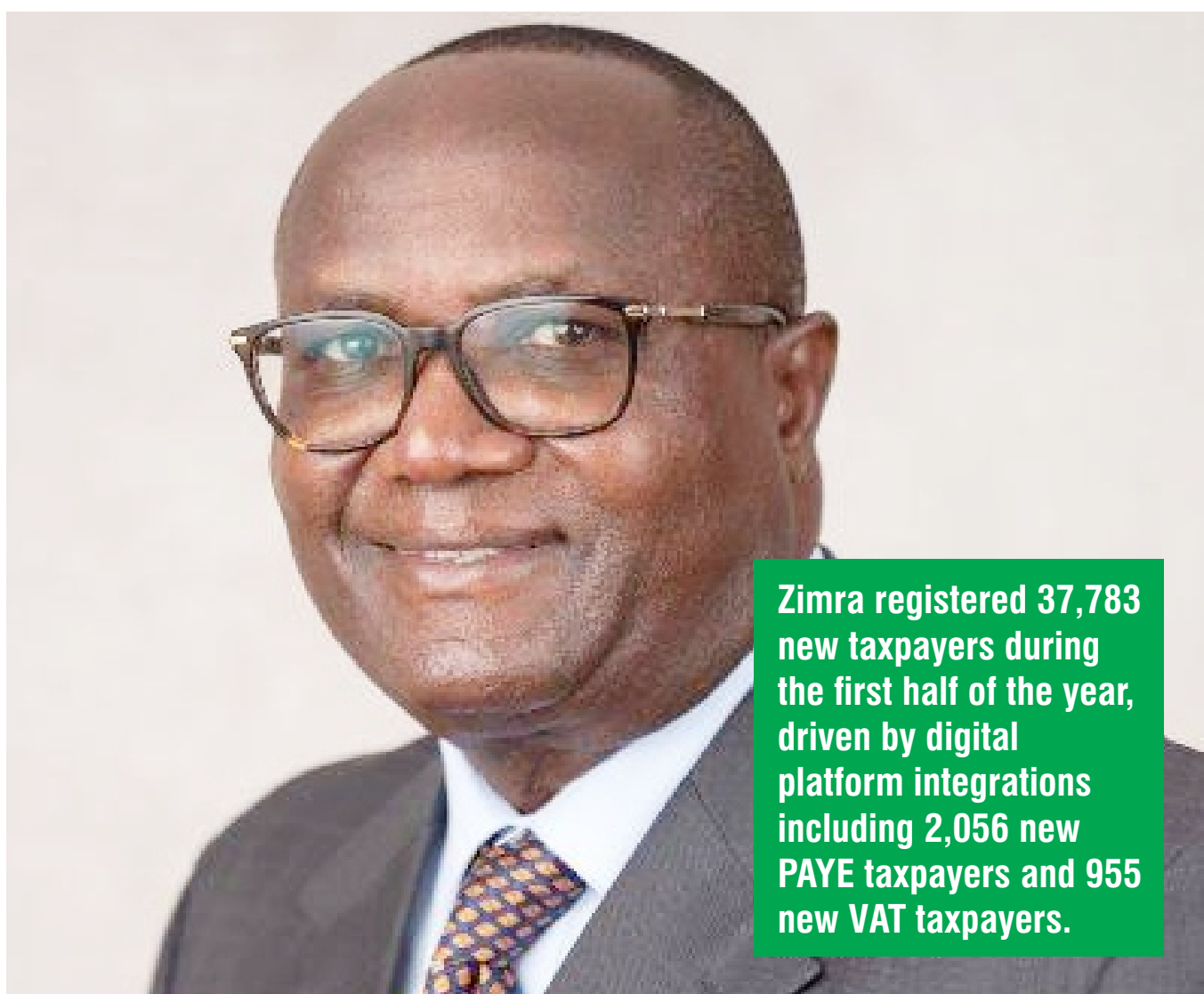




Zimra targets US\$5.65 billion in revenue in **second half**

■ *Revenue collector surpasses first-half 2026 revenue target by 16.14%*



Zimra registered 37,783 new taxpayers during the first half of the year, driven by digital platform integrations including 2,056 new PAYE taxpayers and 955 new VAT taxpayers.

INSIDE

- The stability nobody expected
- The economic message behind the RBZ rate cut
- RBZ forecasts inflation to remain in single digits
- Structural realities in Zimbabwe's agricultural equation
- How to sustain Zimbabwe's growth beyond inflation control, El Niño
- National Agriculture Conference and Expo highlights

Table of

CONTENTS



02 FROM THE EDITOR'S DESK

03 STRUCTURAL REALITIES IN ZIMBABWE'S AGRICULTURAL EQUATION

04 ZIMRA TARGETS US\$5.65 BILLION IN REVENUE IN SECOND HALF

05 FROM STABILITY TO GROWTH THE ECONOMIC MESSAGE BEHIND THE MPC RATE CUT

08 NATIONAL AGRICULTURE CONFERENCE AND EXPO WHAT THEY SAID

16 THE STABILITY NOBODY EXPECTED

17 SUSTAINING GROWTH BEYOND INFLATION CONTROL AMID EL NIÑO RISKS

18 FUNDING THE FARM: FIXING ZIMBABWE'S AGRICULTURE FINANCE GAP

21 NATIONAL AGRICULTURE CONFERENCE AND EXPO IN PICTURES

24 SA MAY REACH ITS EMISSIONS TARGETS, BUT ARE THEY TOO EASY?



From the Editor's Desk

The National Agriculture Conference and Expo (NACE) 2026, held September 24–25 in Harare, marked a decisive turning point in charting a climate-resilient, commercialised, and evidence-driven future for Zimbabwe's primary economic driver.

Convened by the Ministry of Agriculture, Mechanisation and Water Resources Development in partnership with Africa Economic Development Strategies and the Agricultural Marketing Authority, the high-level event brought together key policy leaders, agribusiness executives, smallholder representatives, and development partners.

Crucial to the success of NACE was the official presentation of the *State of Agriculture & 2027 Outlook study*. The report provided a clear baseline for high-level policy dialogue on climate resilience, supply chain integration, agro-processing, and sustainable financing by grounding deliberations in hard economic data and empirical evidence rather than broad generalities.

The timing of NACE could not have been more critical for Zimbabwe's economic trajectory. Convening on the eve of the 2026/27 agricultural season, the high-level event addressed pressing structural challenges facing the nation, mitigating acute climate shocks and enforcing domestic localisation across value chains.

With regional meteorological forecasts warning of a severe El Niño pattern returning for the 2026/27 season, NACE served as an essential platform to pivot the sector from reactive crisis response to anticipatory action. Establishing proactive strategies, such as rapidly expanding irrigation infrastructure, scaling up drought-tolerant seed varieties, and deploying climate-smart green financing, is vital to protecting food security, preserving national yield buffers, and preventing severe supply shocks to the broader economy.

Beyond weather resilience, the conference addressed the critical need for localised supply-chain strategies. Agriculture remains the primary provider of raw inputs for domestic manufacturing. Implementing local content, scaling up domestic agro-processing, and building robust local value chains are imperative to reduce reliance on costly food and raw material imports, safeguard foreign exchange reserves, and create durable domestic industrial jobs.

A central theme throughout the expo was the urgent imperative to scale up local content and domestic value addition. Delegates mapped out clear strategies to process raw produce locally, expand domestic supply chains, and eliminate unnecessary import dependency while strengthening Zimbabwe's position in regional markets under the African Continental Free Trade Area framework.

These strategic priorities align closely with an exceptionally encouraging macroeconomic environment. In its September review, the Reserve Bank of

Zimbabwe reaffirmed national GDP growth projections of 5% for 2026, heavily underpinned by strong performance across agriculture and mining. Furthermore, sustained single-digit annual inflation, which reached a historic low of 2.9% in August before settling at 3.7% in September, alongside exchange rate stability within the ZiG25–27 per US\$1 corridor and a policy rate cut to 27.5%, continues to offer a predictable environment for long-term capital deployment in farming and agribusiness.

Looking beyond September, economic momentum will culminate in the end-of-year economic review scheduled for December 2026. Designed as a key milestone for accountability and strategic alignment, the platform will evaluate sector performance against annual targets, consolidate policy implementation lessons, and finalise action plans for the upcoming production cycle.

However, fully capitalising on these strategic opportunities requires sustained momentum nationwide. Riding on the prevailing macroeconomic stability, authorities must now transition from short-term inflation control toward long-term structural competitiveness.

Captains of industry, farmers, and financial institutions at NACE 2026 demonstrated strong multi-stakeholder commitment to driving this transition through localisation, technology, precision equipment, and targeted capital investments.

We extend our sincere gratitude to all sponsors, delegates, exhibitors, and speakers for making NACE 2026 a landmark success, and we look forward to continuing this economic momentum across the regions.



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Structural realities in Zimbabwe's agricultural equation

Whenever the conversation turns to Zimbabwe's recurring agricultural bottlenecks, a familiar consensus quickly takes hold that the country's agriculture sector is trapped in a persistent financing deficit. At the National Agriculture Conference and Expo (NACE) 2026, where Africa Economic Development Strategies (AEDS) Director General Professor Gift Mugano presented the *State of Agriculture & 2027 Outlook study*, a far more critical assessment emerged.

The issue facing Zimbabwean agriculture is not an absolute shortage of funding. It is a structural failure of coordination, market discipline, and asset design. On paper, domestic liquidity is remarkably available. Prof Mugano said the pension industry holds available headroom, and local commercial banking institutions maintain substantial lending allocations. In total, he identified roughly US\$571 million in available domestic liquidity, exceeding the US\$480 million needed to execute full national localisation for staple grains like maize, soya bean, and soft wheat.

Yet, as Prof Mugano bluntly put it during his unpacking of the sector's financial landscape, "Financing is not the problem. Available resources exceed demand, but come with conditions... We don't have a funding problem. But we have a problem of attitude and rent-seeking behaviour." The starting point of this bottleneck is the policy and market structure governing commodities.

Statutory Instrument 87 (SI 87); of 2025 was designed to ensure a fundamental shift from mere food security to complete industrial self-sufficiency, leveraging import levies on grain, wheat, and oilseeds to build local irrigation schemes and mandating a 40% local procurement ratio for off-takers. To date, US\$5.73 million in levies has been collected to rehabilitate 17 irrigation schemes. Prof Mugano defended the intervention against commercial pushback, citing the deep market failures that traditionally led processors to import rather than finance domestic fields.

"SI 87 is a game-changer, and I have no apology for that," he said. "These commodities... are the ones which do not have a private sector intensity in terms of support. They have government sector intensity. So the success which we are recognising is largely driven by government." Yet, the tension between government-set benchmark pricing and open market platforms continues to disrupt efficient price discovery. When official price announcements dictate grain values on national television, open trading exchanges like the Zimbabwe Commodity Exchange continue working to define their role in the broader market.

Farmers anchor their expectations to government gazettes, while buyers look across the border at cheaper regional benchmarks, creating a friction point where short-term rent-seeking defeats long-term domestic value-chain investment. The underlying vulnerabilities are amplified by external geopolitical shocks. With global fertiliser costs surging by over 30%, driven by Middle East tensions around the Strait of Hormuz and European gas increases, and international freight costs rising nearly 40%, relying on a US\$2 billion import bill is no longer economically viable.

Prof Mugano warned that reliance on foreign procurement during global disruptions is a risky strategy. "We are in a global economy with continuous supply chain disruptions. We must secure domestic production. You cannot secure national food security through importation alone," he said.

He said the second structural hurdle is the physical infrastructure required to protect capital once it hits the soil. The *State of Agriculture & 2027 Outlook Study* revealed that 79.9% of agricultural stakeholders cite severe



AEDS Director General Professor Gift Mugano

infrastructure deficits as a direct impediment to growth, with Midlands (92.5%), Mashonaland Central (80.8%), and Mashonaland East (79.5%) hit hardest. Storage and stocking shed deficits lead the nationwide risk profile at 41.1%, followed closely by irrigation deficits at 40.3%.

Post-harvest maize losses alone hover around 30%. When translated into monetary terms, Prof Mugano said a single bumper harvest of 2.4 million tonnes loses upwards of 700,000 to 800,000 tonnes to poor storage, erasing the very volume the nation typically seeks to import during drought cycles. Where the sector has succeeded, it has done so by abandoning uncoordinated, open-market speculation in favour of disciplined value-chain contracts.

Commercial models in tobacco, which generated US\$1.5 billion in exports with 85% smallholder participation, dairy, sugar, and blueberries show that when contract farming, off-taker agreements, and strict value-chain discipline are in place, capital flows seamlessly. Blueberry output surged to nearly 9,000 tonnes, while annual milk production increased 74.4% to 166.6 million litres, driven by organised private value chains that de-risked the borrower.

The contrast between underperforming staples and booming commercial crops proves that capital follows structure, not sentiment. Zimbabwe does not need to invent liquidity out of thin air to fund its farms. It needs to de-silt its dams, expand its 217,000-hectare irrigation footprint toward its 2-million-hectare potential, align its market pricing mechanisms, and convert raw agricultural assets into bankable instruments.

Until those structural gaps are bridged, the nation will continue to host abundant financial headroom on institutional balance sheets while leaving its fields exposed to the whims of global supply chains and unmitigated weather cycles.

Zimra targets US\$5.65 billion in revenue in second half

The Zimbabwe Revenue Authority (Zimra) expects to collect US\$5.65 billion in net tax revenue in the second half of 2026, a 19.88% increase over the first six months of the year. The revenue collector collected US\$4.71 billion in net revenue for the first half of 2026, surpassing its target of US\$4.05 billion by 16.14%. The performance represents a 46.73% increase compared to the US\$3.21 billion collected in the corresponding period in 2025.

In local currency, Zimra board chairman Antony Mandiwanza said first-half net revenue reached ZiG125.06 billion, exceeding the targeted ZiG104.99 billion by 19.12%, while gross collections stood at ZiG132.53 billion. "Zimra delivered strong H1 2026 performance, collecting US\$4.71 billion, 16.14% above target and 46.73% higher than H1 2025, while registering 37,783 new taxpayers," Mandiwanza said in an update.

"Progress in digitalisation, trade facilitation and border controls strengthened service delivery and compliance. The board's H2 priority is to sustain revenue growth, manage emerging risks and deepen trusted, innovative and service-centred administration."

Mandiwanza said the authority identified potential risks to its full-year growth projections, including global trade uncertainty, geopolitical tensions, commodity price volatility, as well as domestic liquidity and compliance pressures. He said the top four revenue heads accounted for 60% of total revenue collected in the first six months. Pay As You Earn (PAYE) led contributions at 18%, followed by Corporate Income Tax at 15%, Value Added Tax on local sales at 14%, and VAT on imports at 13%.

Other revenue sources made up the remaining 40%. Several individual revenue streams outperformed their set targets in dollar terms, led by Corporate Income Tax, which surpassed expectations by 47.77%. VAT on imports exceeded targets by 41.20%, mining royalties grew by 30.25% above target, net customs duty exceeded projections by 26.93%, and net VAT on local sales ended 22.03% above target. Tax base expansion and tax compliance enforcement supported the overall performance.

Zimra registered 37,783 new taxpayers during the half year under review,



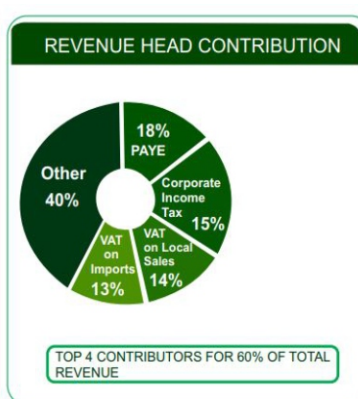
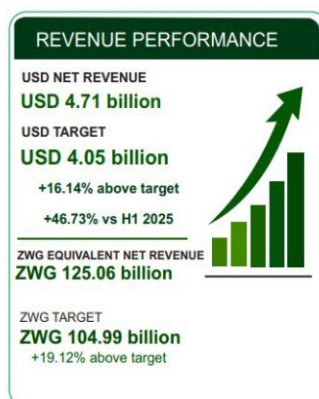
Zimra board chairman Antony Mandiwanza

driven by digital platform integrations, including 2,056 new PAYE taxpayers and 955 new VAT taxpayers. Mandiwanza said filing compliance rates were highest in the Large Client Office at 98.1% for PAYE and 97.4% for VAT, while the Medium Client Office registered 92.7% for PAYE and 91.3% for VAT. He said digital modernisation projects reached key milestones, with the Tax and Revenue Management System (TaRMS) completion at 98%.

The Fiscalisation Data Management System (FDMS) reached 99%, and FDMS-TaRMS integration reached 100%. He noted that a total of 22,679 taxpayers have been onboarded onto the digital tax platforms, representing a 92% national onboarding rate, while all 16 commercial banks in the country have been integrated for direct tax payments. Trade facilitation and border management saw 258,631 bills of entry processed out of 261,435 registered, representing an assessment rate of 98.93% and an average clearance time of 2 hours, 11 minutes, and 30 seconds for local bills of entry.

Mandiwanza highlighted that import value reached ZiG253.81 billion against export value of ZiG190.22 billion. On the enforcement front, he noted that authority officers issued 1,480 notices of seizure, scanned 73,085 high-risk cargo shipments, and seized 14,881 high-risk transit trucks, maintaining a sealing rate of 23.92%. During the period, Zimra paid out ZiG7.48 billion in tax refunds, which represented 5.64% of total gross collections.

Tax debt control remained a key focus area as cumulative debt stood at ZiG9.47 billion in local currency alongside a foreign currency debt component of US\$1.26 billion. The latest revenue performance comes amid ongoing tax modernisation efforts and structural economic reforms in Zimbabwe. Zimra's five-year strategic roadmap for 2026 to 2030 prioritises revenue mobilisation, tax base expansion, digital transformation, ease of doing business, and human capital transformation to sustain long-term fiscal revenue.



From stability to growth

The economic message behind the MPC rate cut



■ Tapiwanashe Mangwiro

remained within the ZiG25-ZiG27 range.

The MPC therefore described the rate reduction as a realignment with prevailing inflation dynamics rather than a shift towards loose monetary policy. The Bank Policy Rate has now fallen by a cumulative 7,5 percentage points since June. The Targeted Finance Facility rate was also reduced from 15% to 12,5%, while banks' all-inclusive lending rate to productive sectors was capped at 22,5%.

Growth needs cheaper money

The immediate economic question is whether lower policy rates can translate into stronger economic activity. Zimbabwe is targeting 5% growth in 2026, following an 8,3% expansion in 2025. First-quarter GDP growth was estimated at 6,8% year-on-year, supported by agriculture, mining, manufacturing and services. The IMF similarly projects 5% growth for 2026, although it expects growth to moderate to 3,5% in 2027 because of anticipated climate-related pressures. This makes the transmission of monetary policy particularly important. A lower policy rate reduces the benchmark cost at which money is priced in the financial system.

If commercial banks pass part of this reduction through to businesses, firms can borrow more affordably for working capital, machinery, expansion and inventories. That matters because economic growth ultimately depends on production, not simply on cheaper money. The objective is therefore to redirect credit towards activities that generate output, employment and foreign currency. There is already evidence of this transmission beginning to take place.

Banking sector loans and advances rose to ZiG94,6 billion by June 2026, up about 40% from a year earlier, with agriculture, manufacturing, commerce and distribution among the major beneficiaries. More than 80% of lending since the beginning of the year went to productive sectors. The challenge now is to ensure that the latest rate reduction deepens rather than merely expands this process.

Households: stability may matter as much as cheaper credit

For households, the effect of monetary policy is less direct. Lower borrowing costs can improve affordability for consumers using formal credit, but household welfare is also strongly influenced by inflation, exchange-rate stability, income growth and employment. The most important development for households may therefore be the combination of low inflation and greater currency stability. When prices are rising slowly and predictably, households can plan expenditure with greater confidence. Businesses can also price goods and services with less need to build large inflation or exchange-rate risk premiums into their prices.

The MPC has also maintained minimum interest rates on savings and time deposits at their existing levels while continuing the ZiG-denominated Term Deposit Facility. This is significant because monetary normalisation has to balance borrowers' needs with the need to preserve incentives to save. In other words, the policy objective is not simply to make borrowing cheaper. It is to develop a financial system in which savings are mobilised and transformed into productive investment.

The investment signal

For investors, perhaps the most important message from the latest MPC decision is the attempt to establish a more predictable monetary environment. The development

of a short-term ZiG yield curve through the ZiG-denominated Term Deposit Facility gives financial institutions, companies and investors more instruments through which to price local-currency assets. This is important for the development of domestic capital markets. A functioning yield curve provides reference points for pricing bonds, loans and other financial instruments.

The continued use of the TFF also gives the central bank a mechanism for directing relatively cheaper funding towards productive sectors. The latest reduction takes the TFF rate to 12,5%, while the 22,5% lending cap provides a ceiling for productive-sector borrowing. But cheaper credit alone will not determine investment. Investors also require confidence that inflation will remain contained, foreign exchange will remain accessible, and policy conditions will remain predictable. That is where the external position becomes critical.

Why import cover matters

Foreign currency reserves exceeding US\$2 billion are not simply a number on the central bank's balance sheet. Import cover measures how long a country's foreign exchange reserves could finance imports under prevailing conditions. Greater cover gives the authorities more room to meet external obligations, support essential imports and intervene in the foreign exchange market when necessary. For Zimbabwe, this has a direct connection with the ZiG.

The stronger reserve position has helped underpin exchange-rate stability and increased the availability of foreign currency through the interbank market. The MPC says the reserves backing the ZiG exceeded US\$2 billion in September, equivalent to about two months of import cover. This is particularly important for an economy that relies heavily on imported fuel, machinery, raw materials and other intermediate inputs. The external numbers reinforce the picture. Foreign currency receipts reached US\$10,72 billion in the first half of 2026, up 47,8% from US\$7,25 billion in the same period of 2025.

Export proceeds alone rose 90,7% to US\$7,53 billion, while mining accounted for US\$6,21 billion. These inflows exceeded foreign currency payments of US\$7,30 billion during the period, helping strengthen the current account and reserves. Trade has also moved in a favourable direction. Zimbabwe recorded a US\$320,6 million trade surplus in July, with exports of US\$1,47 billion against imports of US\$1,15 billion.

The bigger test for the ZiG

The numbers suggest that the ZiG is benefiting from a considerably stronger macroeconomic foundation than at its launch. Low inflation, improved foreign currency inflows, higher reserves and a relatively stable exchange rate provide the conditions required for confidence in a domestic currency. But the durability of that confidence will depend on whether these gains become structural. Zimbabwe still needs to broaden its export base, increase domestic production, deepen financial intermediation and ensure that foreign currency earnings translate into productive investment rather than simply supporting consumption.

The latest MPC decision therefore should not be viewed merely as a 2,5 percentage-point rate cut. It is part of a broader transition from monetary stabilisation towards normalisation. The success of that transition will ultimately be measured by whether lower inflation and more stable money translate into cheaper productive credit, higher investment, stronger household purchasing power and sustained economic growth.

For now, the monetary authorities have created more room for that transmission to occur. The next test lies with banks, businesses, investors and households, and with whether the wider economy can convert monetary stability into real productive capacity.

Tapiwanashe Mangwiro is a Senior Economist at AEDS.

RBZ forecasts inflation to remain in single digits



The Reserve Bank of Zimbabwe (RBZ) projects that annual inflation will remain in single-digit territory and close below 7% by the end of 2026, supported by strict money supply management and sustained currency stability. Central bank Governor, Dr John Mushayavanhu said price conditions across the economy have remained firmly anchored throughout the year despite recent headwinds from global commodity markets. This comes as month-on-month inflation averaged 0.4% from January through September 2026, translating to an annual average inflation rate of 4%.

Annual ZiG inflation dropped to 2.9% in August 2026, marking its lowest point since 1980, before picking up modestly to 3.7% in September. Dr Mushayavanhu attributed the slight uptick in September to a surge in international crude oil prices, which crossed US\$100 per barrel earlier in the month as geopolitical tensions escalated in the Middle East. “The stable price conditions have been supported by prudent money-supply management, with reserve money contained within the targets agreed between the Reserve Bank and the International Monetary Fund (IMF) under the ongoing 10-month Staff-Monitored Programme (SMP). Accordingly, annual inflation is expected to remain in single-digit levels, at below 7% by the end of 2026,” Mushayavanhu said after a Monetary Policy Committee meeting.

Africa Economic Development Strategies projects that the country will sustain single-digit inflation and entrench durable stability notwithstanding the existence of external shocks. The International Monetary Fund (IMF) says inflation is expected to remain in single digits under tight monetary policy, and the current account is projected to remain in surplus. “Going forward, ZiG annual inflation is projected to remain in single digits throughout the remainder of 2026, supported by continued fiscal discipline, a tight and appropriately calibrated monetary policy stance and sustained exchange rate stability,” the IMF said in its recent review under the Staff Monitored Programme.

The Bretton Woods institution noted that the tight monetary policy stance

should continue until inflation expectations are firmly anchored and confidence in the local currency strengthens. “The Reserve Bank of Zimbabwe (RBZ) has maintained a tight monetary policy stance to contain inflation and reduce pressures in the foreign exchange market. This stance should continue until inflation expectations are firmly anchored and confidence in the local currency strengthens,” the IMF said.

The current trajectory marks a major milestone for Zimbabwe's economy, which previously struggled with price volatility prior to recent structural currency reforms. Inflationary pressures have been kept under tight control in 2026 through prudent reserve money management under a 10-month SMP with the IMF. Under the agreement, the central bank and the government successfully met all quantitative targets and structural benchmarks across both the first and second IMF performance reviews. Exchange rate stability has also played a crucial role in curbing imported inflation. The local ZiG unit has traded within a consistent corridor of ZiG25 to ZiG27 per US dollar throughout 2026.

The currency stability has been backed by robust external inflows, which increased by 37.8% year-on-year to reach US\$14.3 billion by August 2026, driven primarily by mining sector export receipts and diaspora remittances. The increase in foreign currency has seen total reserves backing the local currency to exceed US\$2 billion in September, covering roughly two months of national imports. Looking ahead to the final quarter of the year, the central bank cautioned that it will maintain a cautious stance to manage emerging external risks.

Policymakers identified continued geopolitical volatility and potential climatic disruptions from the forecast El Niño weather pattern during the 2026/27 agricultural season as the primary uncertainties to economic growth and price stability. Despite the risks, the RBZ highlighted that current monetary policies are structured to keep inflation expectations firmly anchored in both the short and medium term.

Navigating industrial recovery



■ Pretty Nyathi

Zimbabwe's manufacturing sector serves as a critical barometer for the nation's structural economic health. Following a contraction in 2019, when national capacity utilisation dropped to 36.4% due to severe currency instability, chronic power shortages, and hyperinflation, the industrial base entered a long-term trajectory of mixed recovery.

According to AEDS's Zimbabwe Industry Report (August 2026), capacity utilisation stood at 53.2% in 2023, before experiencing a minor contraction to 52.3% in 2024 as foreign exchange volatility constrained raw material imports. It then recovered to 55.9% in 2025, as manufacturing grew by 5.1% and became the largest single contributor to GDP at 17.1%.

Industrial output regained upward momentum through 2025 and 2026. By the first quarter of 2026, aggregate manufacturing capacity utilisation recovered to 57%, subsequently reaching 61.5% by mid-2026. Total manufactured export revenues rose to US\$584 million over the same period, driven primarily by expanded output in value-added sub-sectors.

Sub-sector performance, however, remains highly uneven. The food, beverage, and tobacco processing segment leads the industrial sector, maintaining average capacity utilisation above 65% due to resilient domestic consumer demand and shorter supply chains.

Construction materials, including cement and structural steel, have also expanded utilisation beyond 60%, supported by public infrastructure works and commercial real estate development. The textile, clothing, and footwear sub-sectors operate below 40% capacity, severely hampered by aging capital equipment and competition from unrecorded land-border imports.

Operational structural bottlenecks

Despite recent gains in baseline output, Zimbabwean manufacturers operate under severe structural constraints that cap efficiency and inflate unit costs. Chief among these is the cost and availability of industrial credit. Although the Reserve Bank has cut its policy rate to 27.5%, high interest rates, stringent collateral requirements and short loan tenors still render long-term capital expenditure prohibitively expensive.

As a result, over 70% of local firms rely on retained earnings rather than bank debt to finance retooling, restricting the replacement of machinery. While the commissioning of Hwange Thermal Power Station Units 7 and 8 brought 600 megawatts of capacity online, reducing grid load-shedding throughout 2026, industrial energy dynamics have shifted from acute deficit to cost and infrastructure management. Electricity costs per

kilowatt-hour, alongside localised distribution grid breakdowns, remain an operational line item for heavy manufacturing

Strategic interventions for long-term industrial competitiveness

To shift the manufacturing sector from short-term capacity utilisation gains toward sustainable export-led growth, structural policy reforms must address credit access, infrastructure reliability, and regional trade positioning.

Monetary authorities and multilateral development finance institutions should establish targeted, single-digit concessionary credit lines in hard currency. Dedicating a facility specifically toward capital equipment importation would allow manufacturers to replace outdated plant technology, lower marginal production costs, and enhance price competitiveness within the African Continental Free Trade Area framework. With global industrial trends accelerating toward digital manufacturing, fiscal authorities should introduce direct tax credits and duty offsets for firms investing in Internet of Things sensors, automated assembly lines, and AI-driven quality control.

Upgrading technical precision directly addresses the high operational unit costs stemming from legacy machinery, allowing local producers to meet global quality standards. Additionally, rather than treating Special Economic Zones as isolated export enclaves, industrial policy must mandate minimum domestic procurement percentages for foreign anchor tenants in the mining and heavy industrial sectors.

Pairing multinational capital with local tier-two and tier-three component suppliers builds resilient domestic value chains, keeping earnings and technology transfers within the domestic economy. Policy frameworks must incentivise local primary industries to supply raw inputs directly to domestic manufacturers. Expanding contract farming models for industrial crops such as soya beans, cotton, and oilseeds, alongside tax incentives for mining companies that process minerals locally before export, would reduce the manufacturing sector's heavy dependence on imported intermediate inputs, which make up about 55% of industrial inputs and preserve foreign currency reserves.

In conclusion, Zimbabwe's manufacturing sector stands at a critical transition point. While baseline capacity utilisation has demonstrated significant resilience, rebounding past 60% on the back of improved macroeconomic stability, long-term industrial expansion cannot rely solely on domestic consumer demand or temporary operational adjustments.

The sector's ultimate path toward becoming a major export earner, in line with the national target of US\$1 billion in manufactured exports by 2030, hinges on addressing core structural bottlenecks, including high borrowing costs, aging capital equipment, and informal market competition.

Pretty Nyathi is the Director of Economics and Strategy at AEDS.





National Agriculture Conference and Expo

What they said



Minister of Agriculture, Mechanisation and Water Resources Development, Dr Anxious Masuka



Our long-term objective is to transform Zimbabwe into an agro-industrial hub rather than simply a breadbasket, with processed products such as flour being exported instead of raw commodities.”



Permanent Secretary in the Ministry of Agriculture, Mechanisation and Water Resources Development, Prof Obert Jiri



The six drought response pillars, strategic grain reserves, climate-smart production, financial architecture, livestock mitigation, grain imports, and early warning, are strategies we must plan, dream about, and implement.”

National Agriculture Conference and Expo

What they said



AEDS Director General, Prof Gift Mugano



We are in a global economy with continuous supply chain disruptions. We must secure domestic production. You cannot secure national food security through importation alone."



Agricultural Marketing Authority CEO, Alice Mapfiza



Agriculture is the backbone of national food security and value chain funding is limited... Every dollar collected from the sector should be reinvested into its growth, benefiting farmers, processors, traders, consumers, and the nation at large."



Tobacco Industry and Marketing Board COO, Blessing Dhokotera



Zimbabwe's tobacco industry is actively transforming how the crop is grown. The sector is addressing deforestation, labour rights, and child labour directly, aligning productivity with global sustainability standards to safeguard farmer livelihoods."



Commercial Farmers Union CEO, Liam Phillip



Our cost of production in Zimbabwe is the highest in the region... Our biggest cost drivers are the three Fs: fertiliser, finance, and fuel, followed by taxation and borders."

National Agriculture Conference and Expo

What they said



Tongaat Hulett Zimbabwe Commercial Director, Sylvester Mangani



Zimbabwe's sugar sector is fully self-sufficient, producing over 450,000 metric tonnes annually against local demand of 350,000 metric tonnes. The industry needs to be protected against imports."



Grain Millers Association of Zimbabwe Chairman, Dr Tafadzwa Musarara



During this expected El Niño, our goal is to make sure that prices are stable and supply exceeds demand. Bread must remain at \$1 a loaf, and Roller Meal between \$5 and \$5.50. Private millers have established a robust regional pipeline to supply maize, wheat, and rice to meet domestic demand through the ongoing El Niño cycle."



Agricultural Marketing Authority Director Marketing and Value Chain, Jonathan Mukuruba



The Agricultural Marketing Authority bridges production, markets and policy, creating an enabling environment for organised, transparent and commercially sustainable agricultural value chains."



ZINWA Water Supply Services Manager, Stanley Nazombe



Under the dam as an economy model, a dam is no longer constructed as an isolated structure, but as an integrated enabler for potable water supply, irrigation, commercial fisheries, and hydroelectric power from day one. This shift allows us to rapidly expand national irrigation towards 2030 by unlocking over 100,000 hectares of underutilised potential around existing reservoirs."

National Agriculture Conference and Expo

What they said



**Agriculture Advisory Services Principal Crops Specialist,
Dr Hilary Mugiyu**



Livestock accounts for 50% of agricultural GDP, with over 80% owned by communal farmers who often lose vital assets during lean seasons. To protect rural livelihoods, we are decentralising formal markets across rural wards, lowering transport costs, and partnering with the private sector on cold storage and feed incentives to prevent forced destocking.”



**Airports Company of Zimbabwe Business Development
Director, Tongai Hodzi**



High air freight costs have historically driven exporters to truck produce to South Africa for shipment, but expanding airline presence is changing that dynamic. By engaging cargo handlers and international carriers to revise pricing structures, we are actively improving domestic air freight competitiveness to support high-value exports.”



**ZESA Acting General Manager Northern Region, Engineer
John Chikeya**



New thermal and solar commissioning, along with 100 megawatts of excess generation from new plants, has significantly strengthened our baseline security of supply. Maintaining this progress depends on strong grid cash flows, as prompt bill payments allow us to sustain reliable power delivery nationwide.”



WFP Representative & Country Director, Barbara Clemens



Access to water alone is not enough without inputs, finance and markets. Increased production alone is not enough if crops cannot be stored, transported or sold profitably. Agricultural transformation therefore requires infrastructure systems that connect water, land, markets, logistics, information and people.”

National Agriculture Conference and Expo

What they said



**Meteorological Services Department of Zimbabwe
Meteorologist, Moven Manjowe**



While global climate drivers point to reduced overall rainfall across the 2026/27 season, high atmospheric heat means farmers must still prepare for violent localised storms and severe dry spells. A seasonal outlook serves as a long-term planning reference, but producers must closely monitor our short-term forecasts for actual rainfall onset and spell duration.”



**Zimbabwe Association of Dairy Farmers National Chairman,
Edward Warambwa**



Driven by strategic herd growth and targeted policy support, national milk production has grown over 129% in recent years, placing Zimbabwe on a direct trajectory toward full domestic self-sufficiency. To sustain this growth, our priority remains increasing raw milk yields per cow while expanding processing capacity to meet both domestic demand and regional export opportunities.”



Chevron Tobacco Executive Director, Tapiwa Masedza



To safeguard production against recurring droughts, we must diversify within the tobacco sector by scaling low-water varieties like Oriental tobacco. Oriental tobacco presents a huge opportunity for Zimbabwe to capture global market share as traditional producing regions decline.”



**Ministry of Agriculture, Mechanisation and Water Resources
Development Veterinary Services Principle Diagnostic
and Research Officer, Dr Mark Jubenkanda**



Our ultimate vision is a fully connected national veterinary network where every animal is accounted for, and every outbreak is detected early. To achieve this, we are decentralising digital infrastructure down to local animal health management centres, solarising rural field posts, and welcoming smart private-sector partnerships to bridge connectivity gaps.”

National Agriculture Conference and Expo

What they said



**University of Zimbabwe Innovation Hub Manager,
Professor Jephath Chifamba**



Our innovation hubs exist to build viable market prototypes, not to compete with established commercial players. With more than 100 agricultural innovations ready for deployment, the university has done the ground research. We now need industry and financial partners to take these youth-led solutions from the lab into full commercial production.”



ZimTrade Director, Similo Nkala



To maximise returns from agriculture, Zimbabwe must move up the global value chain from exporting raw commodities to commercialising intellectual property and value-added products. Developing our own proprietary crop varieties, scaling heritage-based products, and expanding into essential oils will unlock premium export markets.”



Zimbabwe Mercantile Exchange CEO, Collen Tapfumaneyi



Zimbabwe’s agricultural challenge is not a lack of liquidity, but a lack of financial structuring that allows agriculture to compete with other asset classes. By securitising rural assets like the nation’s 5.7 million head of livestock and utilising certified warehouse receipts, we turn perceived smallholder risk into bankable, institutional-grade instruments that pension funds and banks can safely finance.”



CABS Deputy Managing Director, Cecil Ndoro



De-risking agriculture is no longer theoretical. Proven outgrower and value-chain financing models in sugarcane, tobacco, poultry, and smallholder bananas are already driving inclusive growth. When off-takers provide agronomic support and guaranteed markets, financial institutions can safely deploy long-term, asset-backed funding to modernise equipment and expand rural production.”

National Agriculture Conference and Expo

What they said



**Insurance Council of Zimbabwe Agronomist,
Noah Nyamasvisva**



Scaling agricultural insurance across smallholder communities requires active collaboration between financiers, the Ministry of Agriculture, and the Meteorological Services Department for accurate climate data. To protect vulnerable producers, we are calling on development partners and lenders to bundle parametric coverage directly into input loans and support premium subsidies.”



CBZ Agro-Yield CEO, Collins Mpofu



To bridge the sector’s multi-million-dollar funding gap and build climate resilience, we must mainstream crop insurance across every financing facility and unlock domestic institutional capital. With local pension funds holding billions in assets, securitised agricultural instruments and warehouse receipts offer the exact collateral and de-risking mechanisms needed to channel long-term funds to our farmers.”



StarAfrica CEO, Dr Mavellas Sibanda



To maximise agricultural growth, Zimbabwe needs policy order and consolidation rather than fragmented, resource-competing schemes. We can leverage our domestic skills and land base to build true regional competitiveness by structuring high-performing sectors to transfer best practices across the value chain.”



**Agricultural and Rural Development Authority Director,
Dominic Sadziwa**



“As we translate strategy into field execution, Zimbabwe’s agricultural transformation rests on five non-negotiable pillars - production, productivity, processing, profitability, and strict market compliance.”

National Agriculture Conference and Expo

What they said



Horticultural Development Council Market Compliance Manager, Monica Mabika



To lead in high-value horticulture and retain export earnings, we must bridge the scientific gap by partnering with local universities to develop domestic plant breeding, advance processing, and establish local maximum residue limit testing facilities.”



The stability nobody expected

The Reserve Bank has stabilised the ZiG. It has not yet won the public. With AEDS fielding a national perception survey within the next two months, the readiness question is about to get an evidence-based answer, and the country cannot afford to wait passively for it.



■ Voronica Mufudza

(ZiG inflation), and the Reserve Bank has deployed a cumulative US\$1.5 billion defending that stability on the foreign exchange market.

While the ZiG has met its technical benchmarks, stability does not automatically equal confidence. This is where a policy success threatens to become a cautionary tale. Reserve Bank figures reported in August 2026 put mono-currency readiness at just 50.1%, meaning roughly half of everyday economic activity is still priced and paid in US dollars. A parallel-market premium of around 20% persists between official and street-level exchange rates, the clearest possible signal that price stability has not converted into public confidence. Since the launch of the ZiG, the USD share of transactions has declined from 70% in May 2024 to roughly 55%. While this reflects steady progress in local currency adoption, bridging the remaining gap toward a full mono-currency transition will require further strengthening of market fundamentals and public confidence.

Every transaction settled in dollars instead of ZiG is a transaction the Reserve Bank cannot influence through its own interest rate or liquidity tools, the very instruments a mono-currency regime depends on. The RBZ's 2026-2030 Strategic Plan makes the mono-currency transition conditional on rising local-currency demand, adequate reserve cover, and sustained exchange-rate stability. While reserve cover and rate stability look increasingly firm, broadening organic public demand for the ZiG remains a work in progress tied closely to market confidence.

The clock is now on evidence, not assumption

This is precisely the gap Africa Economic Development Strategies (AEDS) is moving to close. Within the next two months, AEDS will field a mixed-methods national perception study, a structured household and business survey run alongside key informant interviews and focus group discussions across every province, designed to build a Currency Confidence Index and answer, region by region, sector by sector, who actually trusts the ZiG and why.

For the first time, policymakers, banks and business associations will be working from representative evidence rather than anecdote and boardroom guesswork. The findings will land at exactly the moment Zimbabwe needs to decide whether it is accelerating towards mono currency or continue with a multicurrency regime.

Zimbabwe's currency has failed six times since independence, so skepticism about the ZiG was earned, not manufactured. Yet since its rocky start in April 2024, including a 43% devaluation that September, the ZiG has done something its predecessors never managed, it has held. The exchange rate has traded in a narrow ZiG25–27 band against the US dollar since late 2024. Annual inflation has continued to decline into single digits, settling at a low of 2.9% by August 2026



Four moves that cannot wait

Engage the AEDS survey teams. Businesses, chambers of commerce and financial institutions should use the fieldwork window to feed in real transaction data. The study's value rises with every credible input it receives. Stop treating the 20% premium as background noise. It is the single clearest live indicator of unresolved distrust; narrowing it should take priority over accelerating the mono-currency timetable.

Prepare to act on the findings, not just publish them. A confidence index is only disruptive if RBZ, Treasury and banks commit now to specific, dated responses once results land in the coming weeks. Watch the informal and rural markets first. These segments show the deepest dollar entrenchment and the least exposure to formal policy communication, precisely where the AEDS data will matter most.

The ZiG has proved it can stand still. Whether Zimbabwe is truly ready for mono currency will be decided not in Harare boardrooms, but in the answers ordinary Zimbabweans give AEDS over the next two months and in how fast policymakers act once they do.

Voronica Mufudza is a Senior Economist at AEDS.

Sustaining growth beyond inflation control amid El Niño risks



■ Dr Valentine Madzudzo

the Zimbabwe Social Registry user manual and the Treasury Single Account reform strategy were also met.

The IMF reported that annual inflation had declined to 2.9% in August, supported by tight monetary conditions and relative exchange-rate stability. The current account was projected to remain in surplus in 2026, reflecting strong export receipts and remittance inflows. The IMF projected real GDP growth of 5% in 2026, following 8.3% growth in 2025. However, growth was expected to moderate to 3.5% in 2027 because of the anticipated effects of an El Niño event.

The IMF noted that the projection incorporated the authorities' planned mitigation measures but warned that a more severe El Niño event or delays in implementing these measures could create additional downside risks. The Fund nevertheless underscored the need to improve budget execution so that approved resources reach priority programmes and vulnerable households in a timely manner.

Consistency with AEDS's State of the Industry findings

These developments are broadly consistent with themes identified in AEDS's State of the Industry report, which highlighted continued economic growth and reported positive investment prospects within its manufacturing-sector survey. They also have a bearing on Zimbabwe's investment positioning as the country pursues its objective of attaining upper-middle-income status by 2030.

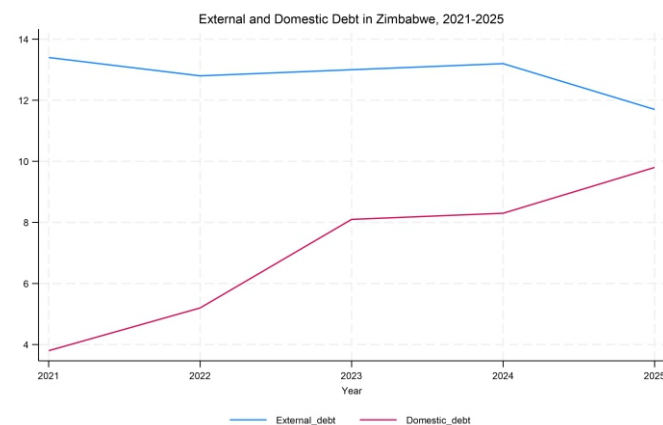
However, the extent to which improved macroeconomic conditions translate into increased domestic and foreign investment will depend on broader economic and policy conditions, including the consistency and continuity of reforms.

Areas of concern

Debt sustainability challenges

Zimbabwe continues to face significant debt-sustainability challenges. As Figure 1 shows, Zimbabwe's public and publicly guaranteed (PPG) debt increased by about 25% between 2021 and 2025, from US\$17.2 billion to US\$21.5 billion. Over the same period, external debt decreased by approximately US\$1.7 billion, from US\$13.4 billion to US\$11.7 billion, while domestic debt increased by approximately US\$6.0 billion, from US\$3.8 billion to US\$9.8 billion (Zimbabwe Public Debt Management Office, 2022–2026).

The increase in domestic debt is particularly relevant to fiscal space and the financing environment, while the high level of external debt and associated arrears remains relevant to Zimbabwe's efforts to restore debt sustainability and re-engage with external creditors. The composition and intended use of borrowing therefore matter alongside the size of the debt stock. Although infrastructure investment can support productive capacity, debt accumulation also needs to remain consistent with debt-management and



fiscal-sustainability objectives.

Figure 1. External and Domestic Debt in Zimbabwe (US\$ billion)

Source: Zimbabwe Public Debt Management Office.

The 2025 figures are preliminary and remain subject to the ongoing reconciliation of debt data by the Zimbabwe Public Debt Management Office, the Accountant-General and the Reserve Bank of Zimbabwe.

Late disbursement of budgetary allocations and under-execution of priority spending

Despite strong revenue collection, budgetary allocations are not always disbursed to intended recipients in a timely manner. Furthermore, protected social and priority spending continues to be under-executed.

Policy recommendations

There is need for continued monetary prudence and greater transparency. Strengthening export diversification and increasing domestic beneficiation of mineral and agricultural commodities will broaden the country's foreign-exchange base, strengthen economic resilience and improve its capacity to meet external financial obligations. Authorities should also prioritise the timely disbursement of budgetary allocations, particularly to critical sectors such as education, health, and social welfare.

Geographically targeted social protection and resilience-building measures should account for spatial differences in underlying socioeconomic conditions. Given potentially weaker socioeconomic conditions and lower capacity to absorb shocks, populations in areas with relatively low levels of wealth may face greater vulnerability to the effects of a severe El Niño event.

Dr Valentine Madzudzo is a Senior Economist at AEDS.



Funding the Farm: Fixing Zimbabwe's agriculture finance gap

Every planting season in Zimbabwe begins with the same question that never quite gets answered: where is the money coming from?

At the recent National Agriculture Conference and Expo (NACE) 2026, a panel of regulators, insurers and bankers offered a partial answer. Not that capital is scarce, but that it is poorly structured, poorly de-risked and poorly channelled into a sector that still anchors national food security and export earnings. The starting point is the Agricultural Marketing Authority (AMA) and its underused Agriculture Marketing Fund, established under the AMA Act but long treated, in the words used at the conference, as a “dead fund” rather than a living one.

The fund draws its resources from levies imposed on producers, buyers and processors, a model Zimbabwe shares with Australia, Canada, South Africa, Kenya and India, among others, where levy-supported value chains are precisely why those countries' commodities appear cheap on world markets.

What distinguishes Zimbabwe's version is SI 87 of 2025, which formalised levy collection on maize, soya beans, seed cotton and wheat, with administration capped at 10% of collections and the balance returned to the value chain through a governance structure running from industry technical committees up to a central fund management committee.

The more interesting development is the attempt to remodel the old AMA bill, historically used to finance grain, cotton and cattle purchases against government guarantees and treasury bills, into an instrument backed instead by levies, voluntary value-chain social contracts, government seed capital and syndicated bank funding.

In principle, this converts a levy stream into predictable, bankable receipts; in practice, it depends entirely on the “dialogue, dialogue, dialogue” its architects concede is still missing between farmers, processors and financiers. A fund cannot be securitised if the actors who feed it do not agree on its purpose. Insurance is the second pillar, and here the constraint is not product design but distribution economics.

The Insurance Council of Zimbabwe, representing 21 short-term insurers and ten reinsurers, has moved beyond the indemnity-based cover that only ever suited large commercial farms, policies underwritten individually, at a transaction cost no insurer can justify for a smallholder on one hectare.

Parametric insurance, triggered by satellite and weather-index data rather than farm-level loss assessment, is the industry's answer, delivered through an agricultural insurance pool that shares product-development

and marketing costs across the market rather than each insurer building smallholder books alone.

The catch, again, is funding, premium subsidies for smallholders depend on government, donor and development-partner support that has been pledged more often than delivered, and the products still lean on weather and climate data that sits with the Meteorological Services Department and the Ministry of Agriculture rather than with insurers themselves. On the banking side, the logic has shifted from collateral to cash flow. Lenders now ask not what a farmer owns but whether there is an off-taker, agronomic support and a credible route to repayment, the model behind out grower schemes that have worked in tobacco, dairy and poultry, and asset-backed lending for mechanisation.

Interest rates on input packages have reportedly fallen from local-currency rates near 80% toward figures closer to 12-20% all-in, which, if accurate, is a meaningful de-risking of the borrower side of the equation. The most structurally interesting idea to emerge, however, concerned scale rather than product. Zimbabwe's pension industry alone held an estimated US\$2.8 billion last year, nearly US\$37 billion passed through the domestic RTGS system. The country received over US\$16 billion in foreign currency receipts.

Against those numbers, agriculture's share of formal lending is negligible, not because the money does not exist, but because agricultural assets are not structured in a form pension funds, insurers or banks can safely hold. Warehouse receipt systems, backed by certified storage and instruments issued against stored grain, offer one route; they cut post-harvest losses estimated at 30% of the crop, create a bankable instrument out of what would otherwise be an uninsured heap of maize, and give farmers liquidity before, not after, the buyer is found.

Securitising Zimbabwe's estimated 5.7 million livestock, collectively worth roughly US\$2 billion, was floated as a parallel route to unlock production finance for farmers currently treated as uncreditworthy despite owning real, if under-leveraged, assets. What NACE 2026 made clear is that agricultural financing in Zimbabwe is not primarily a liquidity problem. It is a structuring problem. Levies without enforcement, insurance without subsidised distribution, lending without securitised collateral, and price discovery without a functioning commodity exchange to arbitrate between government-announced prices and market reality.

Closing that gap will determine whether Zimbabwe's next harvest is financed by design, or by the same improvisation that has carried the sector for decades.



It's Not “If” There Will Be a Super El Niño — It's “When”



■ Kundai Gorejena

The United Nations humanitarian coordination office has similarly highlighted the risk of a strong El Niño and elevated drought conditions across parts of Southern Africa, particularly during the critical October–December planting period.

For Zimbabwe, the policy message is clear: early warning must translate into early action. Farmers, policymakers, development partners and other agricultural stakeholders need to use available climate information to strengthen preparedness, safeguard agricultural production and productive assets, and protect rural livelihoods and household food security. The critical question is therefore not simply whether another El Niño will occur, but whether Zimbabwe is sufficiently prepared to anticipate, mitigate and manage its potential impacts.

1. Why Zimbabwe and Malawi Are Particularly Vulnerable

Current seasonal forecasts point to a marked rainfall contrast across Southern Africa, with a relatively wetter north and drier conditions across much of the south. Countries such as Zimbabwe, Zambia, Botswana, Namibia and parts of South Africa are expected to experience below-normal rainfall from October 2026 into early 2027, while areas further north, including northern Malawi, the Democratic Republic of Congo (DRC) and Tanzania, may experience relatively wetter-than-normal conditions. The rainfall contrast could become more pronounced between January and March 2027.

Of particular concern is that Zimbabwe, Zambia, Malawi, Mozambique and Madagascar have been identified as areas of heightened drought risk during the season. This vulnerability is compounded by the fact that many of these countries are still recovering from the impacts of the major El Niño event of 2023/24. Some assessments warn that severe drought conditions could result in significant declines of more than 30% in cereal production, while maize—one of Zimbabwe's principal food crops—is particularly vulnerable to prolonged moisture stress. Some assessments warn that severe drought conditions could result in cereal production declines of more than 30%, while maize—one of Zimbabwe's principal food crops—is particularly vulnerable to prolonged moisture stress.

2. What Can Actually Be Done — Storage, Smarter Farming and Better Water Utilisation

Firstly, we need to assess existing grain stocks and reduce post-harvest losses arising from inadequate storage, pests and moisture. Technologies such as hermetic (airtight) bags and improved silos are relatively simple and practical technologies, yet access remains limited for many farmers. Secondly, climate-smart agriculture needs to move beyond a policy and development-sector buzzword and become mainstream farming practice. This should include minimum tillage, mulching, crop rotation and the use of drought-resistant or drought-tolerant seed varieties, supported by appropriate extension services and access to inputs.

Thirdly, and often overlooked, effective water management is not only about how much rain falls, but also how much of that rainfall is captured and retained in the soil rather than lost through runoff. Programmes such as Pfumvudza/Intwasa, which promote basin-based planting, provide an important foundation. Scaling up complementary practices such as mulching, contour ridges and small infiltration structures could significantly improve soil-moisture retention, particularly when rainfall occurs in short, intense episodes rather than as regular, well-distributed showers.

3. Water and Fodder — Two Crises at Once

This is a dual challenge. Livestock require both adequate water and sufficient grazing

and fodder, all of which are likely to come under increasing pressure during prolonged dry conditions. Reduced inflows into Kariba Dam could also constrain hydropower generation in Zambia and Zimbabwe, potentially creating additional pressure on electricity-dependent irrigation and agricultural water systems. Farmers should therefore prioritise the early harvesting and storage of hay and other fodder before pasture conditions deteriorate. Early destocking—planned marketing of part of the herd while animals remain in reasonable condition and retain market value—can help reduce pressure on feed and water resources and avoid distress sales later in the season.

4. How Do We Actually Make Money Farming Through This?

Surviving a drought season and maintaining profitable agricultural production are different objectives, but they are closely connected.

Several practical strategies can help farmers manage risk while protecting and improving farm profitability:

- **Diversify beyond maize:** Increase production of small grains and legumes that are generally more tolerant of moisture stress and can diversify both production and income.
- **Use contract farming where viable:** Secure structured market arrangements and, where possible, prices or pricing mechanisms in advance, rather than relying entirely on uncertain spot-market prices at harvest.
- **Add value to what you grow:** Invest in milling, processing, packaging and branding to capture greater value rather than relying solely on the sale of unprocessed commodities.
- **Explore weather-indexed insurance:** Expand access to appropriate climate-risk insurance products that can provide financial protection against rainfall deficits and other weather-related production shocks.

5. Here's a Strategic Opportunity — Why Not Make Bread from Sorghum or Rapoko?

This is one of the most interesting opportunities for Zimbabwe's food system. We continue to rely heavily on maize and wheat despite increasing climate variability and recurrent drought risks. At the same time, crops such as sorghum and rapoko (finger millet) are relatively drought-tolerant and offer important nutritional benefits, yet their use remains concentrated largely in traditional foods and beverages.

The truth is that bread can be produced from sorghum or millet flour, usually blended with wheat flour to create composite flour, and such products are already being developed and commercialised in other African markets. The challenge is therefore less about technical feasibility and more about investment in appropriate milling and processing infrastructure, product development, consumer acceptance and market development.

If El Niño events and other climate shocks continue to recur, Zimbabwe should consider accelerating the diversification of its food and agricultural system towards crops and value chains that are better adapted to changing climatic conditions. This does not mean abandoning maize or wheat, but rather complementing them with climate-resilient crops and developing commercially viable products—including composite-flour bread—that can strengthen food security, reduce import dependence and create new opportunities for farmers and agro-processors.

6. Don't Panic. Prepare

This is perhaps the most important message of all. The reason climate warnings are issued months before the planting season is to give farmers, policymakers and other stakeholders time to prepare—not to panic. One climate specialist made a good point: “El Niño shouldn't be treated like some random shock anymore; it's basically become a predictable, recurring pattern for Zimbabwe, so we should be planning around it like clockwork by now.”

El Niño should therefore no longer be treated simply as an exceptional, one-off crisis, but as a recurring climate risk that requires systematic preparedness and forward planning. The real question is not whether Zimbabwe will face another climate shock, but whether we will finally start building our farming systems—and our diets—around crops, technologies and production practices that are better suited to the climate we are likely to face, rather than the climate we wish we still had.

The opportunity is to turn early warning into early action, climate risk into better planning, and adaptation into a driver of agricultural transformation.

Kundai Gorejena is a Graduate Trainee (Economist) at AEDS.

3 December 2026

END OF YEAR ECONOMIC REVIEW

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in the face of External Shocks”**

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KEY TOPICS

1. State of economy and 2027 outlook
2. Structural and production enhancement policies
3. Roadmap to mono-currency
4. El Nino Effects
5. Ease of Doing Business

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National Agriculture Conference and Expo in pictures



National Agriculture Conference and Expo in pictures





At a Glance

Annual ZiG inflation fell to 2.9% in August 2026 before rising modestly to 3.7% in September 2026 due to higher international oil prices.

Annual inflation is projected to remain under 7% by the end of 2026. Foreign currency inflows increased by 37.8% to US\$14.3 billion for the period ending August 2026, driven by export earnings and remittances.

The current account surplus is estimated at US\$1.1 billion for the first half of 2026 and projected to reach US\$3.5 billion for the full year 2026. Reserves backing the ZiG exceeded US\$2 billion in September 2026, representing 2 months of import cover.

The central bank expects the economy to achieve the initially anticipated growth of 5% in 2026, supported by strong performance in the mining and agriculture sectors.

The Reserve Bank of Zimbabwe reduced the bank policy rate from 30% to 27.5% with immediate effect, reflecting a 7.5 percentage-point total reduction since June 2026.

The central bank lowered the interest rate on the Targeted Finance Facility from 15% to 12.5%, while keeping the maximum lending rate to productive sectors capped at 22.5%.

Zimbabwe recorded a trade surplus of US\$526.5 million in August 2026, representing a 64.5% increase from the US\$320 million surplus recorded in July 2026.

Total imports edged up marginally by 0.2% to US\$1.152.4 billion in August 2026 from US\$1.149.8 billion in July 2026. Total imports edged up marginally by 0.2% (US\$2.6 million) to US\$1.15 billion (US\$1,152.4 million) in August 2026 from US\$1.15 billion in July 2026.

Semi-manufactured gold (44.0%), other mineral substances (19.5%), and other ores/concentrates (12.0%) led exports, collectively accounting for 75.5% of total export value. Other key exports included nickel matters (8.0%) and tobacco (3.5%).

Mineral fuels and oils dominated imports at 22.2% (US\$255.8 million), followed by machinery and mechanical appliances (15.5%), vehicles (6.8%), and electrical machinery/equipment (4.9%).

United Arab Emirates (US\$749.6 million), China (US\$540.3 million), and South Africa (US\$218.3 million) accounted for approximately 90% of total exports. South Africa (US\$411.8 million), China (US\$206.1 million), Bahrain (US\$78.2 million), and Mozambique (US\$54.9 million) supplied 65% of total imports.

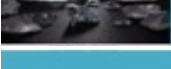
The Zimbabwe Revenue Authority (Zimra) collected US\$4.71 billion in net revenue for the first half of 2026, surpassing its target of US\$4.05 billion by 16.14%.

Corporate Income Tax led performance among individual tax heads, exceeding its target by 47.77%. Other strong performers relative to target included Value Added Tax (VAT) on Imports at 41.20%, Mining Royalties at 30.25%, Net Customs Duty at 26.93%, and Net VAT on Local Sales at 22.03%.

Pay As You Earn was the largest revenue contributor at 18%, followed by Corporate Income Tax at 15%, VAT on Local Sales at 14%, and VAT on Imports at 13%.

Zimra expanded its tax base by registering 37,783 new taxpayers during the six-month period, which included 2,056 new PAYE taxpayers and 955 new VAT taxpayers.

Zimbabwe's Major Exports in August 2026 (%)

	Semi-manufactured gold	44.0
	Other mineral substances, nes	19.5
	Other ores and concentrates, nes	12.0
	Nickel matters	8.0
	Tobacco, partly or wholly stemmed/stripped	3.5
	Other sulphates, nes	2.9
	Ferro-chromium	1.7
	Iron/steel and products	1.4
	Coke and semi-coke of coal	1.1
	Unsorted diamonds	0.6
	Other Exports	5.4
	Total	100.0



SA may reach its emissions targets, but are they too easy?

Urgently limiting greenhouse gas emissions is essential to avoiding the worst effects of climate change. South Africa is a party to the 2015 Paris Agreement. This required countries to set targets for greenhouse gas emissions in an effort to limit global warming to 1.5°C-2°C above pre-industrial levels. The targets set by most countries, however, are not sufficient and global emissions are still rising. Exceeding 1.5°C is very likely within the next decade.

The Paris Agreement only works if each country is doing its fair share. Even though South Africa produces about 1% of the world's greenhouse gases, the Climate Action Tracker has rated South Africa's targets as "insufficient", projecting that if every country followed the same approach, warming would pass 2°C and could reach 3°C.

The tracker states that South Africa should cut its emissions by 40% between 2022 and 2035 to do its fair share of limiting warming to 1.5°C. The current target range represents a 16% to 29% cut.

Reaching targets

South Africa's estimated net 2024 greenhouse gas emissions – of about 444 million tonnes (Mt) – fall within the range of the 2025 targets, according to the latest draft national inventory. While 477Mt were emitted, 33Mt were absorbed by the "land sink" (forests, thickets, grasslands, etc.).

The country's emissions peaked in 2008 and have been decreasing unevenly since. This is not because of intentional greening efforts: the Presidential Climate Commission suggests the drop in emissions is likely due to economic stagnation and load shedding.

Since load shedding eased in 2024, energy sector emissions have increased as Eskom burned more coal. Total emissions fell only because the land is

estimated to have absorbed more carbon. That estimate is uncertain. The inventory notes that some of the land changes it records may reflect rainfall rather than real change.

The energy sector alone emitted 375Mt in 2024, which is more than the whole lower target for 2030 (350Mt). In order to reach the top of the 2030 range, emissions must fall by another 24Mt. To reach the bottom of the range, they must fall by 94Mt.

It's not guaranteed that this will happen. The government's electricity plan, the IRP 2025, retires 8GW of coal by 2030, but only if 6GW of new gas power is running by then, which is uncertain. It also considers keeping five big stations open ten years past their 50-year life. Eskom has already moved the closure of five coal stations to 2030 due to delays in getting private power online.

Low bar

The country published its target for 2035 last year. The lower end of the 2035 target is 320Mt. Research by UCT, commissioned by the government, found that implementing existing policies, including the Renewable Energy Masterplan, could bring emissions to between 289Mt and 359Mt by 2035.

"The targets are so unambitious that we could hit them by doing what industry and government have already promised to do, without lifting a finger further," said Déna Jansen, an analyst at Just Share. The upper end of 380Mt, she said, "is what tends to become the real operating target in practice".

"A target that doesn't ask anything of you isn't anything more than a formality." Jansen points out that if South Africa cannot prove that it is serious about transitioning to clean energy, the country risks losing out on international finance and may be hit with carbon tax from importing countries.

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