cover to safeguard against external shocks. Complementing this is the push to deepen the interbank forex market, with transparency, liquidity, and governance improvements through the planned electronic trading platform. Alongside these measures, the recommendations stress the need to increase genuine demand for ZiG by expanding its use in taxes and public-sector payments, while avoiding coercive policies that could erode confidence.

iii. **Market-based monetary policy instruments:** On monetary operations, AEDS urges the strengthening of market-based policy instruments, particularly by developing the ZiG Term Deposit Facility into a credible liquidity-management tool and benchmark. Credit allocation should remain focused on productive sectors such as agriculture and manufacturing, with strict monitoring to prevent misuse. At the same time, protecting positive real returns to savings is seen as vital for rebuilding trust in domestic financial assets and fostering a savings culture.

AEDS on 2026 Mid-Term Monetary Policy Review

iv. **Supply-side reforms and continued market-based transition to monocurrency:** Finally, the recommendations emphasise supply-side reforms, calling for measurable targets in production, exports, value addition, and import substitution. This structural agenda is tied to the broader goal of a market-led transition to a mono-currency, where the adoption of ZiG is driven by economic fundamentals and confidence rather than political deadlines.

v. **In summary**, AEDS advocates a disciplined, transparent, and confidence-driven policy framework that balances monetary stability with structural reforms, laying the groundwork for sustainable growth and a credible currency regime.

RBZ Governor Dr John Mushayavanhu

Agriculture

'Agriculture must drive industrialisation and growth'

Minister of Agriculture, Mechanisation and Water Resources Development Dr Anxious Masuka says agriculture must serve as the primary catalyst for industrialisation and broader macroeconomic expansion. Speaking during a high-level ministerial panel at the recent Zimbabwe Industrialisation Conference and Expo 2026, Dr Masuka underscored that sustainable economic growth remains intrinsically tied to performance in the primary sector. "Agriculture is a causal co-factor and multiplier effect on the rest of the economy. Other than providing the raw materials and fuel that keep us healthy, a healthy nation will be more productive. If we get agriculture right, we are likely to get every other sector and value chain right," Dr Masuka said.

The government is prioritising structural reforms designed to expand the agricultural sector's economic footprint under the second phase of the Agriculture and Food Systems Transformation Strategy. "Within the Agriculture Food Systems and Rural Transformation Strategy 2, we want to create a US$15.8 billion sector from the current US$13 billion or so, and we can only do this if we work together," he said.

Dr Masuka noted that recurrent climate-induced disruptions pose the single greatest threat to sector productivity and national food security, necessitating deliberate structural adaptations across all farming scales.
"Climate change is the biggest threat that we see in agriculture, and our adaptive and mitigation response is to have a climate-smart agriculture sector sufficiently resilient to withstand the episodic shocks that are caused by droughts. Droughts now visit us every three to four years, more often than in the past," Dr Masuka said.

With meteorological assessments pointing toward heightened climate risks, the government has instituted targeted interventions across six foundational pillars to insulate domestic production. "For this season, 2026/27, there is a 100% probability that we will have an El Niño, the magnitude of which we do not know at this stage. But if we plan for the worst and hope for the best, government has come up with a very robust plan anchored on six pillars," Dr Masuka said.
He outlined the interventions as an enhanced strategic grain reserve, climate-smart agricultural production, livestock drought mitigation, a revamped financing architecture for agriculture, an updated import management regime, and enhanced early warning coordination and capacity building.

To achieve these targets, he said the agriculture ministry is implementing five overarching guiding principles across the sector. "The first one is that agriculture must be a business everywhere, irrespective of scale. The second one is climate-smart agriculture at the household level through the sustainable intensive conservation agriculture model, *Pfumvudza/Intwasa*, and at the national level through increased irrigation development. "The third is value addition. The fourth is a systems or ecosystem approach. Agriculture alone is not the enterprise on a farm, there are so many other enablers, and in the ministry, we track about 22 enablers including power, finance, logistics, land, and much more," Dr Masuka said.

Highlighting the final principle, Dr Masuka stated that the ultimate policy objective extends beyond traditional primary output toward complete industrial integration. "The fifth and perhaps most important principle embedded in the strategy is that Zimbabwe does not yearn to become a breadbasket of anyone anymore. Zimbabwe must emerge by 2030 as an agro-industrial hub," Dr Masuka said.

He said Zimbabwe is strategically positioned to serve as a thriving agro-industrial hub due to its central location in Southern Africa, strong logistics network, favourable climate, fertile soils, and exceptional talent. The Minister said the core advantages form the foundation of the country's push toward agro-industrialisation, which is key to achieving its vision of becoming an upper-middle-income nation.

The policy imperatives come ahead of the National Agriculture Conference and Expo, scheduled for September 24–25, 2026, at the Diamond Conference Centre at the University of Zimbabwe. Stakeholders will gather to refine strategies aimed at curbing the nation's agricultural import bill and strengthening regional value chains.

Accelerating import substitution in agriculture

Why Zimbabwe needs to buy, process and employ locally

Kundai Gorejena

On July 23 to 24, 2026, the Ministry of Industry and Commerce, in partnership with Africa Economic Development Strategies (AEDS) and ZimTrade, hosted the Zimbabwe Industrialisation Conference and Expo (ZICE). Attention now turns to the upcoming National Agriculture Conference and Expo (NACE), which provides an important opportunity to take that conversation into the agricultural sector.

Agriculture is not merely a supplier of raw materials to the industrial economy. It is a central pillar of Zimbabwe's economy and livelihoods. Around 70-80% of the population depends on agriculture for their livelihoods, while the sector supplies approximately 63% of the raw materials required by manufacturers and contributes around 30% of the country's total export earnings (ZIDA; Ministry of Foreign Affairs, International Trade). Although agriculture's share of gross domestic product (GDP) has declined over the years as mining and services have expanded more rapidly, the sector recorded the fastest growth of 27.9% in 2025, according to the Zimbabwe National Statistics Agency.

Therefore, when President Dr Emmerson Mnangagwa spoke about import substitution during his official opening of ZICE, this highlighted that agriculture should not be an afterthought. A sector capable of such a significant recovery clearly has the potential to drive import substitution through increased local production. The challenge is to ensure that production, procurement and processing are deliberately integrated, rather than operating in isolation.

What Zimbabwe still imports

According to the Agricultural Marketing Authority (AMA) data, Zimbabwe imported over 1.14 million tonnes of maize grain between April 2025 and March 2026 valued at close to US$401 million. Although this represented a 35.6% improvement compared with the previous year, reflecting a better harvest, it still meant that almost US$400 million was spent importing a crop in which Zimbabwe has historically achieved self-sufficiency. Wheat imports have also remained significant, increasing from approximately 258,151 tonnes in 2022-2023 to more than 380,951 tonnes in 2024-2025. The challenge extends beyond grain.

Government's Agricultural Food System and Rural Transformation Strategy (2026-2030) notes that as consumer diets shift away from maize towards more diversified staples, pasta imports increased by 362% and rice imports by 237% between 2019 and 2024. Rice is now the fourth biggest starch staple in the country, after maize, wheat and traditional grains.

Then there's cooking oil. Zimbabwe spends roughly US$323 million a year importing vegetable and animal oils, including crude soya and vegetable oil from South Africa and Zambia. At the same time, the country exports raw, unprocessed soya beans that could supply much of this domestic demand if they were crushed and refined locally. Increasing soya production from around 94,000 tonnes to approximately 300,00 tonnes would go a long way towards closing this gap.

The broader point is simple: every tonne of maize, wheat, pasta, rice, or cooking oil imported represents money that could otherwise support a local mill, processor, packaging plant, logistics company or farmer. Import substitution, therefore, is not simply about reducing imports. It is about retaining more value within Zimbabwe by connecting farmers to processors, manufacturers, distributors and consumers.

The policy groundwork is already there

One thing that is often overlooked is that Zimbabwe is not starting from zero. Statutory Instrument 87 of 2025 already calls on processors and millers to progressively source grain and oilseeds locally, while levies collected under the framework are channelled into an Agricultural Revolving Fund. According to the government, approximately US$5.7 million has already been raised through these levies, with around US$3.2 million invested in irrigation across 850 hectares.

This intervention is particularly timely given the anticipated El Niño risk for the 2026/27 period. On the industrial side, the Ministry of Industry and Commerce's Local Content Strategy 2026-2035 links local procurement to job creation and skills development, framing “Make Local, Buy Local, Consume Local” as a national campaign rather than a slogan confined to manufacturing.

Buy Zimbabwe has gone further by advocating a minimum 50% local-content threshold in public procurement. This is particularly important as Zimbabwe positions itself to benefit from the African Continental Free Trade Area (AfCFTA), where compliance with rules of origin will be critical to ensuring that locally assembled products qualify for preferential market access. The government has also begun validating sector-specific local content thresholds under the National Development Strategy 2 (NDS2 2026-2030), which targets a production-led and value-driven economy anchored in industrialisation and local manufacturing.

On the procurement side, the launch of the Zimbabwe Methodology for Assessing Procurement Systems Report 2026 at the inaugural Southern Africa Public Procurement Forum signals a broader effort to make public procurement more transparent and competitive. Effective implementation will be critical to ensuring that local suppliers have a fair opportunity to compete for state contracts.

For NACE, therefore, the task is not to develop another policy statement. It is to translate existing policies into clear, measurable, sector-specific commitments. **For example:**

1. Which crops and agricultural products should receive priority?
2. Where are the major processing and manufacturing gaps?
3. How can schools, hospitals, defence and correctional services prioritise locally grown and locally processed food?
4. What incentives are required to encourage processors to invest in domestic value addition?

These are the practical questions that can turn policy into measurable outcomes.

>>next page

Accelerating import substitution in agriculture

Why Zimbabwe needs to buy, process and employ locally

Where the value chain evidence is already working

Zimbabwe does not need to debate whether local value-chain development can work. Recent results provide evidence that it can done. Avocado exports increased by 166.5% in the first quarter of 2026 compared with the same period in 2025. This demonstrates the potential of Zimbabwean horticulture to compete in regional and international markets when production, value chains, market linkages and regulation are aligned.

At the macroeconomic level, Zimbabwe recorded four consecutive months of trade surpluses in early 2026, with tobacco among the major contributors. The 2024/25 tobacco crop reportedly increased to approximately 352 million kilograms, generating more than US$1.1 billion in export earnings.

Import substitution and export growth should not be treated as competing priorities. The same investments in irrigation, processing, domestic markets, quality standards and logistics that enable Zimbabwe to replace import greater export market share in avocados, tobacco and other value-added agricultural products. The objective should therefore be to build competitive domestic value chains capable of serving both the local market and export markets.

Why public procurement is the lever, not just the symbol

Public procurement deserves greater emphasis because government is Zimbabwe's largest and most predictable institutional buyer. If ministries, parastatals, defence institutions, schools and hospitals commit to prioritising locally grown grain, locally milled flour, locally packaged food and locally processed proteins, the impact could extend well beyond the immediate purchase. **Such procurement could:**

1. Reduce investment risk by creating predictable demand for local processing capacity;
2. Strengthen domestic value chains from the farm to the factory, reducing farmers' dependence on volatile export and informal markets;
3. Create employment in farming, milling, processing, packaging, logistics, warehousing and quality assurance;
4. Develop industrial capabilities and skills through increased domestic production and processing; and
5. Retain more foreign exchange within Zimbabwe by reducing the need to import products that can be produced competitively at home.

This is the logic behind Buy Zimbabwe's local-content agenda: procurement can become the bridge between agricultural production, industrialisation, employment and skills development.

But local procurement must also be accompanied by competitive pricing, consistent quality, reliable supply and transparent procurement systems. Buying local should not mean accepting poor quality or uncompetitive prices; rather, it should create the market certainty and incentives necessary for local producers to become more efficient, competitive and capable of meeting institutional demand.

Conclusion

Zimbabwe's agricultural sector has demonstrated significant growth and resilience in recent years. Its export performance shows that internationally competitive agricultural value chains are possible, while the government has established levies, local-content strategies and procurement-reform frameworks that provide an important policy foundation.

What remains is execution, coordination and accountability.
Zimbabwe must align what farmers produce, what processors can absorb, what manufacturers require and what public and private buyers are prepared to purchase. The objective should be to ensure that every tonne of maize, wheat, soya bean or horticultural produce grown in the country first strengthens a Zimbabwean value chain, a Zimbabwean processor, a Zimbabwean manufacturer and a Zimbabwean job.

The question for NACE is therefore not simply how much Zimbabwe can produce, but how effectively it can convert that production into domestic value. It is whether Zimbabwe can buy, process and consume more of what it produces locally, while simultaneously building the competitiveness required to export more value-added products. That is the pathway from agricultural production to industrialisation: Buy Local. Process Local. Employ Local and, ultimately, Export Local.

Kundai Gorejena is a graduate trainee (economics) at AEDS

Midlands Investment Conference set for October

The Office of the Minister of State for Midlands Provincial Affairs and Devolution is hosting the Midlands Investment Conference next month, focusing on practical, solution-oriented dialogue to accelerate regional investment and industrialisation. The event, running under the theme *Unlocking Midlands Investment Opportunities for Sustainable Economic Growth*, will be held on October 30, 2026, in collaboration with Africa Economic Development Strategies. The high-level event will bring together policymakers, local and international investors, development finance institutions, and industry leaders to drive investment-led economic transformation in the province.

The provincial administration is anchoring its investor pitch on several strategic pillars that highlight the region's key advantages and established industrial footprint. Situated at the geographic heart of Zimbabwe, Midlands serves as a central logistics corridor connecting Harare, Bulawayo, and regional transport networks across the SADC region.

The province hosts major mining entities including Mimosa Mining Company in Zvishavane, Anglo American's Unki Mine in Shurugwi, Zimasco in Kwekwe, and Murowa Diamonds. Anchored by heavy manufacturing and smelting operations, the region features flagship projects such as the Dinson Iron and Steel Company plant in Manhize, along with steel, chemical, and fertiliser manufacturers in Kwekwe and Gweru.

The province maintains a diverse agricultural ecosystem, spanning large-scale cotton farming in Gokwe, which feeds into processing hubs run by the Cotton Company of Zimbabwe, alongside grain, livestock, and horticulture operations. Anchored by higher education institutions like Midlands State University, the province offers a steady pipeline of skilled human capital, innovation hubs, and research capabilities. With direct link roads and railway corridors, Midlands provides access to over 300 million consumers across the SADC region, COMESA, and the African Continental Free Trade Area.

Investment policy implementation

Discussions under this pillar will focus on aligning provincial projects with national strategic blueprints, particularly operationalising the Zimbabwe National Industrial Development Policy 2 and National Development Strategy 2. Delegates will examine mechanisms for local content enforcement and procurement reform to ensure that domestic industries retain a greater share of value-chain expenditure. Conversations will also target regulatory efficiency, addressing operational bottlenecks to enhance the ease of doing business for new and existing enterprises.

Investment financing and investment mobilisation

This thematic area addresses the financial structures required to turn investment interest into operational projects. Key sessions will deliberate on the operationalisation of the Industrial Development Fund alongside blended finance models and public-private partnerships. Experts and institutional investors will explore project preparation tools to structure bankable greenfield and brownfield projects capable of attracting international and local capital.

Value chain development and localisation

Focusing on industrial integration, this pillar explores strategies to build strong backward and forward linkages across primary manufacturing, agriculture, and mining. Deliberations will centre on import substitution to build resilience against external supply chain shocks, while encouraging industrial cluster development to optimise production costs and promote localised supplier networks.

Mineral beneficiation and resource-based investments

Given the province's position along the mineral-rich Great Dyke, discussions will centre on transitioning from raw mineral exports toward high-value, processed products. Key focus areas include policy readiness surrounding export restrictions on critical raw minerals like lithium and chrome, alongside the creation of downstream refining and processing industries designed to keep value addition within the national economy.

Iron and steel investment ecosystem

Anchored by the multi-billion-dollar Dinson Iron and Steel Company plant in Manhize, this pillar will examine how to build a broader industrial ecosystem around primary steel production. Sessions will focus on leveraging the Manhize plant as an anchor off-taker, developing downstream manufacturing industries in construction, automotive, and heavy engineering, and positioning Zimbabwe as a major steel manufacturing hub across Southern Africa.

Export competitiveness and AfCFTA integration

With a view toward trade expansion, this pillar focuses on market access strategies under the African Continental Free Trade Area (AfCFTA), COMESA, and SADC frameworks. Panelists will address quality infrastructure, standards compliance, and international certification to ensure Midlands-made goods meet global criteria, while detailing export financing options and trade facilitation mechanisms.

Technology, innovation and investment upgrading

This area examines modernising local production capabilities through Industry 4.0 automation, big data, and smart manufacturing systems. Discussions will focus on industrial retooling to boost overall plant productivity, as well as fostering innovation ecosystems that bridge higher education research, such as Midlands State University's innovation hubs, with commercial industry applications.

Energy & infrastructure for investments

Achieving sustainable industrial growth requires reliable supporting infrastructure. This pillar will highlight investments in utility-scale renewable energy and independent power producer projects to guarantee affordable power for heavy industry. Sessions will address road, rail, and logistics bottlenecks, alongside the layout and operationalisation of specialised Special Economic Zones and industrial parks.

SME integration and inclusive investments

To ensure economic growth is broadly inclusive, delegates will deliberate on formalising small-to-medium enterprises (SMEs) and improving their access to affordable funding. Discussions will focus on creating structured linkages that connect local SMEs directly to primary corporate supply chains, alongside driving rural industrialisation strategies across districts such as Gokwe and Mberengwa.

Sustainability and green investment

Aligning regional development with global environmental requirements, this final pillar focuses on Environmental, Social, and Governance compliance within manufacturing and extractive industries. Discussions will feature resource efficiency, circular economy models, such as utilising industrial by-products for cement production, and implementing climate-smart industrial practices to ensure long-term environmental sustainability.

Climate change

Zimbabwe targets climate resilience, farm-level processing

Vice President Dr Constantino Chiwenga

Zimbabwe is targeting climate resilience as a primary anchor for its economic transformation and food security agenda amid mounting climate threats and global economic pressures, Vice President Dr Constantino Chiwenga has said. Addressing delegates at the 14th Annual National Agribusiness Conference in Harare, Dr Chiwenga said national planning for the upcoming 2026/27 summer cropping season is being organised around the threat of a severe global climate anomaly, compounding existing geopolitical pressures.

The conference, convened under the theme *"Agricultural Productivity as a Catalyst for Agribusiness Growth and Food Security,"* focused on climate risk management, structural value-chain integration, and economic adaptation. Central to the Vice President's address was the convergence of severe external risks threatening Southern Africa's food balance. Beyond ongoing geopolitical tensions that have elevated international fuel and fertiliser prices while disrupting regional supply chains, global climate models forecast a Super El Niño.

The weather pattern is expected to bring severe heat and extended dry spells to Southern Africa, raising the threat of widespread drought. "The outlook for the 2026/27 summer season represents a critical stress test for Zimbabwe's agricultural resilience," Vice President Dr Chiwenga said.

"Our planning is driven by the convergence of two major threats - the current geopolitical tensions elevating fuel and fertiliser prices and disrupting their supply, and another of a forecasted Super El Niño." Highlighting scientific warnings on the severity of the pattern, Dr Chiwenga noted that researchers have referred to the upcoming event as a "Godzilla El Niño" due to its unusual intensity.

While the global climate pattern is projected to trigger heavy flooding and storms in parts of the Western Hemisphere, it threatens Southern Africa with extreme heat, prolonged dry spells, and widespread drought conditions. "The anticipated impacts include disruptions to food and water supplies and the likelihood of severe drought conditions, with no country able to assist another or acquire shortfalls from external supplementation," Dr Chiwenga said, urging an immediate shift from reactive drought response to proactive structural adaptation.

"Therefore, it is imperative to adopt proactive measures in water conservation and food security planning." To mitigate these severe hydrological and production risks, the government outlined a multi-pronged intervention strategy. Central measures include the rapid rehabilitation of national borehole networks, accelerated expansion of irrigation infrastructure, and an enforced crop diversification shift toward drought-tolerant, climate-resilient commodities including sorghum, millet, and sunflower.

Zimbabwe's climate response is backed by a financial and structural framework designed to insulate domestic value chains.
Under the strategy, the government is mobilising an Integrated Financing Architecture combining Treasury allocations, private sector capital, and targeted credit through the National Enhanced Agricultural Productivity Scheme. Additional operational priorities include strengthening the Strategic Grain Reserve, implementing early warning and early-action systems, ensuring input affordability, and executing livestock drought mitigation protocols to prevent herd depletion.

The climate emergency interventions align directly with the targets set under the National Development Strategy 2, alongside the Agriculture, Food Systems and Rural Transformation Strategy 2. Beyond immediate climate shielding, Chiwenga noted that Zimbabwe must execute a structural transition away from raw, primary production toward a commercially integrated, value-added model. "We must move from a predominantly production-focused agricultural sector to a highly commercially integrated and value-added across the entire agricultural economy," Dr Chiwenga said.

"In light of these considerations, we must begin to adopt an agro-business approach anchored in the 'Farm to Fork' concept, often referred to as 'Farm to Table Policy." This policy framework targets localised processing at the farm level, supported by centralised aggregation for domestic industrial supply and regional export markets. Dr Chiwenga called on smallholder and commercial farmers to form farmer-owned processing cooperatives and directly engage in value addition at the source to eliminate intermediary transaction costs.

To facilitate this integration, the government plans to roll out specialised Agro-Industrial Parks aimed at bridging the gap between primary producers, commercial processors, and institutional financiers. Highlighting demographic imperatives, Dr Chiwenga added that driving long-term agricultural modernisation requires targeted financial and technical inclusion for women and youth, positioning them as primary drivers of technology adoption, commercial farming, and rural industrialisation.

Speaking at the same event, Minister of Agriculture, Mechanisation and Water Resources Development Dr Anxious Masuka said the southern African nation must leverage its agricultural resources, strategic location and human capital to transition into a regional agro-industrial hub. "Zimbabwe clearly must move and transition from being a breadbasket to becoming the agro-industrial hub, serving the region, taking advantage of the African Continental Free Trade Area, but going beyond so that we can begin to create the Zimbabwe we want," he said.

Agriculture remains the backbone of Zimbabwe's economy, supplying over 60% of the raw materials required by the domestic manufacturing sector and sustaining the livelihoods of more than 60% of the national population.
Beyond its critical role in rural livelihoods, the sector contributes approximately 12 to 15% to national GDP and serves as the country's second-largest generator of foreign exchange earnings, primarily driven by tobacco, horticulture, and cotton exports.

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AEDS calls for targeted spending, FX reforms following positive IMF assessment

Zimbabwe has made notable progress in restoring macroeconomic stability, with stronger economic growth, declining inflation, improved fiscal performance and greater external resilience providing encouraging signs of policy credibility. The International Monetary Fund (IMF)'s first review of the Staff-Monitored Programme confirms that the authorities have broadly met their commitments and established a stronger foundation for economic recovery.

However, Africa Economic Development Strategies (AEDS) considers this progress an important first step rather than an end in itself. Significant challenges remain, particularly around debt sustainability, social-spending execution, economic diversification, public financial management and institutional reform. The following assessment therefore highlights the key milestones achieved, the vulnerabilities that could undermine the gains, and the priority areas requiring further strengthening to ensure that macroeconomic stabilisation translates into inclusive, productive and sustainable economic transformation.

Macroeconomic Stabilisation

AEDS welcomes the IMF's first review of Zimbabwe's Staff-Monitored Programme (SMP) as a significant milestone in the country's efforts to restore macroeconomic stability and policy credibility. The authorities have demonstrated strong programme implementation, meeting all five quantitative targets and all structural benchmarks assessed under the first review. This progress is supported by a marked improvement in economic performance, with real GDP growth reaching 8.3% in 2025, driven largely by the recovery in agriculture, strong mining activity and favourable gold prices. Growth is projected at 5% in 2026, while inflation has remained firmly in single digits. More recent Reserve Bank of Zimbabwe data show year-on-year ZiG inflation at 3.2% in July 2026, providing further evidence of improved price stability. The sustained single-digit inflation is well aligned with AEDS' projection of inflation dynamics, which is anticipated to close the year at around 5%.

Fiscal and External Position

Fiscal performance has also strengthened, with revenue mobilisation exceeding expectations and creating scope for the authorities to build fiscal buffers. The reported ZiG14.2 billion revenue surplus over expenditure in the first half of 2026 is an encouraging development, provided that the improved fiscal position is sustained and translated into stronger public investment and service delivery. Similarly, the improvement in the external position and continued current-account strength provide an important buffer against external shocks. The IMF confirms that Zimbabwe's current-account surplus remains robust. The IMF projects medium-term growth of only around 4.2%, while the recovery remains heavily dependent on mining, gold prices and agricultural performance.

Vulnerabilities and Areas Requiring Strengthening
Commodity, Climate, Energy and Policy Risks

AEDS is of the view that the current gains remain vulnerable to commodity-price volatility, climate shocks, energy and geopolitical disruptions, and domestic policy slippages. Zimbabwe's dependence on gold and agriculture leaves growth, foreign-exchange earnings and fiscal revenues exposed to external and climatic conditions. Our view is that the authorities should place greater emphasis on economic diversification, productivity growth, mining and agricultural value addition, manufacturing, export development and private-sector investment.

Debt Sustainability and Resolution

The most significant unresolved challenge remains debt sustainability. Zimbabwe's external public debt continues to be assessed by the IMF as unsustainable and in distress. The SMP should consequently be viewed as a mechanism for rebuilding credibility and establishing a track record that can support arrears clearance and debt restructuring, rather than as a solution to the country's financing constraints. AEDS supports a transparent and comprehensive debt-resolution strategy, strengthened debt management and firm safeguards against the accumulation of new unsustainable liabilities.

Social Protection and Public Financial Management

AEDS is particularly concerned by the under-execution of protected social and priority spending, which was the main programme target that was not achieved. This highlights an important distinction between fiscal discipline and effective fiscal management. Strong fiscal balances are meaningful only when government resources are efficiently converted into essential services, human capital and productive investment. The IMF itself identifies improved budget execution, commitment controls, public financial management and arrears management as critical priorities.

While AEDS supports Treasury's approach aimed at sustaining fiscal discipline, it emphasises that fiscal consolidation should be achieved through better expenditure management rather than indiscriminate expenditure restraint, while protecting education, healthcare, food security and social protection for vulnerable households.

Foreign-Exchange and Governance Reforms

The continued tight monetary policy stance has contributed to a stable exchange rate (and an average of ZiG26 to 1 US$ for the first half of 2026) and a narrowing parallel market exchange rate premium (averaging around 18% during the first half of 2026). At the same time, deeper reforms are required to strengthen the functioning of the foreign-exchange market, improve monetary transmission and build confidence in the ZiG. The IMF's call for a comprehensive FX liberalisation strategy and greater reliance on market-based monetary instruments is therefore important.

In the same vein, AEDS calls for a complete overhaul of the liquidity management framework by fostering coordination between Treasury and RBZ with a view to ensuring timely settlement of principal and interest payments on securities. Governance and institutional reforms must also remain central. Stronger oversight of fiscal risks, state-owned enterprises, gold incentives, public procurement and debt-management operations will be essential to sustain investor and public confidence.

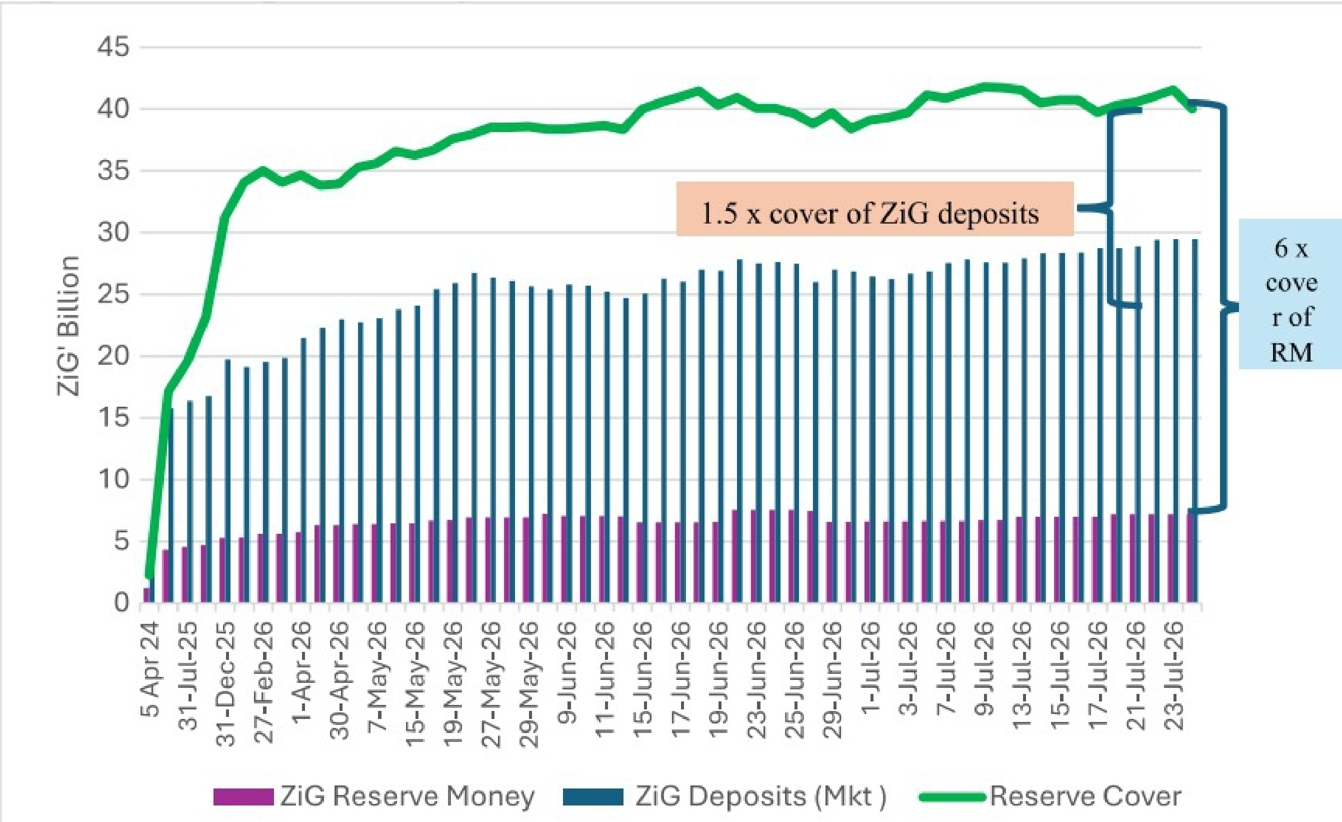
Conclusion

Undeniably, Zimbabwe has established a sustainable macroeconomic stability pathway which is guaranteed into the unforeseeable future. Going forward, authorities should turn stability into productivity-led, socially inclusive, debt-sustainable growth, create quality jobs, expand household incomes and build a more resilient and diversified economy.

Key issues and policy measures outlined in the 2026 Mid-Term Monetary Policy Review

- Annual ZiG inflation fell to 3.2% in July 2026 (averaging 4.2% from January to July 2026), marking seven consecutive months of single-digit inflation.
- Real GDP is projected to grow by 5.0% in 2026, driven by performance in agriculture, mining, manufacturing, and services.
- The interbank exchange rate remained stable between ZiG25 - 27 per US$, while the parallel market premium narrowed to approximately 15%.
- The bank policy rate was lowered from 35% to 30% per annum to align with lower inflation dynamics.
- Targeted Finance Facility retained at ZiG1.2 billion for productive sectors, with the interest rate reduced from 20% to 15%.
- Statutory reserves maintained at 15% for savings/time deposits and 30% for demand/call deposits across both ZiG and US$.
- The ZiG Denominated Term Deposit Facility was introduced to manage market liquidity and establish short-term yield benchmarks (8% for 30 days; 11% for 90 days).
- Total inflows rose 47.8% to US$10.72 billion in H1 2026, exceeding foreign payments of US$7.30 billion.
- Foreign reserves reached US$1.7 billion (1.7 months of import cover) by the end of July 2026, covering local reserve money 6 times over and ZiG deposits 1.5 times over.
- Current account surplus reached an estimated surplus of US$1.3 billion in H1 2026, supported by strong diaspora remittances (US$1.55 billion) and higher export revenues.
- The Reserve Bank met all agreed quantitative targets of the IMF Staff Monitored Programme for Q1 2026, including zero central bank lending to the government, net international reserve floors, and reserve money limits.
- A new electronic trading system for authorised dealers is scheduled for rollout in Q4 2026 to improve market transparency and price discovery.
- Ongoing market-driven progress is being made on the conditions precedent required to transition to a single currency.
- The banking system remains well-capitalised with an average capital adequacy ratio of 24.13% and a low non-performing loans ratio of 3.19%.
- Following the April 2026 rollout of the upgraded series, ZiG usage increased, with electronic ZiG transactions accounting for over 40% of National Payment System values by May/June 2026.
- Cumulative Collateral Registry registrations grew by 43.6% to 13,006 by June 2026, expanding access to credit using movable assets.

Foreign currency reserves and ZiG reserve cover



Source: Reserve Bank of Zimbabwe, 2026

AEDS welcomes Zimbabwe's delisting from World Bank's fragility classification

Zimbabwe has been removed from the World Bank Group's classifications of countries affected by conflict and institutional fragility, effective July 1, 2026. Under its revised FY2027 Fragility, Conflict and Violence (FCV) framework, the World Bank replaced the former Fragile and Conflict-Affected Situations list with two separate classifications.

The Public FCV List identifies countries experiencing widespread organised political violence and conflict. In contrast, the Institutional Fragility List identifies IDA-eligible countries with significant institutional weaknesses, based on a Country Policy and Institutional Assessment score below 3.0.

The two classifications are independent, allowing countries to appear on either list, both lists, or neither. Under the FY2027 framework, 24 countries are on the Public FCV List, and 25 are on the Institutional Fragility List, with 41 unique countries appearing on at least one list. Zimbabwe is on neither list, representing a positive change in its international classification.

Africa Economic Development Strategies (AEDS) welcomes the delisting of Zimbabwe from the World Bank's fragility classification as a recognition of massive progress made by the Second Republic, especially in advancing economic empowerment, enhancing institutional resilience, stabilising the economy, improving the ease of doing business, and steering the country toward an empowered, upper-middle-income society by 2030.

We are convinced that this development will provide further impetus to the country's ongoing arrears clearance, debt relief and debt restructuring process. This lays the foundation for the country's quest to attract foreign direct investment and access to international lines of credit, which are all a priori requirements for ramping up production, job creation and export growth.

In addition, this development will undoubtedly reinforce the country's progress towards greater macroeconomic stability, economic transformation and institutional normalisation.

AEDS remains committed to providing uninterrupted evidence-based policy advisory, which is an essential element of the ongoing ease of doing business reforms, macroeconomic stability drive and the country's economic transformation agenda.

Also refer to page 17

Zimbabwe exits World Bank fragility classification

The World Bank Group has officially removed Zimbabwe from its classification of fragile and conflict-affected economies, effective July 1, 2026, marking a significant milestone in the country's economic and institutional reform efforts. The decision follows the introduction of the World Bank's revised framework for the 2027 fiscal year, which established the Public Fragility, Conflict and Violence (FCV) List and the Institutional Fragility List. Under this revised framework, 24 countries were placed on the Public FCV List, which identifies nations where organised political violence impacts at least 20% of the population.

Concurrently, 25 International Development Association-eligible nations were included on the Institutional Fragility List due to significant institutional weaknesses, reflected by a Country Policy and Institutional Assessment score strictly below 3.0. Because the two classifications operate independently, nations may appear on either list, both lists, or neither. Out of 41 unique countries appearing across the World Bank's revised metrics, Zimbabwe met the technical criteria to be excluded from both, completing its exit from the former Fragile and Conflict-Affected Situations umbrella.

Government welcomes global validation

Minister of Finance, Economic Development and Investment Promotion, Professor Mthuli Ncube, welcomed the development as definitive international validation of the country's ongoing structural reforms. "Under the World Bank Group's revised classification framework for the 2027 fiscal year, Zimbabwe is no longer on the list of countries that are classified as fragile and conflict-affected economies," Prof Ncube said.

"This marks an important milestone in the country's ongoing economic and institutional transformation." He highlighted that the reclassification signals international recognition of Zimbabwe's improving institutional resilience, providing vital momentum to the reform trajectory pursued under the Second Republic toward attaining Vision 2030 and securing an empowered, upper-middle-income society. The Minister said the delisting coincides with key macroeconomic indicators, including a real Gross Domestic Product (GDP) growth rate of 8.3% in 2025, underpinned by broad-based output across agriculture, mining, manufacturing, and services.

On the monetary front, annual ZiG inflation fell to 2.9% in August 2026, supported by enhanced fiscal discipline, controlled public expenditure, and limited monetary expansion. Governance and fiscal transparency benchmarks also experienced notable progress. Zimbabwe achieved a score of 62 out of 100 in the 2025 Open Budget Survey, reflecting a 39-point surge in budget transparency since 2017 and positioning the country among the top performers in Sub-Saharan Africa.

Prof Ncube noted that exiting the fragility lists will enhance the country's global financial standing, reduce perceived investment risk, and catalyse domestic and foreign direct investment. The improved rating is expected to open new avenues for commercial project financing, infrastructure partnerships, and co-financing arrangements, while strengthening the national Arrears Clearance, Debt Relief and Restructuring Process.

"Building a resilient, competitive, and inclusive economy that creates jobs, attracts investment, improves public services and raises the quality of life for all its citizens, leaving no one and no place behind, remains the government's top priority," Prof Ncube said, affirming that Treasury remains committed to sustaining macroeconomic stability and advancing the Structured Dialogue Platform on debt resolution.

AEDS framework and economic outlook

Regional development think tank Africa Economic Development Strategies

Minister of Finance, Economic Development and Investment Promotion, Professor Mthuli Ncube

(AEDS) also welcomed the World Bank's decision, describing the delisting as formal recognition of progress made in advancing economic empowerment, strengthening institutional resilience, and improving the domestic ease of doing business. AEDS highlighted that the reclassification will provide fresh impetus to Zimbabwe's ongoing arrears clearance and debt restructuring dialogues.

Lowering country risk perception serves as an indispensable prerequisite for attracting long-term foreign direct investment and securing international lines of credit, both of which are required to ramp up industrial production, drive export growth, and support job creation. AEDS also noted that the exit from the World Bank's fragility lists reinforces the national trajectory toward macroeconomic stability, institutional normalisation, and broader economic transformation.

Strategic significance of the delisting

The reclassification dismantles a major barrier that has constrained Zimbabwe's global economic interactions for decades. The country significantly reduces its perceived sovereign risk profile, directly lowering the "fragility premium" historically imposed by global capital markets. Practically, this shift unlocks commercial project financing, expands access to private international investment, and lowers insurance premiums for foreign trade.

Beyond financial benefits, passing the World Bank's institutional threshold strengthens Zimbabwe's leverage in debt restructuring negotiations under the Structured Dialogue Platform, accelerating its full re-integration into the global financial architecture.

Banking

Banks post ZiG3.81 billion half-year net profit

Zimbabwe's banking sector recorded a total net profit of ZiG3.81 billion (US$142.3 million) for the half-year ended June 30, 2026, a decrease compared to ZiG4.96 billion reported in the comparable period in 2025, latest data shows. According to the Reserve Bank of Zimbabwe (RBZ), the lower net profit was, however, underpinned by higher-quality earnings from core financial intermediation. The sector's return on assets stood at 1.63% in June 2026, down from 4.39% in June 2025, while return on equity adjusted to 9.25% compared to 12.84% recorded in the comparative 2025 period.

“The continued stability in the domestic currency has reduced the banking sector's reliance on revaluation gains and foreign exchange-related income. This is expected to generate more sustainable and higher-quality earnings, underpinned by core banking activities rather than foreign exchange-related gains,” RBZ Governor Dr John Mushayavanhu said in the 2026 Mid-Term Monetary Policy Review.

The central bank said the sector remains “safe, sound, resilient and inclusive” due to the prevailing stable macroeconomic conditions. “Banking institutions are well-capitalised, liquid, profitable and exhibiting low credit risk,” Dr Mushayavanhu said, adding that proportionate supervisory interventions are underway for institutions failing to comply with capital and liquidity standards. During the period under review, aggregate banking sector assets grew by 29.2% to ZiG247.86 billion compared to ZiG191.82 billion in June 2025.

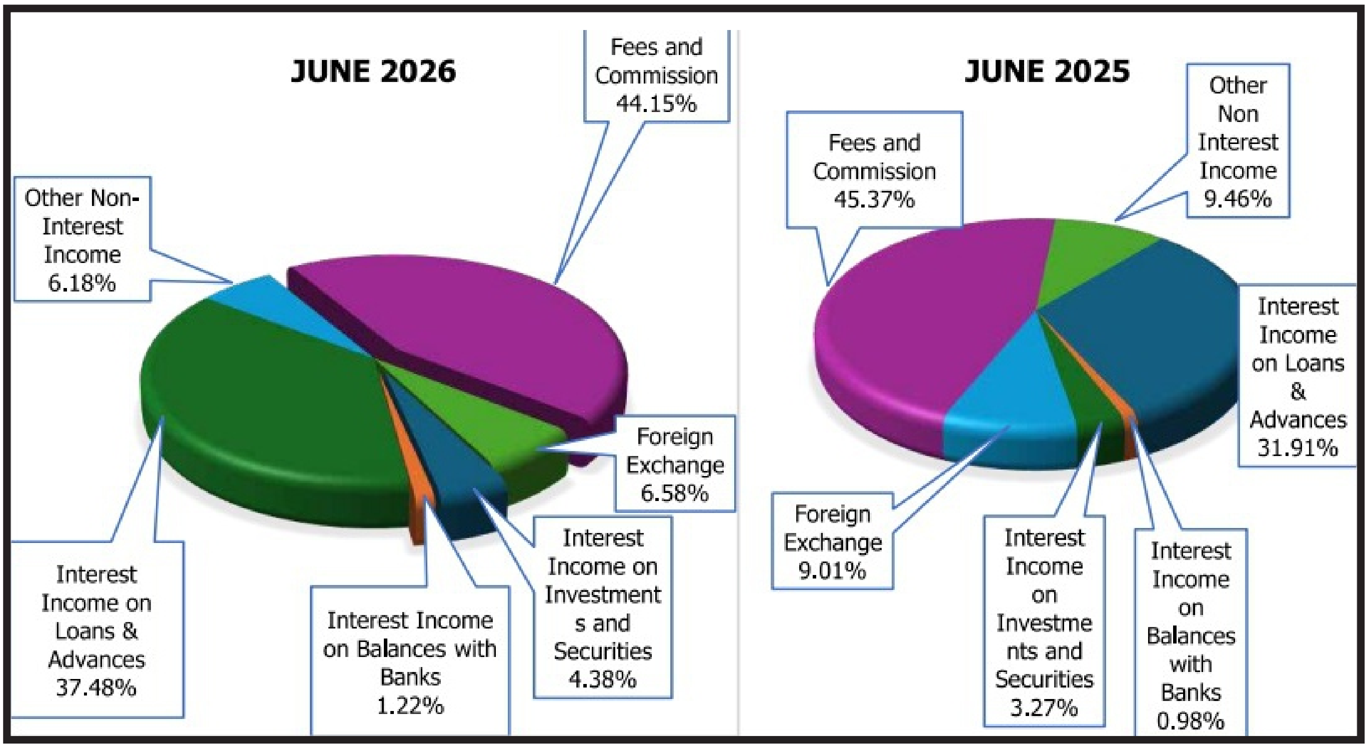
Total sector deposits registered a 40.4% year-on-year increase, reaching ZiG158.29 billion as of June 30, 2026, up from ZiG 112.77 billion a year earlier. A key structural characteristic of the sector remains its high level of dollarisation. Foreign currency-denominated deposits accounted for 81.9% of all banking deposits at the end of the half-year. Aggregate loans and advances surged to ZiG94.61 billion as of June 30, 2026, rising from ZiG67.51 billion in June 2025.

According to the RBZ, loans and advances constitute 35.9% of total banking assets. In line with the deposit profile, foreign currency-denominated loans dominated financial sector lending, making up 90.2% of total aggregate loans. The sector's loan-to-deposit ratio closed the half-year at 56.90%. Banks allocated 70.92% of overall credit to productive economic activities, led by agriculture (15.57%), manufacturing (12.96%), commercial trade (9.93%), and distribution (9.63%).

Consumptive loans accounted for 25.80% of total credit facilities. Despite the expanded loan book, credit quality remained stable. The aggregate non-performing loans ratio stood at 3.19% at the end of June 2026, below the international regulatory benchmark of 5.0%. The banking sector maintained substantial capital buffers to shield against credit and operational shocks. According to the central bank, the average capital adequacy ratio across the sector stood at 24.13% as of June 30, 2026, well above the 12.0% statutory minimum.

Aggregate core capital increased to ZiG 36.80 billion during the period under review. Liquidity across the industry remained strong, with the sector recording an average prudential liquidity ratio of 55.85%, against the 30% statutory benchmark.

Banking sector income mix June 2026 and June 2025



Source: Reserve Bank of Zimbabwe, 2026

At a Glance

State of Zimbabwe's Industry and Prospects for 2027

Manufacturing is now the **largest contributor to GDP**, expanding from 16.8% in 2025 to 17.1% in the first quarter of 2026, ahead of mining (11.7%) and agriculture (13.9%).

Manufactured exports grew to **US$584.8 million** in 2025 from US$175.8 million in 2021. Jan-May 2026 exports reached US$250 million (+26% y/y), keeping the country on track for the US$1 billion export target by 2030.

Five subsectors account for **95% of total manufacturing output**, including food processing, beverages, chemicals, construction materials, and metals.

Pharmaceuticals, boosted by the Medicines Control Authority of Zimbabwe reaching WHO Maturity Level 4 status and iron & steel, driven by the US$1.5 billion Manhize plant, are set to join chemicals and minerals as primary export drivers.

The study maps a **US$3.03 billion substitutable manufactured import basket** led by fertilisers (US$331.1 million), plastics (US$326.6 million), iron & steel articles (US$279 million), and pharmaceuticals (US$183.2 million).

Out of Zimbabwe's **US$10 billion+ annual import bill**, 30% (US$3 billion) is spent on capital equipment, machinery, and retooling.

Local procurement is highest in sugar (100%), wood & furniture (81%), dairy (72%), steel/iron (67%), and tobacco processing (67%), but remains low in automotive (36%), rubber (29%), cement (29%), and fertilisers/chemicals (17%).

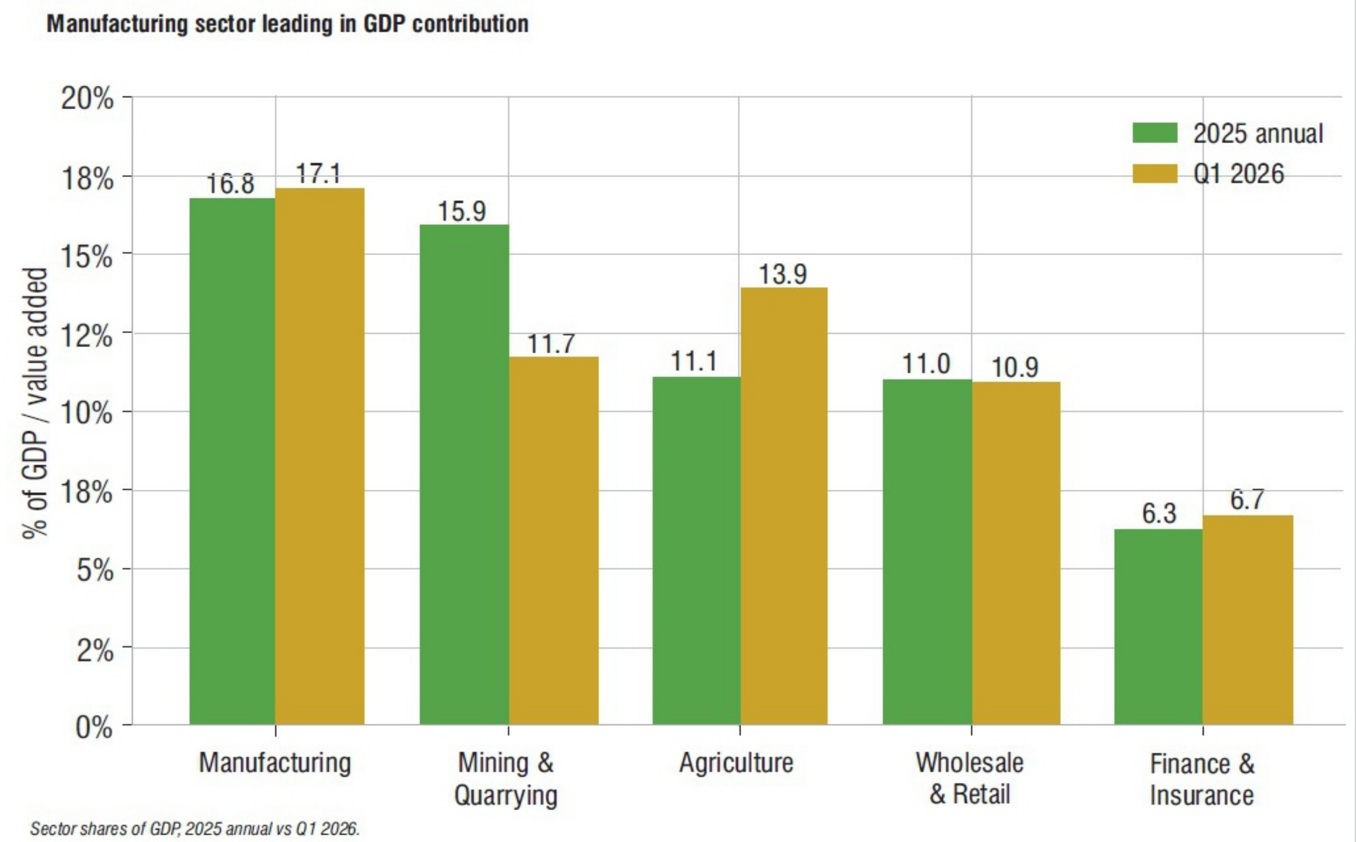
81.8% of financed firms directed capital toward **upgrading and export development**—primarily new equipment (35.1%), warehouses/logistics (12.4%), export markets (12.4%), and new product development (7.3%).

65% of firms operate equipment less than **10 years old**, 48% are currently upgrading technology, and 18.5% have invested in AI technologies in 2026. **Local consumption** absorbs **75–85%** of manufacturing output, 60–70% of agricultural production, and 90–95% of services.

58% of firms have integrated basic sustainability practices (mostly waste management at 19% and energy efficiency/solar at 17%), but structured ESG reporting and emissions monitoring remain low (<8%). Electricity reliability/cost, high cost of long-term finance, import competition, extensive informality, and climate change remain the **primary structural bottlenecks**.

63.1% of surveyed executives are **optimistic** about the industrial sector's performance for 2027, and 54.7% are optimistic about the wider economy. Priority recommendations call for establishing a **pension-fund-backed industrial bank** for patient capital, targeted incentives for high-priority substitution sectors, critical infrastructure rehabilitation (power, road, rail), and deeper value addition.

Real GDP growth rose to 8.29% from 3.5%. GDP expanded from US$18 billion to US$56.71 billion (income per capita up to US$3,544).



Sector shares of GDP, 2025 annual vs Q1 2026.

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2. **A transformative strategy that will establish the country as a regional food hub.**

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Why Zimbabwe's companies are leaving the stock market, and what the public is paid on the way out

Sylvester Mupanduki

Company after company is leaving the Zimbabwe Stock Exchange, and now the Victoria Falls Stock Exchange too, buying out small investors at prices that independent valuations often put well below what the businesses are worth. Of the fifteen counters that have left outright since 2020, nine, or 60%, blamed the same three ills in their own circulars: prices detached from value, shares that barely trade, and the cost of a listing that can no longer raise capital. The other six, 40%, fell to takeovers, insolvency or restructuring. What follows examines who gains from these exits, what the law permits, and whether the wave can be stopped.

On March 31, 2026, the largest company on the Zimbabwe Stock Exchange (ZSE) switched off its own share price. Econet Wireless Zimbabwe (Econet), the telecoms group that anchored the exchange for years, left the market after shareholders approved a voluntary delisting on 26 February. The board's reason was blunt: the market, it said, had persistently valued the company below its worth. Econet's exit alone removed US$1.09 billion of quoted value: 2.71 billion shares at a final traded price of US$0.40.

Econet is not an isolated case, and two different things are often blurred together. Migration is when a company leaves one exchange to list on another, so it stays public. Since 2020, a steady stream of the ZSE's biggest names has crossed to the newer, United States dollar-denominated Victoria Falls Stock Exchange (VFEX), among them Seed Co and Padenga, then Simbisa, Innscor and First Capital Bank, and in 2026 TSL and Old Mutual, both seeking to value themselves in the US dollars they largely earn. The VFEX has grown from a single listed counter in 2020 to fifteen listed companies by August 2026. Delisting is different. It means leaving public markets altogether and going private, so ordinary investors can no longer trade the shares on any exchange.

That wave also began in 2020, with Zimre Property Investments, Powerspeed, Falcon Gold and Dawn Properties, and has since swept up GetBucks, Border Timbers, Bridgefort Capital, the former MedTech, Truworths, Khayah Cement, National Tyre Services and, in 2026, Econet and First Mutual Properties. The six exceptions to the pattern: Truworths and Khayah Cement, the former Lafarge, which fell into insolvency and corporate rescue; Zimre Property, Dawn Properties and Border Timbers, which were absorbed by their acquirers; and Bridgefort, which left in November 2024 for a VFEX listing that had yet to appear by August 2026.

It is no longer only a ZSE problem. National Foods, the agro processor, migrated from the ZSE to the VFEX in late 2022 and moved to leave it barely two years later, in October 2024, offering to buy back up to a fifth of its shares at US$1.71 each and citing the exchange's thin trading. Edgars Stores Limited, the clothing retailer that listed in Harare in 1974 and migrated to the VFEX in 2024, followed in 2026 with a delisting of its own, as did African Sun, the hotels group, which left the VFEX outright in early 2026. Migration, in other words, did not solve the underlying problem. It simply moved it.

Strip away the individual cases and one question remains. If these companies are as undervalued as their boards claim, who is buying, and at what price? The answer is not reassuring for the ordinary investor holding a few thousand shares.

A price that no longer means anything

Start with the gap the boards keep pointing to. On a stock exchange, the share price is supposed to be the market's best estimate of what a slice of a company is worth. On the ZSE, that estimate has come loose from the underlying value, and the clearest illustration is the biggest exit of all. Across 2025, before any word of a delisting, Econet's shares changed hands at a volume-weighted average of US$0.134. Over the last 30 trading days before the announcement moved the price in early December, that average was US$0.199; over 60 days, US$0.174; and over 90 days, US$0.171. The exit offer shareholders accepted valued each share at US$0.50, made up of US$0.17 in cash and US$0.33 in shares of a spun-off infrastructure company, Econet InfraCo.

That is a premium of 152% to the 30-day benchmark, the yardstick the circular itself used. The same circular disclosed an intrinsic value estimate of about US$0.59 a share, presented as context for the discount at which the shares had traded rather than as the benchmark that set the price, consistent with how exit offers are priced in practice. The market drew its own conclusion: once the offer was public, the shares climbed from US$0.21 to US$0.40 by the final session on March 31, 2026, closing most of the gap. The board could call the market price too low precisely because it was.

This is the paradox at the centre of the delisting wave. The price is depressed, the boards are right that it is depressed, and that same depression is what makes leaving the market so attractive to the people in control.

The forces pushing companies out

Why has price come loose from value? Three forces pull in the same direction. The first is a currency illusion. Zimbabwe prices its shares in a local unit, the Zimbabwe dollar and now the ZiG, or Zimbabwe Gold, that has lost value at a pace few currencies match. Between 2022 and 2026 the currency weakened against the US dollar by an average of 322.9% a year, measured across 1,578 daily observations from January 2022 to June 2026, so that by the end it took 613.6 times as many units to buy a single dollar as at the start.

The parallel market told a harsher story. Over those 1,578 days the street rate averaged 42.9% above the official rate, and on 128 of those days a dollar cost more than twice as many ZiG on the street as at the official rate. The gap peaked at 191.3% on May 30, 2023, when a dollar cost nearly three times as much on the street. The official rate is also volatile: its daily moves work out at an annualised volatility of 45.8%, against 26.5% on the parallel market. For all the divergence, the two rates have moved almost one for one over the long run, so the street premium is a persistent feature of the system, not noise.

The effect shows up year by year in the exchange's own index, in the annual returns compiled by African Markets. In 2022, the ZSE All-Share Index returned 80.13% in local money but lost 70.85% in US dollars. In 2023, it soared 981.54% in ZiG yet gained only 18.80% in dollars. In 2024, it fell 99.90% in local terms, a figure distorted by the April redenomination that rebased the index, and 75.55% in dollars.

Why Zimbabwe's companies are leaving the stock market, and what the public is paid on the way out

Only in 2025, once the currency steadied, did the two readings converge, at 27.70% in ZiG against 26.81% in dollars; and by July 31, 2026, the index was up 73.04% for the year in ZiG and 68.48% in dollars. The gap was widest precisely when the currency was collapsing, in 2022 and 2024. Compounding the four annual dollar returns above, 2022 through 2025, the index lost 89.3% of its US-dollar value, and even after the 2026 rally it was still down 81.9% at July 31, 2026. To a saver who thinks in dollars, as most Zimbabweans now do, those years' headline gains were an illusion, and real wealth drained away even as the index climbed.

The second is that the shares barely trade, so the market can neither price them properly nor fund the company. On a normal day, TN CyberTech, the listed group that began as Cassava Smartech and traded for a time as EcoCash Holdings, changes hands at an average of just 14,600 shares, and its median daily volume between November 2024 and June 2026 was 17,000. Set against its 4.19 billion shares in issue, that is next to nothing. Real size moves only in occasional off-market block trades, while the ordinary trading day stays tiny. A market this thin cannot do the job a listing exists to do, which is to let a company raise fresh capital by selling shares at a fair price. When the quoted price sits below the value of the company's assets, issuing new shares destroys value rather than creating it.

Edgars put hard numbers on the problem. In its 2026 delisting circular, the company reported that during the 2025 calendar year only 4.75% of its shares in issue traded on the VFEX, worth US$474,142 in all, an average of just US$1,920 of stock a day. On the ZSE, National Tyre Services reported the equivalent in its 2025 circular: average monthly volume of less than 3.5 million shares over the year to July 31, 2025, an illiquidity its board said had "undermined effective price discovery and limited shareholders' ability to realise value or exit their investment positions".

The third is simply the cost of staying public. In its circular, Edgars said that maintaining a listing had become "increasingly difficult to justify in the absence of a near-term requirement to access public equity markets", and that leaving would let it "avoid the significant regulatory and compliance costs associated with maintaining a listing, allowing these resources to be redeployed toward strategic initiatives aligned with long-term growth". It was, in short, paying for a listing it could no longer use.

The reason, in the boards' own words

None of this is inference; the boards said it themselves. Powerspeed, among the first out in December 2020, told shareholders that in the previous six months less than 0.23% of its shares, on an annualised basis, had traded outside its own buy-back, that the market priced the company on historic earnings rather than ongoing asset values, and that reporting had become onerous for a listing that could no longer raise capital. Its minorities were offered their exit at ZWL$1.90 a share, the quoted ZSE price at the last practicable date: a premium of zero to the very market price the board itself called unrealistic.

Falcon Gold, which had put the same question to its shareholders two months earlier, in October 2020, was blunter still: the ZSE listing had become "detrimental, given ongoing legal, compliance and audit costs, and the inability to raise capital through the sale of shares". The five most recent to blame the market, each with a formal circular signed off by an independent adviser, say the same in today's language. The wording differs. The message does not.

Econet, in its December 2025 circular, said it had for several years traded at a significant discount to its peers across Africa, groups that change hands at six to eight times earnings before interest, tax, depreciation and amortisation. African Sun, delisting from the VFEX in early 2026, blamed pricing inefficiencies and overheads that had, in its own words, historically affected the company's ability to fully realise or reflect its underlying value, its chairman pointing to a clear disconnect between the market valuation and the true value of the assets. First Mutual Properties, leaving the ZSE in 2026, cited the gap between the worth of its property portfolio and its market capitalisation.

Why Zimbabwe's companies are leaving the stock market, and what the public is paid on the way out

The others put trading itself at the centre. GetBucks, whose board moved in December 2022, reported that its roughly 498 minority shareholders outside the top twenty held just 0.03% of its shares, that trading over the previous six months had run at under 0.006% of the shares in issue on an annualised basis, and that its market capitalisation, twenty-nine times the value of shareholders' equity, had “proven unrealistic and an impediment” to attracting investment. National Foods, exiting the VFEX in November 2024, said market conditions had impeded shareholders from fully realising or exiting their investments on favourable terms. National Tyre Services, leaving the ZSE at the end of 2025, reported that its shares had simply not traded in eight of the twelve months to July 2025.

Zoom out to the whole market and the pattern holds in dollars. The recorded peak came in January 2019, before the VFEX existed, when the Reserve Bank valued the market at US$21.0 billion. That figure was inflated by a fiction: the government still counted one local dollar as equal to one US dollar, even though a real US dollar already cost three to four local dollars on the parallel market. The following month the government abandoned the peg, and by the time the exits began in 2020 the slide from the peak was already under way.

By African markets' counts, the ZSE, then still carrying nearly all the market's value, was down to US$12.19 billion by the end of 2021, had collapsed to US$2.92 billion by October 2022, stood at US$2.75 billion at the end of 2023 and had recovered only to US$3.49 billion by the end of 2025. On August 14, 2026, by IH Securities' tally, the ZSE stood at US$3.22 billion and the VFEX at US$4.01 billion, US$7.23 billion between them. The comparison is stark: both exchanges combined are worth US$7.23 billion today, against US$21.0 billion at the January 2019 peak. Nearly two-thirds of the market's value, 65.6%, is gone.

The shrinkage shows in simple head counts. When the ZSE redesigned its indices in January 2020, its own rulebook ranked companies down to 61st place, and the VFEX had a single counter. By August 14, 2026, the two exchanges combined listed 50 operating companies, 35 on the ZSE and 15 on the VFEX; a further five exchange-traded funds and four property trusts sit outside that count, since they are investment vehicles rather than companies that can go private.

Fifteen counters, meanwhile, had left outright: twelve from the ZSE, three from the VFEX. Others sit in limbo rather than off the list: OK Zimbabwe was suspended in February 2026 on entering corporate rescue; Bindura Nickel migrated to the VFEX in 2022 and no longer trades there; and Old Mutual and PPC have been suspended since the 2020 trading halt. However, Old Mutual's migration to the VFEX is complete, and it has officially resumed trading.

The ledger then closes exactly: start from the 61 ranked companies of January 2020; add the eight arrivals, Caledonia's founding VFEX listing among them; subtract the thirteen exits completed by August 14, 2026, Edgars and First Mutual Properties being still on the boards mid-exit; subtract the six suspended counters, the four above plus Hwange Colliery and Cottco, frozen since before this period; and the count lands on the price sheet's 50. Investor interest was not the problem. In 2019 the securities regulator counted 11,292 active direct stock-market investors, up from 9,456 in 2018, savers hunting returns that could beat inflation.

By August 2026, that crowd had roughly tripled. The market's 23 licensed stockbroking firms served 36,747 retail investors with active accounts on direct-access trading platforms such as C-Trade, alongside a small number of institutional and foreign investors. What collapsed was not the crowd but the trading it could do. In January 2019, the ZSE turned over US$81.8 million, about US$3.9 million a trading day, measured at that same one-to-one parity; on August 14, 2026, the ZSE traded ZiG16.1 million, about US$607,000 at the official rate, and the VFEX US$69,366: less than US$700,000 between them for the whole market.

The arrivals do not balance the departures. Since the VFEX opened in October 2020, the two exchanges have added eight counters that were not on either board in January 2020 and did not migrate from the other, and only one of the eight tried to raise fresh capital from the public: WestProp Holdings, whose initial public offering ran from late March to late April 2023. Caledonia Mining, the VFEX's founding counter, Invictus Energy, Kavango Resources and Nedbank's Zimbabwe depositary receipts are secondary listings of companies whose primary markets, and prices, sit abroad.

Why Zimbabwe's companies are leaving the stock market, and what the public is paid on the way out

On the ZSE side, Tanganda returned in February 2022, demerged out of the already-listed Meikles and admitted by introduction, a route that raises no new money; it is worth US$74.3 million today. And in July 2025 the exchange listed itself: ZSE Holdings, admitted by the same route at a listing value of US$13.5 million. Thirteen months later it stood at US$6.6 million on its own board: the marketplace itself had lost 51% of its value since self-listing.

Econet InfraCo, the largest arrival at US$681.6 million on IH Securities' August 14 prices, is the spin-off created to pay Econet's own exit offer: recycled value, not new money. Together the six VFEX newcomers are worth US$1.10 billion; set InfraCo aside and the arrivals brought US$417 million of quoted value, 38% of what Econet's exit alone removed. Set aside WestProp too, the second-largest newcomer at US$300 million, and the remaining four, Caledonia, Invictus, Kavango and the Nedbank receipts, are worth US$117 million between them, 11% of what Econet's exit removed. One initial public offering in almost six years tells its own story.

The balance between the two exchanges is the sharper signal. On August 14, the six-year-old VFEX was worth more than the 132-year-old ZSE despite listing fewer than half as many companies. The average VFEX company was worth US$268 million, against US$92 million for the average company left on the older board. The older market is not merely losing value; it is being hollowed out, one migration and one delisting at a time.

The endgame: buy low, then close the doors

Here the pieces lock together, in theory at least. A depressed price is a problem for the small investor, but it hands an opportunity to anyone who controls a company. The mechanism has a name, the squeeze-out, and it runs in two stages: creeping accumulation, as a large holder buys shares over months, mostly through off-market block trades; then, once too little is left in public hands for the listing to continue, a formal offer to mop up the rest, followed by a shareholder vote to leave the exchange, capturing the gap between the low price paid and the higher underlying value. This is a general risk in thin markets, not an accusation against any single company.

Econet carried the sequence to its end in March 2026. On the VFEX, Edgars' largest shareholder, Annunaki Investments, offered minority holders US$0.0248 a share to exit before the delisting. Take the cash on offer or keep shares in a company you can no longer sell on any exchange: that is the choice a squeeze-out presents. Beyond the individual shareholder, there is a national cost too. Each exit removes one of the few places where ordinary Zimbabweans can own part of a large, professionally run business and turn that stake back into cash when they need it. A stock market is how a country channels household savings into productive investment; strip out its largest and most active names and that process stalls.

What the law says

Every one of these exits ran through a legal process. Delisting in Zimbabwe is governed by two layers of law working together, and between them they set the terms on which the public is bought out. The first is the Securities and Exchange Act [Chapter 24:25], enacted in 2004 as the Securities Act. It repealed the old Zimbabwe Stock Exchange Act, ending an era of self-regulation, and established the regulator now known as the Securities and Exchange Commission of Zimbabwe (SECZim), which began operating in 2008. Under section 64, removing a security from the official list is the exchange's decision, taken under its own rules: a company cannot simply strike itself off.

The second layer is the ZSE Listing Requirements, the exchange's own rulebook, which under section 65 of the Act has no legal effect until the Commission approves it. Recent delisting notices record SECZim's approval of each exit, so the regulator holds the gate in practice. A voluntary exit runs through section 11 of those requirements and turns on two things: a special resolution of shareholders, passed under section 175 of the Companies Act by 75% of the votes present at a properly notified meeting on a quorum of just 25%, and the free-float rules that fix a minimum portion of shares in public hands. Zimre Property's 2020 circular spelt the trigger out: once Zimre Holdings' stake passed 70%, or the number of shareholders fell below 300, the company would apply for voluntary delisting under section 11(6)(b). The offer duly lifted Zimre Holdings from 64.3% to 97.6%, and the listing was terminated within weeks of it closing. The rule meant to protect the public float can therefore be satisfied simply by buying most of it up.

Alongside the securities rules sits company law. The Companies and Other Business Entities Act [Chapter 24:31], in force since 2020, is where a squeezed-out shareholder looks for protection, and it offers three main tools.

Why Zimbabwe's companies are leaving the stock market, and what the public is paid on the way out

Section 233 grants dissenting shareholders appraisal rights: when a company votes to vary the rights attaching to shares or to merge, an objecting shareholder can demand payment of fair value, and have a court set that value if the company's offer falls short. Sections 223 and 225 let any member treated in a way that is oppressive or unfairly prejudicial ask a court to step in. Sections 60 and 61 allow direct and derivative actions against directors who breach their duties. The same Act also arms the other side: under Section 238, an offeror whose offer has been accepted by 90% of the minority may compulsorily acquire the holdouts on the same terms.

Thin protection, in practice

On paper that is a reasonable toolkit. In practice it protects the small shareholder far less than it appears to, for three reasons. First, the arithmetic favours the majority. Where one holder already controls most of the shares, as Zimre Holdings did, or a larger bloc votes together, the outcome of the three-quarters vote is settled before the meeting opens. A vote meant to act as a check becomes a formality, and the people being bought out are outvoted by the party buying them.

Second, the fairness test is weak. A delisting offer must carry an independent adviser's opinion that the price is fair and reasonable. But the adviser is appointed and paid within a process the offeror controls, and the standard has proved elastic. When First Mutual Properties left the ZSE in 2026, its offer of US$0.033 a share was called fair and reasonable even though it stood at 38% of the company's own audited net asset value of US$0.0867. An opinion produced on those terms is not an independent price floor; it is a professional endorsement of a number the offeror has already chosen.

Third, the court remedies are slow and costly. Appraisal rights under section 233 look powerful, since a judge sets the value, but a minority holder must file a formal objection, follow an exacting procedure, and then fund and outlast High Court litigation against a well-resourced controller, all to recover value on a holding that may be worth a few hundred dollars. The oppression remedy under section 223 meets the same wall. Rights too expensive to use are, for most investors, no rights at all.

Can delisting be banned?

Which leads to the question behind the question. Can Zimbabwe simply legislate to stop companies leaving the exchange? The short answer is no, and on reflection it should not try.

A blanket ban would misdiagnose the problem. Companies are not leaving because exit is too easy. They are leaving because staying has become uneconomic, weighed down by the currency illusion, the dead trading and the cost of being public. Trapping them on the exchange by law would fix none of that. It would freeze capital inside a market it wants to leave, deter the new listings the ZSE badly needs, and would likely collide with the property rights the Constitution protects. Locking the doors of the ZSE would simply push companies onto the VFEX, into private hands, or out of sight altogether.

The right target is not the exit but its price. The problem is that companies can leave having bought out the public at a fraction of fair value. A handful of changes would fix that, each answering a weakness just described and each already working in a larger market. No major market has banned delisting; every serious one polices its price.

Why Zimbabwe's companies are leaving the stock market, and what the public is paid on the way out

Start with the captured vote. The Delaware courts answer this by subjecting a controlling shareholder's buyout to a searching review of its fairness unless it has been approved by an independent committee and, separately, by a majority of the minority shareholders. That rule was settled by the state's Supreme Court in Kahn v. M&F Worldwide in March 2014, and the case shows the bargain at work. MacAndrews & Forbes, Ronald Perelman's holding company, owned 43% of M&F Worldwide and in June 2011 offered US$24 a share for the rest, committing upfront not to proceed unless a committee of independent directors approved the deal and, separately, a majority of the shares it did not own voted in favour.

The committee hired its own advisers, countered at US$30 and extracted a best-and-final US$25; 65.4% of the minority then voted yes. When objecting shareholders sued, the court ruled that because both checks had been genuine, it would not second-guess the price and made clear that a controller who skips or corrupts either check must instead prove to a judge that both the process and the price were entirely fair. A second case shows the rule bites. In 2013, David Murdock, Dole Food's chairman and 40% owner, took the fruit group private at US$13.50 a share with both protections formally in place. The Delaware Court of Chancery looked through the form: in an August 2015 ruling, it found that Murdock and his general counsel had driven the share price down and fed the special committee false projections before the buyout and ordered the two men personally to pay minority shareholders a further US$2.74 a share, about US$148 million in all.

India goes further: under SEBI's Delisting of Equity Shares Regulations of 2021, a voluntary delisting runs through reverse book building, an auction run backwards in which each minority shareholder names the price at which he or she is willing to sell, and the delisting fails unless those offers carry the buyer to 90% of the company. That veto is real. By SEBI's own data, 14 of the 40 delisting offers attempted between January 2018 and May 2024 failed, 11 of them because too few minorities tendered. Zimbabwe needs the same second lock: approval by a majority of the shares the controller does not own.

Next, the fairness opinion. The cures are independence and disclosure. In India, a buyer that rejects the auction's outcome may counter-offer only at or above the company's book value; that backstop alone would have made First Mutual's lawful minimum US$0.0867 a share, 2.6 times what its minorities were paid. In the United States, the Securities and Exchange Commission's Rule 13e-3 forces a company going private, and its controlling buyer, to disclose the purpose of the transaction, the alternatives considered and whether the deal is fair to unaffiliated shareholders. Zimbabwe's version should be a valuation appointed and reviewed by SECZim, anchored to intrinsic value or audited net asset value rather than to the depressed market price. Market practice anchors exit premiums to the unaffected traded price, typically a 30-day volume-weighted average; the case for an independent floor is that in a market this thin the traded price has stopped doing the job that practice assumes.

Then the premium, or the lack of one, the Powerspeed problem. Since September 2024, SEBI has answered this for every listed company in India, with a floor set at the highest of four benchmarks: the volume-weighted average price the buyer itself paid over the preceding 52 weeks, the highest price it paid in the preceding 26 weeks, the market's own 60-day volume-weighted average, and the company's adjusted book value as set by an independent registered valuer; a buyer choosing the fixed-price route must then pay at least 15% above whichever is highest. A parallel rule from September 2025 extends the same logic to state-controlled companies through a joint valuation by two independent valuers.

The arithmetic is simple: if the benchmarks come out at 115, 120 and 100, the floor is the highest of them, 120, and adding the 15% premium takes the minimum exit price to 138. The buyer pays off its own highest price, never its lowest. Even the mildest piece of that rule, the 15%, would have lifted Powerspeed's ZWL$1.90 exit to at least ZWL$2.19 a share, and the highest-of test would stop any controller offering the public less than it had itself been paying in the block trades of the preceding year.

Then the currency. This is above all a ZSE problem: the older exchange trades in ZiG, and most delistings have come off its board, so most exit cheques are written in a currency that shrinks while they are processed. At the depreciation rate measured earlier in this piece, a ZiG payout would lose half its dollar worth in about six months. The cure is a rule Zimbabwe has already written for its other exchange: SI 196 of 2020 requires VFEX trades to settle solely in US dollars or another convertible currency. Extending that rule to ZSE exit offers, paid in or fully indexed to US dollars, would close the gap exactly where it exists, so depreciation cannot eat the cheque. Then the remedy stranded in the High Court. The cure is a specialist forum. India routes securities disputes to an appellate tribunal rather than ordinary courts, and a SECZIM-administered valuation panel could settle price disputes here in weeks rather than years.

Finally, the unseen accumulation. Zimbabwean law does watch, but late and in private. Under section 235 of the companies law, a buyer passing 20% of a public company need only notify the company itself, within fifteen days; under section 236, a buyer intending to cross the 35% control-block line must give the company thirty days' notice. Neither notice reaches the market, so a stake assembled through off-market block trades becomes visible to the public only after the squeeze is complete.

The cure is American-style disclosure: in the United States, a buyer must reveal a stake publicly at 5% and at each move above it. A regulator that watches can act in time. When AstraZeneca Pharmaceuticals AB of Sweden moved in 2014 to delist its subsidiary AstraZeneca Pharma India, SEBI spotted the promoter acting in concert with the Elliott Group, a bloc of foreign funds, to steer the vote and the price; it ordered both Indian exchanges to monitor the process, and in an order dated June 5, 2020 ruled that the two had colluded "without considering the interests of the retail shareholders", a manipulative and fraudulent trade practice. The delisting never happened. The market would see the squeeze coming, not read about it afterwards.

The end game, restated

A company should be free to decide that a public listing no longer serves it. It should not be free to use the resulting low price as the very instrument for buying out the public cheaply. Econet was the largest exit; Edgars is the latest; and while exits are priced off depressed prices, more will follow. A stock exchange earns its keep by protecting the holder of a single share as fairly as the holder of a controlling block. On that test, Zimbabwe's framework still has work to do. The question is no longer whether more companies will leave. It is who will be paid what on the way out, and whether the law will be rewritten in time to make that price a fair one.

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Regional

Africa faces El Niño with less room to weather shock, IIF says

Africa is heading into a strong El Niño from a weaker economic position than the last one a decade ago, adding to price pressures triggered by the Iran war, the Institute of International Finance said. Higher oil prices caused transport costs to increase, and a stronger dollar, while tighter financing conditions have added to the strain, IIF analysts Candice Reddy and Leila Hamilton said in a research note.

"The interaction of these shocks has altered the macroeconomic star ting point from which countries may confront a strong El Niño episode," they said, noting that the impacts will vary sharply across the region. "Egypt, Zambia and Ethiopia appear to have the least room to look through another food-price shock." Forecasters are predicting the current El Niño cycle will be the strongest on record. It threatens to bring climatic extremes, from severe drought in parts of southern Africa to flooding in the east of the continent, raising the risk of crop damage.

The last severe occurrence in 2015-16 took place against a backdrop of falling oil prices and generally softer global inflation, the IIF said. "Today's environment looks markedly different as climate-related risks emerge alongside elevated energy prices, tighter financial conditions and renewed dollar strength," it said.

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At the same time, food systems are becoming increasingly exposed to geopolitical disruptions, supply chain vulnerabilities and strategic competition for critical commodities." Food accounts for more than half of the consumer price index in Ethiopia and Zambia, meaning higher costs quickly feed into headline inflation.

In South Africa, on the other hand, it comprises about a fifth of the CPI basket, suggesting the impact will be more limited, the IIF said. Zambia faces an additional vulnerability — the nation relies on hydropower for the majority of its electricity generation, and a drought may reduce water levels. Still, Africa's second-biggest copper producer has installed a significant amount of solar power over the past year, and is expanding coal-fired generation too. South Africa and Zambia, southern Africa's biggest corn producers, both reaped a record harvest this year, which will help provide a buffer. **© 2026 Bloomberg.**

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