



NATIONAL ECONOMIC CONSULTATIVE FORUM

QUARTERLY ENVIRONMENTAL ANALYSIS (PESTEL)

31 MARCH 2024

Executive Summary

This quarterly environmental analysis report focused on the political, economic, social, technological, legal and environmental (PESTEL) developments for the quarter ending 31 March 2024.

Globally, the International Monetary Fund (IMF) projected a moderately positive outlook, with a marginal upward revision of the 2024 global growth projections to 3.1%. Despite efforts to contain inflation, geopolitical conflicts, extreme weather events, and tight global financial conditions posed underlying risks. Advanced economies are expected to experience a slight deceleration in growth, while emerging markets and developing economies maintain a growth rate of 4%. Sub-Saharan Africa (SSA) anticipates an uptick in growth to 3.8%, driven by internal demand and investments, despite challenges posed by El Niño-induced droughts affecting agricultural output.

Zimbabwe witnessed a dynamic interplay of political, economic, social, technological, legal, and environmental factors, shaping the country's landscape and influencing its trajectory. Following the pivotal 2023 elections, initial turbulence in financial markets gave way to a sense of stability, fostering an environment conducive to economic recovery and growth.

Economically, Zimbabwe faced challenges stemming from the El Niño-induced drought, leading to a projected GDP growth of 3.5%, slightly lower than anticipated due to adverse weather conditions. Inflation, though moderating gradually, remained a concern, driven by factors such as food price hikes, currency depreciation, and rising service costs.

Trade dynamics, while influenced by persistent current account surpluses, indicate a narrowing surplus projection for 2024, signalling potential challenges in balancing imports and exports. Additionally, public debt remains a significant issue, with arrears and penalties impacting external debt management and necessitating structured dialogues with creditors for resolution.

Despite economic headwinds, the equity markets showed resilience, with bullish trends recorded in both the Zimbabwe Stock Exchange (ZSE) and the Victoria Falls Stock Exchange (VFEX), reflecting investor confidence amidst broader economic challenges.

Socially, Zimbabwe grapples with poverty and hunger exacerbated by the El Niño-induced drought, necessitating government intervention through resource mobilization and infrastructure projects to address food insecurity and agricultural resilience.

Technologically, strides were made in digitalization efforts, focusing on broadband expansion, ICT accessibility, and smart government systems, aiming to bridge the digital divide and enhance service delivery.

Environmentally, the country is confronted with the looming threat of climate change, impacting agricultural productivity and food security, prompting initiatives to attract climate finance and implement green investment projects.

Legally, reforms within the judiciary and regulatory landscape underscore government efforts to streamline legal processes and enforce compliance, while legislative actions aim to address political affiliations in civil society organizations and curb imports to address trade imbalances.

Overall, the first quarter of 2024 paints a complex picture for Zimbabwe, characterized by economic resilience amidst challenges, concerted efforts towards social welfare and technological advancement, and the imperative for proactive measures to mitigate environmental risks and ensure legal compliance and governance.

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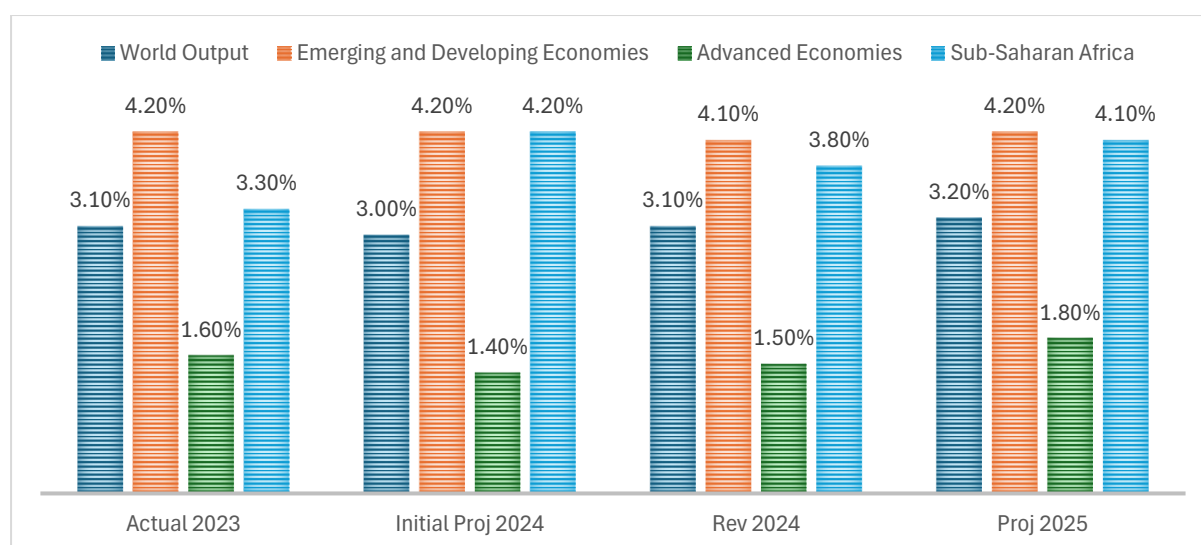
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1.0 Global Market Environment

1.1 World GDP

- 1.1.1 The global economic outlook for the first quarter of 2024 appears moderately positive with a projected increase in world output over the 2024/2025 period. The International Monetary Fund (IMF) has marginally revised upwards the 2024 global growth projections to 3.1% from initial projection of 3.0% as shown by table 1 below. This forecast is 0.1 percentage points higher than the initial projection made in January 2022.
- 1.1.2 According to IMF a soft landing is more likely as global central banks are set to potentially cut interest rates encouraging investment. The United States of America, along with several large emerging market and developing economies, have demonstrated remarkable resilience, bolstering positive prospects, alongside significant fiscal support in China.
- 1.1.3 However, despite efforts to contain inflation, particularly in advanced economies, the intensifying geo-political conflicts and the growing intensity and frequency of extreme weather events, along with tight global financial conditions, have increased underlying global risks and vulnerabilities, potentially impacting growth in the outlook period.

Figure 1: World Economic Developments 2024-2025



Source: IMF World Economic Outlook Update (January 2024)

1.2 Regional Economic Developments

- 1.2.1 In 2024, advanced economies are anticipated to experience a slight deceleration in growth, decreasing from 1.5% in 2023 to 1.4% in 2024. This adjustment is attributed to the effects of stringent fiscal and monetary policies on economic expansion. Conversely, emerging markets and developing

economies are forecasted to sustain a growth rate of 4% throughout 2024. Furthermore, Sub-Saharan Africa is expected to see an uptick in growth to 3.8% in 2024, up from an estimated 3.1% in 2023.

- 1.2.2 Many countries in sub-Saharan Africa have demonstrated resilience despite decreased economic performance in industrialized nations. As exports decelerate across the region, internal demand has become a stable driver of growth. This is partly due to both public and private investments, often associated with the production of natural resources.
- 1.2.3 However the initial growth projection of 4.2% in the region has been revised downwards to 3.8% owing to the looming presence of a El Nino which has affected many Southern African countries. With agriculture being a significant economic sector in many Southern African countries, prolonged droughts have led to reduced crop yields, food insecurity, and decreased agricultural output. The combination of these factors could impede growth and development in the region.

2.0 Political Developments

- 2.1 The onset of the first quarter of 2024 followed closely on the heels of the pivotal 2023 elections, which cast a significant shadow on economic dynamics. The concluding quarter of 2023 witnessed a notable surge in both interest rates and exchange rates, particularly accentuated by the by-election period. This tumultuous phase gave rise to considerable uncertainty within financial markets, as investors grappled with the evolving political landscape.
- 2.2 However, as the dawn of 2024 emerged, a palpable sense of stability gradually pervaded the economic arena. Peace and political stability, crucial ingredients for fostering investor confidence and market resilience, characterized the initial months of the year. This newfound equilibrium provided a conducive environment for economic activities to regain their momentum, paving the way for potential growth and development initiatives in the quarters ahead.
- 2.3 From an economic perspective, the noteworthy aspect of the quarter lies in the allocation of investments. The services sector emerged as the primary recipient, commanding 25% of total investment projections, followed by the construction sector at 23%, with the mining sector trailing at 18%. These trends underscore the influence of a stable political climate on investment decisions. Table 1 shows new investment licenses issued during the first quarter of 2024 by country of origin and the value of investment.

Table 1: Top 7 New Investment licenses Issued by Country of Origin

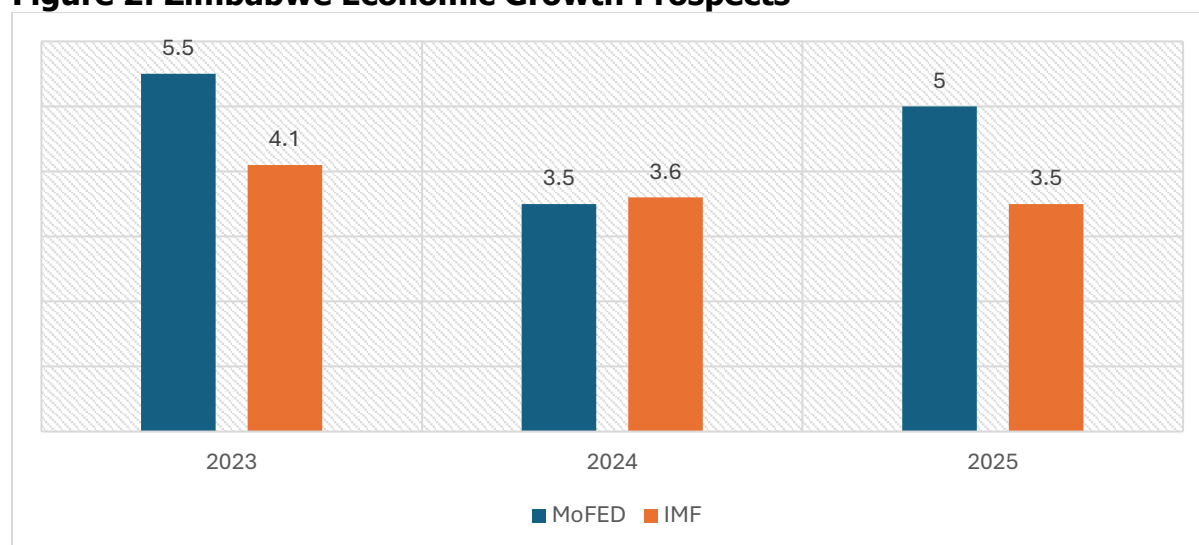
Country	Number of Investors	Projected Investment value (US\$ Millions)
China	92	286.16
Switzerland	1	130.00
Zimbabwe	4	74.96
USA	3	34.34
South Africa	5	22.71
Mauritius	2	14.75
Russia	2	12.80

Source: ZIDA (2024)

3.0 Economic Factors

3.1 GDP Performance

3.1.1 According to the 2024 National Budget Statement, Zimbabwe's GDP is anticipated to increase by 3.5% in 2024, lower than the IMF's projection of 3.6% (Figure 1). The growth rate in 2024 is expected to be lower than in 2023 due to the effects of El Niño. The EL-Nino-induced drought turned out to be more severe than initially anticipated is expected to impact negatively on the domestic economy's growth trajectory. The dry spell and high temperatures experienced since the beginning of February 2024 have greatly affected the 2023/24 summer crop which was generally fair in January 2024. The domestic growth trajectory will also be affected by a slowdown in commodity prices, and subdued aggregate demand.

Figure 2: Zimbabwe Economic Growth Prospects

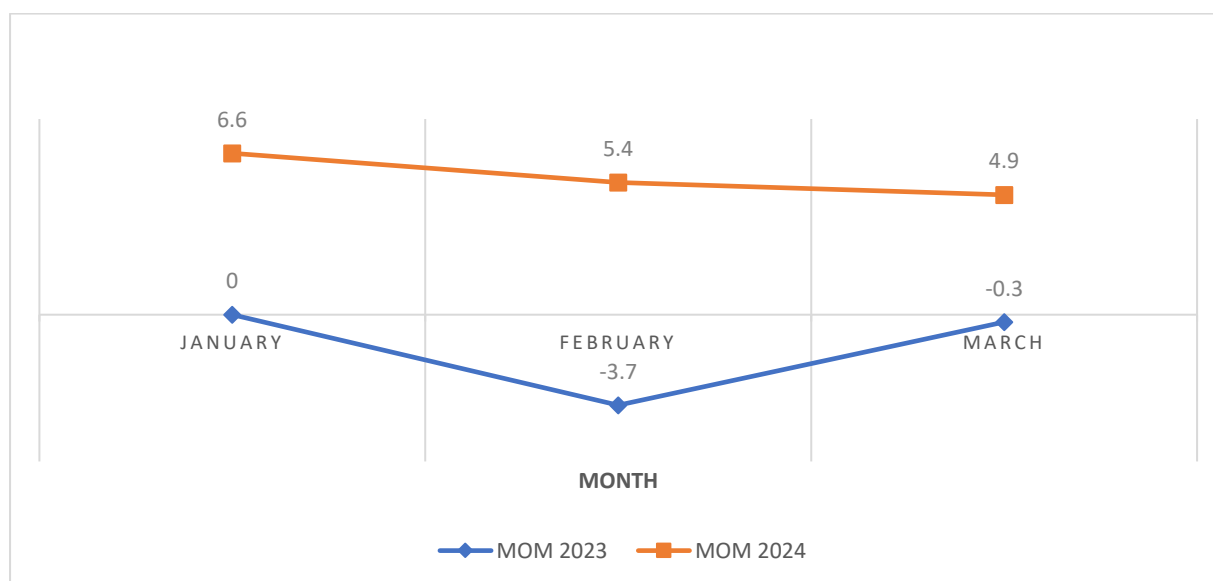
Source: MoFEDIP (2024); IMF World Economic Outlook Update (January 2024)

3.2 Inflation

3.2.1 The month-on-month inflation trajectory for the first quarter of 2024 witnessed a gradual moderation. Beginning at 6.6% in January, it marginally declined to 5.4% in February, followed by a further slight decrease to 4.9% in March.

3.2.2 The average rate of inflation for the first quarter of 2024 is 5.6% compared to -1.3% recorded during the same period in 2023. Inflation in the first quarter is significantly higher compared to the same period in 2023 as shown in Figure 3.

Figure 3: Inflation Developments



Source: ZimStat 2024

The main drivers of monthly inflation in the period under review were:

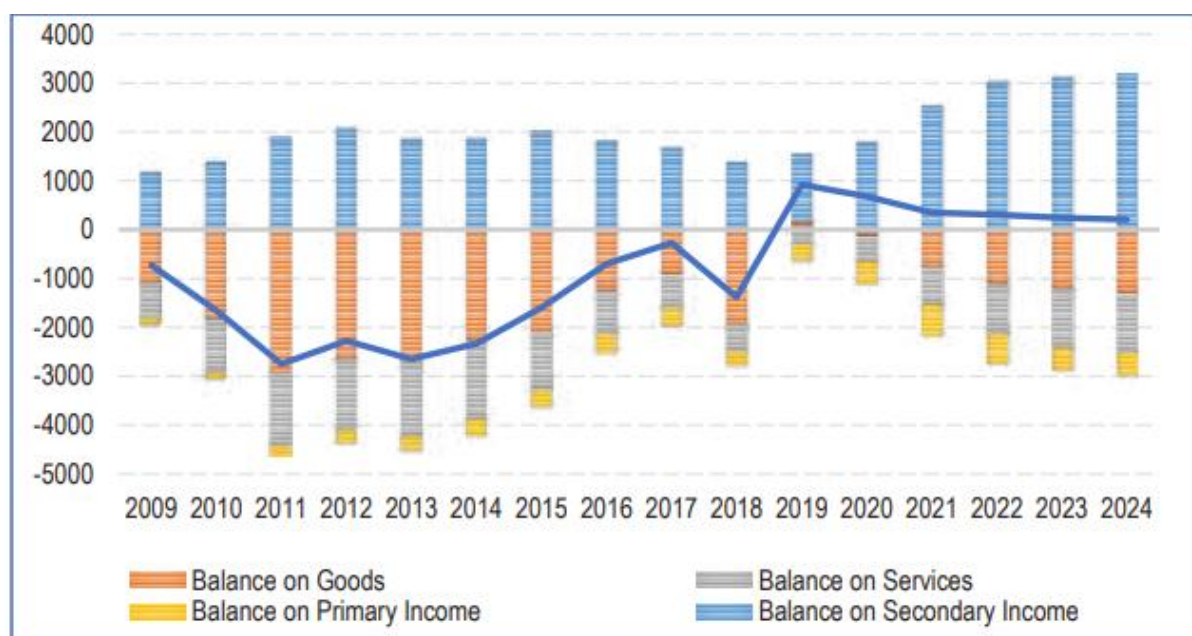
- i. Increase in food prices which is a major component of the consumption basket;
- ii. Currency depreciation where the local currency depreciated by more than 70% against the US dollar since the beginning of the year;
- iii. Rise in prices for services including housing and utility costs particularly water and electricity; and
- iv. Foreign currency shortages and fiscal deficits.

3.3 BOP developments

3.3.1 Data on the 2024 first quarter trade developments had not been published during the compiling of this report however previous data indicate that Zimbabwe has been experiencing a persistent BOP surplus since 2019. Total exports in 2023 from Zimbabwe rose to US\$7.2 billion in 2023 whilst imports amounted to US\$9.2 billion. Deficits were also seen in the services and primary income accounts, although remittances and other transfers remained resilient covering the gap.

3.3.2 The 2024 national budget highlighted that the current account surplus is projected to close the year 2023 at US\$244.4 million, slightly lower than the US\$305 million registered in 2022. In 2024, the current account surplus is projected to narrow to US\$204.5 million, reflecting a wider trade deficit, as imports accelerate at a faster pace than exports as shown in Figure 3.

Figure 4: Current Account Developments



Source: RBZ (2024)

3.3.2 During the period under review, The United Arab Emirates became Zimbabwe`s third -largest export market, accounting for 22,5% of exports. China and South Africa remained top trading partners, with 27,5% and 28.8% of exports respectively.

3.4 Public Debt Developments

3.4.1 In September 2023, the total Public and Publicly Guaranteed (PPG) debt stock stood at US\$17.7 billion, comprising US\$12.7 billion (72%) in external debt and US\$5 billion (28%) in domestic debt. Within the external debt, liabilities on the Reserve Bank of Zimbabwe (RBZ) balance sheet, now assumed by the Treasury, were included in the total of US\$12.7 billion. Bilateral and multilateral debt accounted for US\$9.1 billion of the external debt, with 76% representing principal arrears, interest arrears, and penalties.

3.4.2 In addition to its commitment to international engagement and re-engagement, the government has made nominal payments totalling USD\$10.7 million to all International Financial Institutions and Paris Club creditors. The top five Paris Club creditors, comprising Germany, France, the United Kingdom, Japan, and the USA, collectively hold an external debt stock of US\$2.9 billion, representing 74% of the total Paris Club external debt. Additionally, penalties incurred from

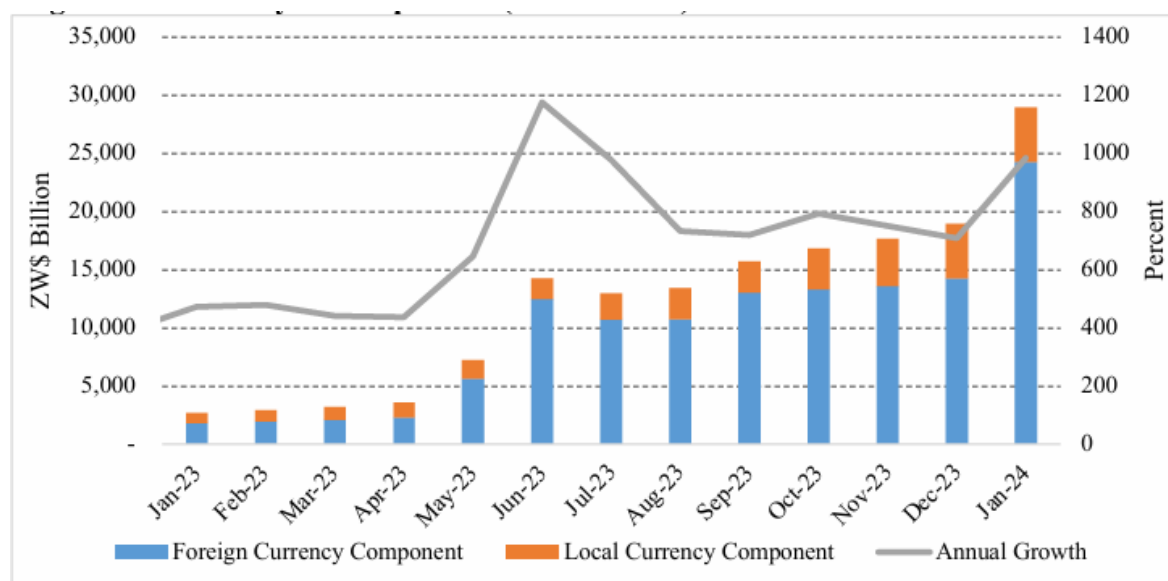
these five major creditors constitute 75% (US\$1.5 billion) of the total Paris-Club penalties.

- 3.4.3 The accumulation of arrears in external debt payments since 2000 has led to the imposition of penalties on Zimbabwe's Public and Publicly Guaranteed (PPG) external debt. Notably, the average interest rate for the PPG external debt portfolio stands at 6.3%, with multilateral creditors averaging 4.16% and bilateral creditors averaging 4.4 %. The average penalty interest rate for multilateral creditors is 6.6%, while for bilateral creditors, it is 6.2%.
- 3.4.4 In December 2022, the government initiated a Structured Dialogue Platform (SDP) with all creditors and Development Partners to formalize structured discussions on economic and governance reforms essential for Zimbabwe's Arrears Clearance and Debt Resolution process. This process is spearheaded by Dr. A. A. Adesina, President of the African Development Bank (AfDB), and H. E. J. A. Chissano, former President of the Republic of Mozambique, serving as the High-Level Facilitator. *As the nation's economic think tank and public private dialogue convenor on socio-economic issues, the NECF should participate in the SDP.*

3.5 Money Supply and Interest Rate Developments

- 3.5.1 During the first quarter of 2024, the central bank maintained its policy rate at 150% per annum, concurrently establishing it as the baseline lending rate across all banks.
- 3.5.2 Moreover, the minimum interest rates on ZWL\$ savings and time deposits stood at 30% and 50% per annum, respectively. Similarly, for savings and time FCA deposits, the minimum rates were set at 1% and 2.5% per annum.
- 3.5.3 In December 2023, the broad money supply (M3) surged to ZW\$18.87 trillion, marking a significant increase from the ZW\$14.27 trillion recorded in June 2023. By January 2024, the broad money stock had further escalated to ZW\$29.25 trillion. This expansion was primarily driven by a ZW\$3.18 trillion increase in transferable deposits, indicating a substantial growth in liquidity within the economy. M3 data for February and March had not been published by the time of compiling this report.

Figure 5: Broad Money Stock Movements



Source: RBZ (2024)

3.6 Equity Market Developments

3.6.1 Zimbabwe Stock Exchange

3.6.1.1 During the period under review, the Zimbabwe Stock Exchange recoded a bullish trend. All share index gained by 323.93% on QoQ, while on YtD it gained by 62.96% and on YoY gained by 2165.50%. Similarly, the Top 10 index grew by 356.37%, 64.25% and 1643.26% on QoQ, YtD and YoY (see Table 2).

3.6.2.1 The bullish sentiments that were exhibited on the local bourse during the first quarter of 2024 led to the addition of 319.02% of capitalization to end the quarter. On an YtD and YoY basis, market capitalization added 61.17% and 1971.43%. However, there was 91.37% fall in the value traded to ZW\$5924941225.00 million as indicated on in Table 2.

Table 2: Zimbabwe Stock Exchange Movements

Index	Mar-23	Dec-23	Jan-24	Mar-24	QoQ %Change	YtD %Change	YoY %Change
All Share Index	38,568.48	206,113.65	536,194.12	873,769.70	↑ 323.93	↑ 62.96	↑ 2,165.50
Top 10 Index	22,881.39	87,403.62	242,856.62	398,882.54	↑ 356.37	↑ 64.25	↑ 1,643.26
Value Traded (\$)	735,335,483.00	68,669,672,935.00	25,690,694,202.00	5,924,941,225.00	↓ -91.37	↓ -76.94	↑ 705.75
Market Cap (\$mn)	3,238,067.39	16,007,565.68	41,618,274.53	67,074,270.88	↑ 319.02	↑ 61.17	↑ 1,971.43

Source: ZSE (2024)

3.6.2 Victoria Falls Stock Exchange

3.6.2.1 During the quarter under review, the Victoria Falls Stock Exchange recorded a bullish trend. On QoQ basis, the All Share Index gained by 43.40%, while

valued traded gained by 61.77% and market capitalisation gained by 1.72% as shown in Table 3.

Table 3: Victoria Falls Stock Exchange Movements

Index	Mar-23	Dec-23	Jan-24	Mar-24	QoQ	YtD	YoY %Change
					%Change	%Change	
All Share Index	91.76	70.48	102.52	101.07	↑ 43.40	↓ - 1.41	↑ 10.15
Value Traded (US\$)	214.79	299,861.32	268,866.76	485,092.74	↑ 61.77	↑ 80.42	↑ 225,745.12
Market Cap US\$ (mn)	1,029.40	947.43	977.70	963.76	↑ 1.72	↓ - 1.43	↓ - 6.38

Source: VFXE (2024)

3.7 Exchange Rate Developments

3.7.1 During the period under review, the Zimbabwean Dollar (ZWL\$) depreciated against all major currencies, as shown by Table 4. On a QoQ basis, the ZWL\$ depreciated by about 261.29% against the USD from USD: ZWL\$6104.72 per USD recorded by month end of December 2023 to USD: ZWL\$22055.47 per USD per USD recorded by month end of March 2024. On an YtD and YoY basis, the ZWL\$ lost 117.24% and 2275.16%, respectively against the USD.

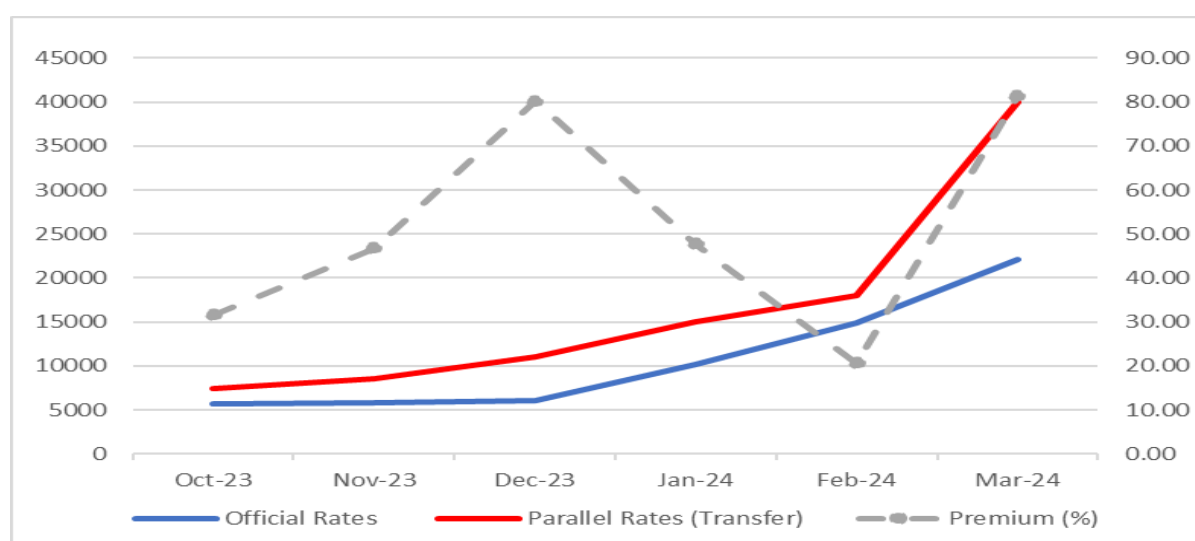
Table 4: ZWL\$ Exchange Rate Movements

Currency	Mar-23	Dec-23	Jan-24	Mar-24	QoQ	YtD	YoY
					%Change	%Change	%Change
USD/ZWL\$	928.59	6104.72	10152.39	22055.47	↑ 261.29	↑ 117.24	↑ 2275.16
GBP/ZWL\$	1143.94	7783.65	12870.89	27868.62	↑ 258.04	↑ 116.52	↑ 2336.20
EUR/ZWL\$	1006.41	6753.98	10985.00	23873.09	↑ 253.47	↑ 117.32	↑ 2272.10
ZAR/ZWL\$	51.02	328.98	539.12	1165.30	↑ 254.22	↑ 116.15	↑ 2183.99

Source: RBZ (2024)

3.7.2 During the quarter under review, the ZWL\$ continued to depreciate on both the official and parallel exchange rate markets. Exchange rate premium fell from December 2023 to February 2024 and increased to end the quarter at around 83% as depicted in Figure 5.

Figure 5: Exchange Rate Premium Developments



Source: RBZ (2024) and Harare Streets

4.0 Social Factors

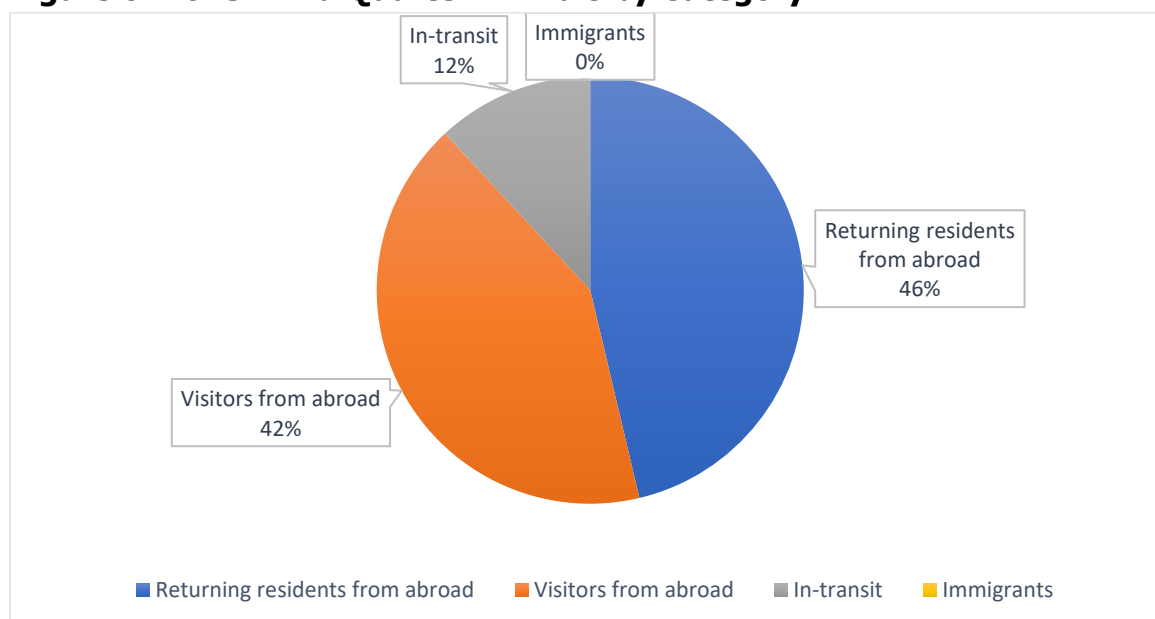
4.1 Immigration and Emigration

4.1.1 According to the United Nations latest figures, Zimbabwe's population is 16,970,420, representing 0.21% of the total world population. Zimbabwe ranks number 74 in the list of countries by population. In 2023 Zimbabwe population was estimated at 16,665,409 people at mid-year. In 2022, 1.3 million people in Zimbabwe were living with HIV, mostly adults (94%) with 3 in every 5 being women¹. The adult HIV prevalence dropped from 13.1% to 11.0% between 2018 and 2023, but women and children still face inequalities and have higher prevalence rates. The highest rates of new infections are among adolescent girls and young women, peaking among 20-24-year-olds, followed by 15-19-year-olds. Incidence among adolescent girls is about eight times that of their male peers.

4.1.2 At the time of writing this report, data for the first quarter of 2024 on arrivals by category was not available. In the third quarter of 2023 Zimbabwe however recorded a total of 1,125,011 arrivals, with returning residents from abroad comprising the largest share at 46.3%. The number of immigrants increased to 196 in the third quarter of 2023 from 124 in the same period of 2022. Additionally, there were 469,752 visitors from abroad during the third quarter of 2023, marking a 46.7% increase from the previous year as shown in Figure 6.

¹ 2024 United Nations Development Programme and Global Fund Snapshot.

Figure 6: 2023 Third Quarter Arrivals by Category



Source: ZimStat 2023

4.2 Poverty and Hunger

- 4.2.1 Zimbabwe, like many countries in the Southern African region, has been grappling with the adverse effects of the El Nino-induced drought, exacerbating existing challenges of poverty and hunger. The El Nino-induced drought of 2024 has significantly disrupted economic growth prospects in Zimbabwe. Despite initial optimism regarding the 2023–24 summer crop, the drought's severity, coupled with high temperatures and dry spells since February 2024, has led to substantial crop losses. As a result, agricultural productivity has been severely hampered, exacerbating food insecurity and poverty levels in the country.
- 4.2.2 According to the 2023 Zimbabwe Livelihood Assessment Report, approximately 2.7 million Zimbabweans are in need of food aid in 2024. This alarming figure underscores the dire situation facing vulnerable communities across the country. The drought has not only decimated crop yields but has also disrupted water availability, further exacerbating food insecurity and poverty. Poor water and pasture conditions, especially in typically dry areas has been affecting livestock, particularly cattle, causing higher-than-normal deaths due to limited pastures and expensive supplementary feeds.
- 4.2.3 Recognizing the severity of the situation, the Government of Zimbabwe declared a national disaster due to the drought. In response, efforts to mobilize resources, including an allocation of US \$2 billion, have been initiated to provide food assistance to affected communities. Additionally, the Government has prioritized the construction of key irrigation infrastructure projects, such as the Lake Gwayi-Shangani dam in Matabeleland North and the Kunzvi dam in

Mashonaland East province, to mitigate the impact of future droughts and enhance agricultural resilience.

5.0 Technological Factors

- 5.1 Focus of the digitalisation agenda during the first quarter of 2024 was on the extension of the broadband infrastructure, investing in last mile connectivity and complementary facilities, consolidating the implementation of smart government systems and e-government programmes, among other activities that improve access to ICT services especially the vulnerable groups of the society.
- 5.2 The Universal Services Fund also provided a critical avenue towards improving access and coverage of ICT services in the country especially the remote and underserved areas. In furtherance of this initiative, during 2024, the Universal Service Fund is targeting construction of 7 base station sites, 15 community information centres, deployment of tele-medicine at 158 health centres as well as training of 180 people with disabilities in 6 Provinces in the use of ICT, with resources amounting to Z\$93.5 billion having been budgeted under this aspect.
- 5.3 Finalisation of the Zimbabwe Digitalisation Migration Project remains critical to meet obligations under the International Telecommunications Union, hence, current efforts towards ensuring completion of outstanding activities under this project are underway.

6.0 Environmental Factors

- 6.1 During the first quarter of 2024, Zimbabwe finds itself at a critical juncture, grappling with pressing environmental challenges that threaten its economy and food security. The spectre of climate change looms large, with the World Bank's Zimbabwe Climate and Development Report sounding alarm bells. Without swift adaptation measures, the country faces staggering economic costs, potentially amounting to nearly 5% of GDP annually by 2050. The ramifications of climate change are acutely felt in Zimbabwe's agricultural heartlands, where high food prices and limited income opportunities have the potential to tip vulnerable regions into crisis. From the southern reaches to the extreme north, deficit-producing areas are particularly susceptible to these adverse effects, heightening the urgency for proactive intervention.
- 6.2 As Zimbabwe navigates the environmental challenges, the Government is exploring various financing options, including co-financing for green investment initiatives, to accelerate the achievement of National and Paris Climate Agreement Goals. Measures taken to attract climate finance include accrediting the Infrastructure Development Bank of Zimbabwe (IDBZ) as a direct access entity for the Global Fund, establishing a \$3 million climate finance facility,

nominating financial institutions like FBC and Steward Bank for Global Climate Fund accreditation, and adopting carbon trading regulations through Statutory Instrument (SI) 150 of 2023.

7.0 Legal Factors

- 7.1 The commencement of the 2024 legal year saw significant reforms within the Judiciary Service Commission (JSC). These reforms encompassed the introduction of the Integrated Electronic Case Management System, the expansion of judicial personnel through training initiatives, and the establishment of additional courts nationwide.
- 7.2 During the same period Governmental action was taken to revoke the registration of 291 nongovernmental and civil society organizations for failing to comply with the provisions outlined in the Private Voluntary Organisations (PVO) Act. Furthermore, an amendment to the PVO Act was enacted, granting the government authority to revoke the registration of organizations perceived to have political affiliations. In the same manner, there was the enactment of the Criminal Law Codification and Reform Amendment Bill 2022, colloquially referred to as the "Patriotic Bill," which conferred jurisdiction upon the National Prosecuting Authority to pursue legal action against individuals engaged in activities undermining the nation or disseminating adverse information about Zimbabwe to foreign entities.
- 7.3 On March 29th, the Ministry of Industry and Commerce replaced Statutory Instrument 89/2021, which mandated the acquisition of import licenses for second-hand vehicles exceeding 10 years in age, with an outright prohibition on their importation. This decision was prompted by various factors, notably a burgeoning trade deficit, as evidenced by the expenditure of over 1.4 billion dollars on the importation of such vehicles between 2015 and 2020.

8.0 Recommendations

- 8.1 The following recommendations are being proposed:
 - 8.1.1 Drought Mitigation Strategies: Given the adverse effects of El Niño-induced drought on agricultural productivity and food security, Zimbabwe should prioritize the development and implementation of comprehensive drought mitigation strategies. This includes investing in irrigation infrastructure, promoting drought-resistant crop varieties, and improving water management practices to minimize the impact of future droughts.
 - 8.1.2 Fiscal Discipline and Debt Management: To address the challenges posed by public debt, Zimbabwe should focus on enhancing fiscal discipline and debt management practices. This involves implementing measures to improve revenue collection, rationalize public expenditure, and negotiate favourable terms with creditors to reduce the burden of debt servicing.

- 8.1.3 Promotion of Export Diversification: To address trade imbalances and enhance resilience against external shocks, Zimbabwe should prioritize the promotion of export diversification. This includes providing support to non-traditional export sectors such as manufacturing and tourism, as well as enhancing competitiveness in existing export industries.
- 8.1.4 Investment in Climate Resilience and Green Infrastructure: Given the looming threat of climate change, Zimbabwe should invest in climate resilience and green infrastructure projects. This includes strengthening early warning systems, promoting sustainable land management practices, and incentivizing the adoption of renewable energy technologies to mitigate the impact of climate-related disasters and reduce greenhouse gas emissions.
- 8.1.5 Strengthening the Local Currency: The continued devaluation of the Zimbabwean dollar and the widening of the parallel market premium highlights the necessity to strengthen the local currency in order to achieve macroeconomic stability by stimulating demand for the local currency and absorbing surplus liquidity thereby clearing exchange rates disparities. There is need for policy consistency and transparency to build trust and confidence in the general population of Zimbabwe.
- 8.1.6 Promotion of Technological Innovation: To harness the potential of technological innovation for economic development, Zimbabwe should prioritize policies and initiatives aimed at fostering a conducive environment for innovation and entrepreneurship. This includes investing in digital infrastructure, promoting STEM education, and supporting research and development activities to drive technological advancement and enhance productivity across sectors.
- 8.1.7 Social Safety Nets and Poverty Alleviation Programs: Given the widespread poverty and food insecurity exacerbated by the El Niño-induced drought, Zimbabwe should strengthen social safety nets and poverty alleviation programs to provide support to vulnerable populations. This includes expanding access to social assistance programs, improving targeting mechanisms to reach those most in need and investing in initiatives that promote sustainable livelihoods and economic empowerment.

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Annexes

Annexure A: PESTEL-SWOT Analysis Matrix for the Quarter Ending 31 March 2024

	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
POLITICAL	<ul style="list-style-type: none"> -Free, fair, credible and transparent elections. - Peaceful environment. -Ongoing ease of doing business reforms. -The country has well established institutions. 	<ul style="list-style-type: none"> -lack of policy consistency. - Corruption - Rent seeking behavior. 	<ul style="list-style-type: none"> - Developmental oriented political manifestos. -Reengagement with the international community -Termination of USA sanctions. 	<ul style="list-style-type: none"> -High country risk. -Corruption -Disputed elections- political uncertainty. -Wait and see attitude of investors.
ECONOMIC	<ul style="list-style-type: none"> - Low interest rates. -Increasing Government Revenue. -High financial audit standards. 	<ul style="list-style-type: none"> -High inflation. -Inadequate power supply. -Comparatively higher labour costs. -Rigid labour market regulations. -Over-dependence on commodity exports. -Water supply constraints and poor road infrastructure -Porous borders. -High tax evasion 	<ul style="list-style-type: none"> -High GDP growth (3.5% in 2023). -Lowering global inflation. - Unfulfilled demand for energy. -High Demand for infrastructure funding (water, transport, energy and housing). 	<ul style="list-style-type: none"> -Foreign currency shortages. -Low levels of formal employment. - Tight global financial conditions. -High sovereign debt. -Currency instability -High Government deficit - Strengthening US\$ - Money laundering.
SOCIAL	<ul style="list-style-type: none"> - High engaged population, peace and loving - High literacy rates. - low levels of violence and crime. 	<ul style="list-style-type: none"> - HIV & AIDS negatively affecting wellbeing. - High Poverty levels. -Lack of adequate technical skills at appropriate levels. 	<ul style="list-style-type: none"> -Population growth. -Youthful population – demographic dividend. -Increasing migrants – remittances. 	<ul style="list-style-type: none"> - Low levels of formal employment -Increase in organized crime and human trafficking.
TECHNOLOGICAL	<ul style="list-style-type: none"> -High ICT coverage in urban areas. -High ICT usage 	<ul style="list-style-type: none"> - Lack of resources to adopt new technologies and roll out appropriate products. 	<ul style="list-style-type: none"> -Development of ICT backbone in rural areas. 	<ul style="list-style-type: none"> - Fast changing industry that requires constant investment in upgrades.

	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
	-High internet penetration levels – 73.3%	-Inadequate ICT coverage in rural areas.		
LEGAL	-Judicial Independence - Ease of doing business reforms. - Supportive legal environment.	- Slow progress in passing Bills that are meant to promote ease of doing business.	-Special Economic Zones Act/ Policy. -Ease of Settling, Commercial and other Disputes Bill. -Amendment of the Indigenization and Economic Empowerment Policy	-Slow progress in resolving commercial court cases.
ENVIRONMENTAL	-Government resolve to fight climate change.	- High regulatory fees.	-Increasing global and national interest in climate change.	- Requirements to meet global environmental standards when implementing national projects.

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