



NATIONAL ECONOMIC CONSULTATIVE FORUM

QUARTERLY ENVIRONMENTAL ANALYSIS (PESTEL)

31 DECEMBER 2024

Executive Summary

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

In the fourth and final quarter of 2024, Zimbabwe maintained political stability, which continued to foster investor confidence. The nation's role as Chair of the SADC Standing Committee further enhanced its influence on regional economic policies and trade initiatives. However, global political dynamics, including ongoing geopolitical tensions and strained trade relations between major economies, posed potential risks to international trade and investment flows, indirectly affecting Zimbabwe.

Zimbabwe's economic landscape presented a mix of cautious optimism and persistent challenges during the fourth quarter of 2024. The Ministry of Finance, Economic Development, and Investment Promotion (MoFEDIP) upheld its projection of a 2% GDP growth for 2024, with the agriculture sector's contraction expectation reduced from 21% to 15% due to favourable wheat and dairy outputs and anticipated La Niña-induced rainfall. The International Monetary Fund (IMF) adjusted its 2024 growth forecast from 3.2% to 2%, aligning with domestic projections, and anticipates a 6% growth rate for 2025. Inflation trends were encouraging, with month-on-month rates decreasing from 7.3% in October to 1.1% in December, attributed to monetary policy measures that tightened liquidity and curtailed speculative activities.

However, challenges persist. As of December 2024, public debt stood at approximately US\$21 billion, with external liabilities comprising US\$12.3 billion. The Zimbabwean Dollar (ZWG) experienced a 3.70% depreciation against the US dollar during the quarter, influenced by market speculation post-U.S. presidential elections. The Reserve Bank of Zimbabwe maintained its Bank Policy rate at 35% to ensure monetary stability. Equity markets faced downturns, with the Zimbabwe Stock Exchange's all-share index declining by 10.61%, while the Victoria Falls Stock Exchange showed resilience, achieving a year-to-date gain of 1.53%. These developments underscore the complex interplay of progress and ongoing economic hurdles in Zimbabwe's financial environment.

Socially, Zimbabwe's education sector prepared to implement the Heritage-Based Curriculum Framework 2024–2030, aiming to integrate cultural heritage into education and develop industry-relevant skills. Concurrently, the healthcare sector introduced a digitalized Grievance Redress Mechanism to enhance patient feedback and initiated the construction of modern health centres in underserved areas, reflecting a commitment to improving service delivery and infrastructure.

Technologically, Zimbabwe advanced its digitalization efforts by upgrading the National Data Centre to a Tier 4 facility, enhancing system reliability and security. The government also finalized the National Artificial Intelligence Policy Framework, promoting AI adoption in sectors like manufacturing and agriculture. The Zimbabwe

ICT and Innovation Week, featuring Sophia the humanoid robot, highlighted the nation's commitment to technological innovation.

Environmentally, Zimbabwe participated in COP29 in Baku, Azerbaijan, focusing on climate finance and carbon markets. The country also produced its first Biennial Transparency and Fifth National Communication Report to the UNFCCC, detailing greenhouse gas inventories and progress toward climate goals. Domestically, the government initiated nationwide consultations on the draft Climate Change Management Bill and launched a comprehensive carbon market framework to position Zimbabwe as a leader in carbon trading.

Legally, significant reforms were in the process of being enacted to enhance land tenure security and human rights. The government announced that agricultural land under 99-year leases and permits would be converted into bankable and transferable documents, enabling farmers to use their land as collateral. Additionally, Zimbabwe abolished the death penalty, aligning with a growing number of African nations moving toward abolition. The High Court also ruled against a law denying abortion services to marital rape victims and girls under 18, marking a significant shift in reproductive rights.

The PESTLE analysis for the fourth quarter of 2024 indicates that while Zimbabwe faces significant economic and environmental challenges, particularly due to the adverse effects of the El Niño-induced drought, there are ongoing efforts in political stability, technological advancement, and legal reforms that provide a foundation for future resilience and growth. Addressing the highlighted challenges through strategic initiatives will be crucial for sustainable development in the coming years.

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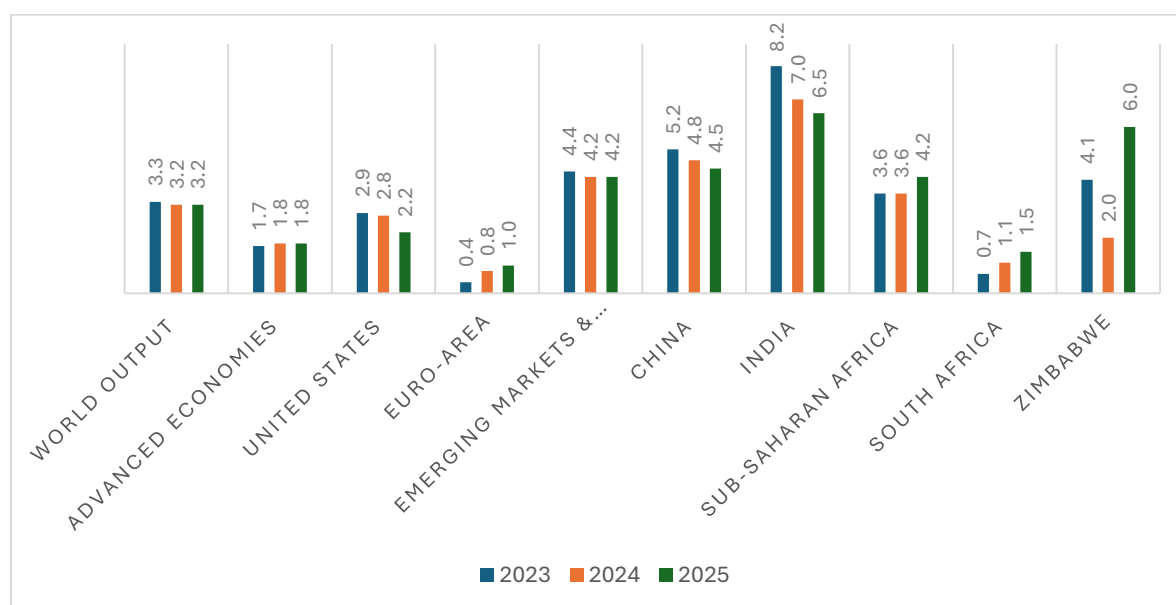
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1.0 Global Market Environment

1.1 World GDP

- 1.1.1 According to the International Monetary Fund's October 2024 World Economic Outlook, global GDP growth was projected to remain steady at 3.2% for both 2024 and 2025. This outlook reflected a broad-based deceleration in economic activity, observed across both advanced economies and emerging market nations.
- 1.1.2 Since April 2024, revisions have introduced a more differentiated picture of global economic prospects. Notably, the United States has seen its growth estimates improved from 2.6% to 2.8% for 2024 and from 1.9% to 2.2% for 2025, thereby partially counterbalancing reductions in growth forecasts for other advanced economies, especially in Europe.
- 1.1.3 In emerging markets, a confluence of factors, including interruptions in commodity production and logistical challenges in key sectors such as oil, compounded by geopolitical conflicts and extreme weather events, has led to downward adjustments in growth expectations for regions including the Middle East, Central Asia, and Sub-Saharan Africa as reflected in figure 1.

Figure 1: Global Growth Projections (%) 2023-2025



Source: IMF, World Economic Outlook 2024

1.2 Regional Economic Developments

- 1.2.1 The United States has witnessed an upward revision in its growth forecast, reflecting a more optimistic economic outlook relative to its advanced economy peers. This positive adjustment is underpinned by robust consumer spending, strong labour market performance, and sustained investment activity. Conversely, Europe faces a more challenging environment. Growth projections

for the region's largest economies have been downgraded amid persistent issues such as elevated inflation, constrained energy supplies, and ongoing geopolitical uncertainties.

1.2.2 In Sub-Saharan Africa, the growth trajectory is anticipated to improve, with GDP rising from 3.6% in 2023 to an estimated 4.2% by 2025. However, recent revisions indicate a complex picture: the 2024 forecast has been trimmed by 0.2 percentage points, while the 2025 outlook has seen a modest upward adjustment of 0.1 percentage points. This recalibration primarily reflects subdued growth performance in key economies, notably Nigeria, alongside a dramatic 26% contraction in South Sudan's economic output amid ongoing conflict.

1.2.3 Within the SADC bloc, real GDP growth is projected to register at 2.5% in 2024, followed by an acceleration to 3.3% in 2025, as detailed in the accompanying table. These figures suggest a gradual recovery, against a backdrop of regional structural challenges.

Table 1: SADC Countries GDP Growth Projections (%)

	2023	2024	2025
Southern African Development Community	2.7	2.5	3.3
Angola	1.0	2.4	2.8
Botswana	2.7	1.0	5.2
Comoros	3.0	3.5	4.0
Congo, Democratic Republic of the	8.4	4.7	5.0
Eswatini	4.9	4.6	4.2
Lesotho	2.2	2.8	2.3
Madagascar	3.8	4.5	4.6
Malawi	1.5	1.8	4.0
Mauritius	7.0	6.1	4.0
Mozambique	5.4	4.3	4.3
Namibia	4.2	3.1	4.2
Seychelles	3.2	3.1	3.9
South Africa	0.7	1.1	1.5
Tanzania	5.1	5.4	6.0
Zambia	5.4	2.3	6.6
Zimbabwe	5.3*	2.0*	6.0*

Source: IMF REO OCT 2024 Update

2.0 Political

2.1 During the final quarter of 2024, global politics were dominated by uncertainty surrounding the U.S. presidential election and the ensuing victory of Donald Trump, whose return to power is expected to trigger radical shifts in U.S. foreign policy amid ongoing conflicts such as the Russia-Ukraine and Israel-Hamas wars.

2.2 Political developments in Sub-Saharan Africa during this period further underscore the critical role of governance in driving progress. Out of 17 countries scheduled to conduct elections, 11 successfully held their polls in the

region. A landmark event occurred on 30 October when Botswana witnessed a historic shift when the long-dominant Botswana Democratic Party, in power for 58 years, was defeated by the opposition coalition, the Umbrella for Democratic Change, in a landslide victory. This outcome reflects an evolving political landscape within the region. In contrast, Mozambique continues to grapple with significant political instability, which remains a focal point of regional concern.

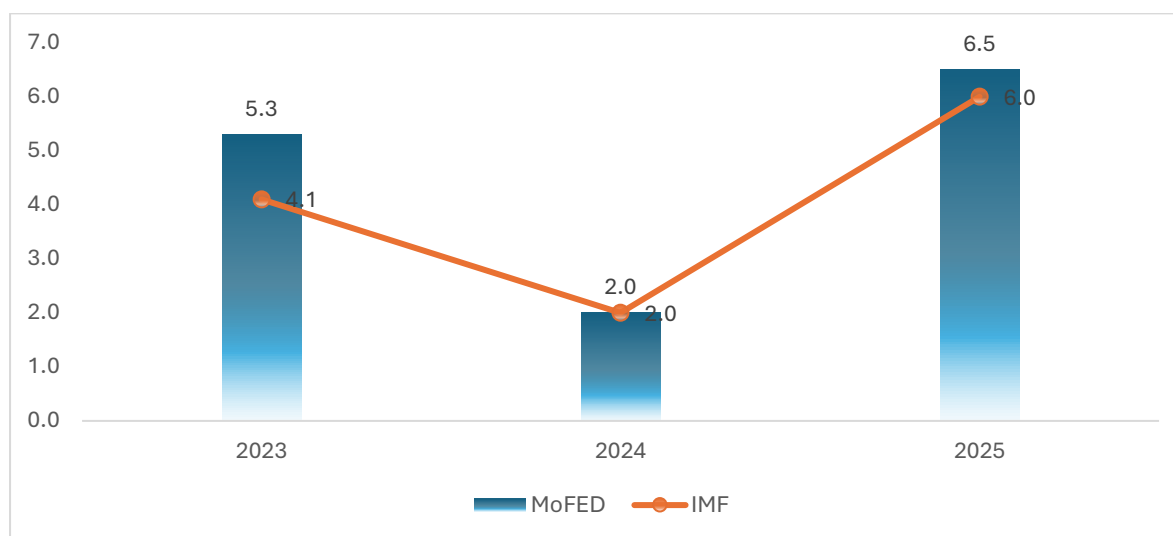
- 2.3 During the same period, Zimbabwe maintained a notable degree of political stability. This stability provides a critical foundation for the country's ongoing economic and social policies, reinforcing the importance of a stable political environment in driving long-term development.

3.0 Economic Factors

3.1 GDP Performance

- 3.1.1 In the fourth quarter of 2024, Zimbabwe's economic outlook remains cautiously optimistic amid revisions to both domestic and international forecasts. The Ministry of Finance, Economic Development, and Investment Promotion (MoFEDIP) has maintained its projection of 2% GDP growth for 2024. Notably, within the agriculture sector, historically expected to contract by 21%, a more favourable output in wheat and dairy has led to a reduced contraction expectation of 15%. This improvement is largely attributed to the anticipated La Niña weather phenomenon, which is expected to bring normal to above-normal rainfall. The positive impact of La Niña is also forecasted to bolster electricity generation, prompting an upward revision of the 2025 GDP growth forecast from 6% to 6.5%.
- 3.1.2 Similarly, the International Monetary Fund (IMF) adjusted its outlook for Zimbabwe in its October 2024 World Economic Outlook report. Initially more optimistic with a 3.2% growth projection for 2024 in its April report, the IMF has now aligned its forecast to 2% for 2024, while anticipating a 6% growth rate for 2025. These revisions reflect a convergence between domestic policy assessments and international perspectives.

Figure 2: Zimbabwe Economic Growth Prospects

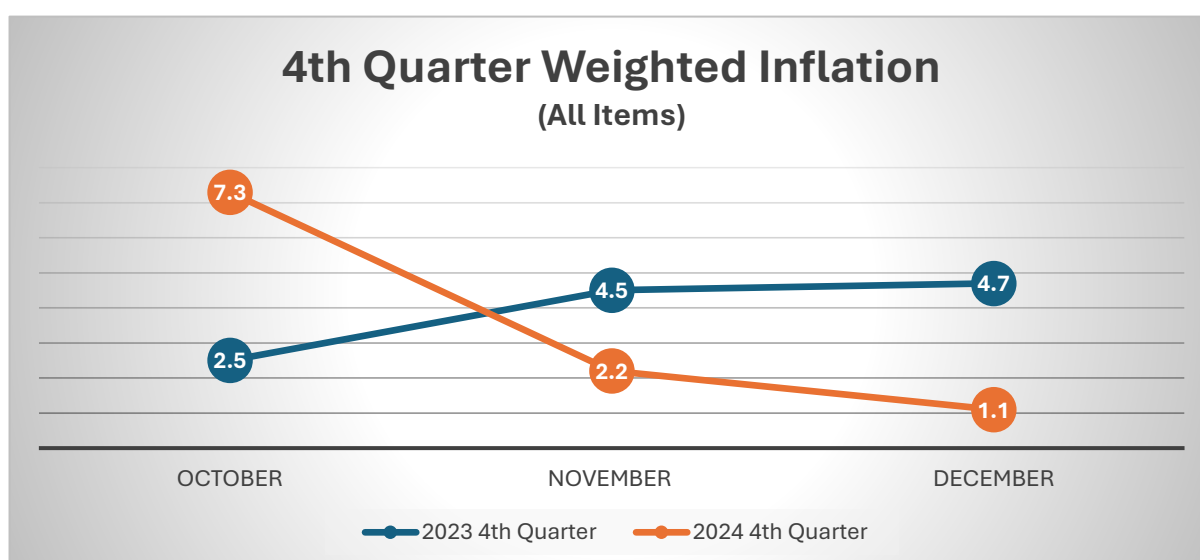


Source: MoFEDIP (Oct 2024); IMF World Economic Outlook Update

3.2 Inflation

3.2.1 During the fourth quarter of 2024, inflation in Zimbabwe exhibited a marked downward trajectory. According to ZimStat, month-on-month inflation decreased significantly from 7.3% in October to 2.2% in November, before further declining to 1.1% in December. This trend reflects a marginal decline in overall price levels of goods and services over the quarter. In stark contrast, the corresponding period in 2023 saw an upward trend in inflation, with recorded rates of 2.5% in October, 4.5% in November, and 4.7% in December (refer to Figure 4).

Figure 3: Inflation Developments



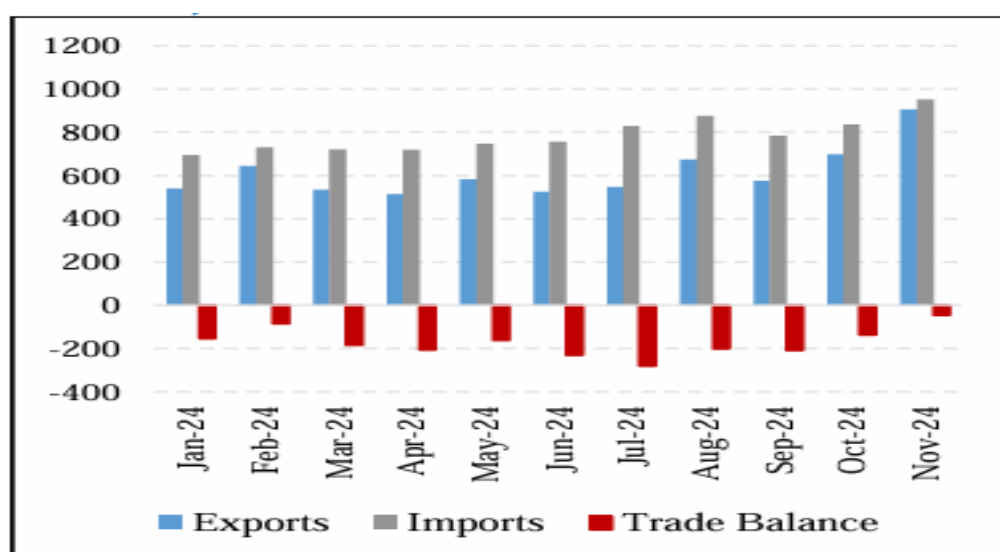
Source: ZimStat 2024

3.2.2 The notable easing in inflation can be largely attributed to the monetary policy measures implemented on 27 September 2024. As confirmed by the Monetary Policy Committee’s press statement on 23 December 2024, these measures effectively tightened liquidity conditions and curtailed speculative activities in the foreign exchange market. The resultant stabilization of inflation since October was further evidenced by a significant narrowing of the exchange rate premium and a deceleration in the month-on-month inflation figures. This policy intervention underscores the critical role of targeted monetary measures in moderating inflationary pressures and stabilizing the broader economic environment.

3.3 BOP developments

3.3.1 Data on foreign currency receipts for the quarter remain unavailable at the time of writing. However, an examination of merchandise trade reveals noteworthy dynamics. In November 2024, Zimbabwe recorded a merchandise trade deficit of US\$46.9 million which is a significant improvement from the US\$137.8 million deficit observed in October as shown on figure 5 below. Unfortunately, December’s merchandise trade data was not available, leaving the quarter’s final assessment partially incomplete.

Figure 4: Merchandise Trade Zimbabwe



Source: Source: ZIMSTAT & RBZ Computations, 2024.

3.3.2 Zimbabwe’s external trade profile further illustrates the country’s key trading relationships. Imports have predominantly been sourced from South Africa, China, the Bahamas, and Singapore, reflecting diversified supply channels. On the export front, the primary destinations include the United Arab Emirates, China, and notably South Africa. These patterns underscore the importance of regional and global linkages in Zimbabwe’s external trade and the broader balance of payments framework.

3.4 Public Debt Developments

- 3.4.1 As of December 2024, Zimbabwe's public debt reached approximately US\$21 billion, reflecting enduring fiscal challenges. This total debt comprises US\$12.3 billion in external liabilities and US\$8.7 billion in domestic borrowing, meaning that about 58.7% of the debt is external while 41.3% is domestic. These figures are based on data published at the end of June 2024.
- 3.4.2 A significant portion of the external debt, approximately 54.2% consists of penalties, principal arrears(PRA), and interest arrears(IRA), as highlighted in the 2023 report by the Public Debt Management Office (PDMO).Table 2 below indicate the total debt stock in ZWG as at June 2024.From the table it can be noted that PRA+IRA+Penalties section constitute more than 50% of the total debt. This composition indicates that the primary drivers of Zimbabwe's rising public debt are not merely new borrowing but also the compounding of arrears and associated penalties on existing obligations.

Table 2: Total Debt Stock as at end June 2024 (ZiG millions)

	DOD	PRA	IRA	Penalties	PRA+IRA+ Penalties	Total
Total Public Debt(A+B)	187.8	41.6	23.7	34.2	99.5	287.2
A. External Debt (1+2)	69,06	41,571	23,684	34,210	99,465	168,531
1. Bilateral and Multilateral External Debt	28,176	41,571	23,684	34,210	99,465	127,641
Bilateral Creditors	21,196	24,653	8,117	30,810	63,579	84,774
Paris Club	882	18,659	6,407	29,250	54,316	55,198
Non-Paris Club	20,314	5,994	1,709	1,560	9,263	29,577
Multilateral Creditors	6,980	16,918	15,567	3,400	35,886	42,866
World Bank	1,288	10,167	9,732	-	19,899	21,187
African Development Bank	329	3,811	5,187	-	8,998	9,327
European Investment Bank	109	2,002	339	3,400	5,742	5,852
Afreximbank	4,568	457	227	-	684	5,251
Others	686	480	82	-	563	1,249

Source: MoFED &IP.

3.5 Exchange Rate Developments

- 3.5.1 During the fourth quarter of 2024, the Zimbabwean Dollar (ZWG) experienced mixed performance against major international currencies. Notably, the ZWG depreciated by 3.70% against the US dollar, a movement primarily driven by market speculation surrounding new economic policies emerging in the aftermath of the US presidential election.
- 3.5.2 In contrast, the ZWG exhibited relative resilience against other key currencies. Specifically, the British Pound depreciated by 2.82% against the ZWG, the Euro 3.38% against ZWG, and the South African Rand also losing 8.05% against the ZWG during the same period(see table 3 below).This comparatively stronger

performance is largely attributed to the government's fiscal discipline, as evidenced by the strict expenditure controls imposed in the final two months of the quarter under Treasury Circular No. 7 of 2024.

Table 3: ZWG Exchange Rate Movements

Currency	Dec-23	Jan-24	Sep-24	Dec-24	QoQ %Change	YtD %Change	YoY %Change
USD/ZWG	2.44	4.06	24.88	25.80	↑	3.70	↑ 535.47
GBP/ZWG	3.12	5.15	33.32	32.38	↓	-2.82	↑ 528.74
EUR/ZWG	2.70	4.40	27.79	26.85	↓	-3.38	↑ 510.23
ZAR/ZWG	0.13	0.22	1.49	1.37	↓	-8.05	↑ 522.73

Source: Reserve bank of Zimbabwe

3.6 Interest Rate Developments

- 3.6.1 During the fourth quarter of 2024, the Reserve Bank of Zimbabwe (RBZ) maintained its Bank Policy rate at 35%. In tandem, the statutory reserve requirements were held steady at 15% for savings and time deposits in both local and foreign currencies, while demand and call deposits were maintained at 30%. These measures were implemented to ensure a consistent monetary framework amid evolving economic conditions.
- 3.6.2 The above measures put forward by the central bank managed to tighten liquidity conditions and curtail speculative activities in the foreign exchange market. Exchange rates and inflation relatively stabilised during the quarter reflected by the narrowing exchange rate premium.
- 3.6.3 In a bid to sustain tight liquidity conditions while minimizing adverse impacts on economic growth, particularly within the productive sector, the RBZ resolved to introduce a Targeted Finance Facility (TFF). This facility, to be administered through the banking system, is designed to provide focused support where it is most needed, thus bolstering credit flow to priority sectors without compromising overall monetary discipline.

3.7 Equity Market Developments

Zimbabwe Stock Exchange

- 3.7.1. During the fourth quarter of 2024, the Zimbabwe Stock Exchange (ZSE) experienced a marked bearish trend. The all-share index declined by 10.61%, while the top ten index suffered a sharper drop of 16.16%. These declines underscore a weakening market sentiment, as investors reacted to prevailing economic uncertainties and a generally subdued outlook.

3.7.2 Trading activity on the exchange also contracted significantly. The total value traded decreased by 13.76% over the quarter. When assessed on a broader basis, the year-to-date value traded fell by 58.57%, and the year-on-year figure plummeted by 84.50% as indicated on table 4 below. This substantial reduction in trading volumes suggests a marked decline in liquidity, with fewer high-value transactions occurring during the period. Such trends indicate that market participants are adopting a more risk-averse stance amid challenging economic conditions.

Table 4: Zimbabwe Stock Exchange Movements

Index	Dec-23	Jan-24	Sep-24	Dec-24	QoQ %Change	YtD %Change	YoY %Change
All Share Index	82.49	214.59	243.41	217.58	↓ - 10.61	↑ 1.39	↑ 163.77
Top 10 Index	34.98	97.19	256.74	215.24	↓ - 16.16	↑ 121.46	↑ 515.32
Value Traded (\$)	27,481,893.73	10,281,524.55	4,938,869.91	4,259,127.10	↓ - 13.76	↓ - 58.57	↓ - 84.50
Market Cap (\$mn)	6,406.30	16,655.81	72,750.63	65,105.25	↓ - 10.51	↑ 290.89	↑ 916.27

Source: ZSE (2024)

Victoria Falls Stock Exchange

3.7.3 In the fourth quarter of 2024, the Victoria Falls Stock Exchange (VFEX) demonstrated resilience, with the All-Share Index experiencing a modest quarter-on-quarter decline of 1.46%, while achieving a year-to-date gain of 1.53% and a substantial year-on-year increase of 47.69%. This performance underscores growing investor confidence, likely driven by the potential of listed companies and the appeal of USD-denominated stocks on the VFEX. Notably, the total value traded surged by 842.94% quarter-on-quarter and 44.03% year-to-date (see table 5 below), indicating enhanced liquidity and increased trading activity.

Table 5: Victoria Falls Stock Exchange Movements

Index	Dec-23	Jan-24	Sep-24	Dec-24	QoQ %Change	YtD %Change	YoY %Change
All Share Index	70.48	102.52	105.63	104.09	↓ - 1.46	↑ 1.53	↑ 47.69
Value Traded (US\$)	299,861.32	268,866.76	41,067.13	387,238.71	↑ 842.94	↑ 44.03	↑ 29.14
Market Cap US\$ (mr	947.43	977.70	1,002.39	989.27	↓ - 1.31	↑ 1.18	↑ 4.42

Source: VFEX (2024)

4.0 Social Factors

4.1 Education

- 4.1.1 The fourth quarter of 2024, Zimbabwe's education sector intensified preparations for the implementation of the Heritage-Based Curriculum (HBC) Framework 2024–2030. This curriculum aims to integrate the nation's rich cultural and historical heritage into the educational system, fostering the development of specialist skills to meet the demands of industry, commerce, and the public sector through enhanced research, development, and innovation.
- 4.1.2 To support these reforms, teacher training programs were enhanced to equip educators with the necessary skills and knowledge to implement the new curriculum effectively. Continuous professional development opportunities for teachers were introduced, focusing on pedagogical techniques and innovative teaching methods.
- 4.1.3 The Ministry of Primary and Secondary Education issued Circular No. 9 of 2024 to guide the implementation of School-Based Projects (SBPs), ensuring consistency across schools. However, concerns have been raised regarding the readiness of the education system, particularly in terms of teacher preparedness and resource availability, prompting calls for a parliamentary inquiry into the implementation process.

4.2 Health

- 4.2.1 In the fourth quarter of 2024, Zimbabwe's healthcare sector achieved significant milestones aimed at enhancing service delivery and infrastructure. The Ministry of Health and Child Care, in collaboration with Cordaid Zimbabwe, introduced a digitalized Grievance Redress Mechanism (GRM). This system enables patients to communicate their feedback on hospital services directly to health policymakers, facilitating a systematic approach to receive, investigate, and resolve complaints from individuals or groups.
- 4.2.1 Additionally, the government, in partnership with NMS Infrastructure Limited, advanced the construction of 30 fully equipped and modern health centers in underserved areas. By the end of the quarter, construction was underway for two district hospitals and 16 health posts, reflecting the government's commitment to improving healthcare accessibility and quality across the nation.

5.0 Technological Factors

- 5.1 During the period under review, Zimbabwe advanced its digitalization agenda by focusing on developing inclusive and secure digital infrastructure. The government initiated an upgrade of the National Data Centre, aiming to enhance system availability by migrating both new and existing systems to this centralized facility. This upgrade includes the establishment of a Tier 4 data centre, featuring state-of-the-art servers, advanced cooling systems, and monitoring tools to ensure high availability and redundancy.
- 5.2 Concurrently, the government completed the National Artificial Intelligence (AI) Policy Framework, aligning it with the National Development Strategy 1 (NDS1) and the Smart Zimbabwe 2030 Master Plan. This strategic initiative aims to harness AI technologies to drive economic growth through industrialization, promoting their adoption in key sectors such as manufacturing, agriculture, mining, and services.
- 5.3 In December, the Ministry of ICT and the University of Zimbabwe hosted the Zimbabwe ICT and Innovation Week, celebrating artificial intelligence and innovation for the nation's development. The event featured Sophia, the humanoid robot created by Hanson Robotics, known for her advanced AI capabilities and role as a United Nations Innovation Champion. Sophia's presence underscored the country's commitment to embracing cutting-edge technologies and fostering discussions on ethics, sustainability, and the role of technology in society.

6.0 Environmental Factors

- 6.1 During the fourth quarter of 2024, global and local environmental efforts gained momentum. The UN Climate Change Conference (COP29) took place in Baku, Azerbaijan, bringing together world leaders, private sector representatives, youth, and civil society to set new finance targets, strengthen national climate commitments, and advance global efforts in climate adaptation, loss, and damage.
- 6.2 Key takeaways from COP 29 were as follows:
 - **Climate Finance and Carbon Markets:** The conference strongly focused on increasing funding and creating effective carbon market mechanisms.
 - **Mobilization of Climate Finance:** COP29, dubbed the first "Finance COP," agreed to mobilize \$300 billion annually by 2035, falling short of the trillion-dollar figure demanded by developing countries.

- **Fossil Fuel Phaseout:** No progress was made on fossil fuel phaseout; however, COP29 marked a key milestone for operationalizing carbon markets.

6.3 Zimbabwe also produced its first Biennial Transparency and Fifth national Communication Report to the United Nations Framework Convention on Climate Change (UNFCCC) during the quarter. The Biennial Transparency Report (BTR1) aims to provide an up-to-date summary of information on climate change issues in Zimbabwe with regards to the Greenhouse Gas (GHG) national inventory, tracking of the country's progress towards achievement of its Nationally Determined Contribution (NDC), progress in adaptation actions and reporting on finance needed and received creating a robust framework for transparency and accountability.

7.0 Legal Factors

- 7.1 In the fourth quarter of 2024, Zimbabwe implemented significant legal reforms aimed at enhancing land tenure security and advancing human rights. On October 30, 2024, the government issued a comprehensive Land Tenure Statement addressing challenges faced by beneficiaries of the Land Reform Programme, such as limited access to financing due to insecure land tenure and succession issues. To mitigate these challenges, the government announced that agricultural land held under 99-year leases, offer letters, and permits would be converted into bankable, registrable, and transferable documents of tenure, enabling farmers to use their land as collateral for loans.
- 7.2 Additionally, in December 2024, Zimbabwe abolished the death penalty, marking a significant human rights milestone nearly two decades after the last execution. President Emmerson Mnangagwa, a long-time opponent of capital punishment, signed the bill into law, resulting in the commutation of existing death sentences. This move aligns Zimbabwe with a growing number of African nations moving towards the abolition of the death penalty.

8.0 Recommendations

- 8.1 The following recommendations are being proposed:
- 8.1.1 In light of the projected 15% contraction in the agriculture sector due to adverse climate conditions, it is essential to implement strategies to mitigate these effects. Investing in irrigation systems can reduce reliance on unpredictable rainfall, thereby stabilizing agricultural output. Additionally, promoting and adopting drought-resistant crop varieties and sustainable farming practices will decrease vulnerability to weather-related disruptions.

- 8.1.2 The recent decline in inflation is encouraging. To sustain and enhance this progress, it is necessary to continue prudent monetary policies that manage liquidity and prevent speculative activities which could destabilize prices. Furthermore, measures to stabilize the exchange rate, such as maintaining adequate foreign currency reserves and fostering confidence in the local currency, should be explored.
- 8.1.3 The recent reduction in the merchandise trade deficit is a positive development. To build on this momentum, it is important to encourage the development of value-added industries to diversify exports beyond primary commodities. Promoting local production of currently imported goods can reduce the trade deficit and strengthen domestic industries.
- 8.1.4 With public debt reaching approximately US\$21 billion, ensuring fiscal sustainability is crucial. Engaging in negotiations to restructure existing debt—focusing on extending maturities and reducing interest burdens—is essential. Prioritizing the clearance of arrears will help restore credibility and access to international financial markets.
- 8.1.5 The differing performances of the Zimbabwe Stock Exchange (ZSE) and the Victoria Falls Stock Exchange (VFEX) underscore the need for policies that enhance investor confidence. Implementing measures to improve liquidity and trading volumes on both exchanges is vital. This can be achieved by encouraging greater participation from institutional investors through incentives such as tax breaks or reduced trading fees.
- 8.1.6 Recent developments in land tenure reforms are promising. Effectively implementing land tenure security systems to provide farmers with secure and transferable land rights will facilitate access to finance and encourage investment in agriculture.

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Annexes

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

	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
POLITICAL	<ul style="list-style-type: none"> -political stability provides conducive environment for business and investment -Regional leadership in SADC enhances Zimbabwe`s capacity to drive industrialization. 	<ul style="list-style-type: none"> -lack of policy consistency. - Corruption - Rent seeking behavior - limited diversification in trade and foreign investment could expose the economy to external shocks. -dependence on external aid and debt causes vulnerability. 	<ul style="list-style-type: none"> -regional leadership in SADC can be used to strengthen regional integration and expand trade under (AfCFTA). -Political stability could attract foreign direct investment in sectors such as infrastructure, agriculture and manufacturing. -Reengagement with the international community -public sector modernisation 	<ul style="list-style-type: none"> -High country risk. -Corruption -Disputed elections- political uncertainty. -regional instability or conflicts. -Geopolitical tensions, particularly US-China trade disputes ,could disrupt global trade ,negatively impacting Zimbabwe`s export driven sectors.
ECONOMIC	<ul style="list-style-type: none"> -Notable increase in foreign currency receipts. -Diverse economic base including mining, agriculture and manufacturing. -Increasing Government Revenue. -High financial audit standards. 	<ul style="list-style-type: none"> -inflationary pressures -Agricultural vulnerability -High public debt limiting fiscal space. -Infrastructure deficiencies particularly in energy, water ,and transportation. -Dependence on agricultural sector. -Over-dependence on commodity exports. -Porous borders. -High tax evasion 	<ul style="list-style-type: none"> -growth in diaspora remittances and export earnings. -Investment in digital and technological infrastructure. - Unfulfilled demand for energy. - High Demand for infrastructure funding (water, transport, energy and housing). -agricultural diversification innovation. 	<ul style="list-style-type: none"> -Debt sustainability -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"> --Education reform which will foster specialist skills. 	<ul style="list-style-type: none"> -Healthcare system challenges. 	<ul style="list-style-type: none"> -Population growth. 	<ul style="list-style-type: none"> - impact of climate change on social stability

	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
	<ul style="list-style-type: none"> - A high adult literacy rate of 87.70% -Inclusive Educational initiatives. -Healthcare digitalization -High engaged population, peace and loving - Proactive public health measures for example the Zimbabwe Multi-Sectoral Substance Plan. - low levels of violence and crime. 	<ul style="list-style-type: none"> -vulnerability to natural disasters e.g the ongoing Elnino. - High Poverty levels and food insecurity levels (estimated 7.7 million people needing food assistance in 2024). -Healthcare vulnerabilities. -Insufficient healthcare infrastructure. -Rural infrastructure gaps 	<ul style="list-style-type: none"> -Youthful population – demographic dividend. -Expansion of Tech-driven services. -Increasing migrants – remittances. -technological integration in social services. -educational reforms and expansion. -health sector improvement. 	<ul style="list-style-type: none"> -drug and substance abuse. -Low levels of formal employment -Increase in organized crime and human trafficking. -Underfunding risks in health and education sector.
TECHNOLOGICAL	<ul style="list-style-type: none"> - technological Advancement through the National data centre. -Improved connectivity with starlink. Commitment to digital inclusion. -Significant investments in technology infrastructure. -High ICT coverage in urban areas. -High ICT usage -High internet penetration levels – 73.3% 	<ul style="list-style-type: none"> - Lack of resources to adopt new technologies and roll out appropriate products. -Inadequate ICT coverage in rural areas. -Slow pace in technological infrastructure development. -dependency on external technology providers. 	<ul style="list-style-type: none"> -ICT Workforce development. -Development of ICT backbone in rural areas. -expansion of e-government services. -leverage technology for social and economic development. 	<ul style="list-style-type: none"> - High cost of Starlink Services. -economic inequality from technology costs. -cybersecurity risks. -risk of widening the digital divide if infrastructure and skills development are not evenly distributed.
LEGAL	<ul style="list-style-type: none"> -Regulatory reforms in ICT and Finance. -Judicial Independence - Ease of doing business reforms. 	<ul style="list-style-type: none"> - Slow progress in passing Bills that are meant to promote ease of doing business. 	<ul style="list-style-type: none"> --Land tenure legal reforms -New ICT apprenticeship regulations aimed at enhancing human capital in the sector. 	<ul style="list-style-type: none"> -Slow progress in resolving commercial court cases. -judicial independence

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	- Supportive legal environment.	-lingering issues related to public trust in the legal system particularly legal reforms and appointments.	-Special Economic Zones Act/ Policy. -Ease of Settling, Commercial and other Disputes Bill. -Amendment of the Indigenization and Economic Empowerment Policy -Abolition of death penalty aligns with progressive human rights standards.	-potential for legal disputes with the transition to new currency.
ENVIRONMENTAL	-Commitment to climate action. -Active environmental engagement. -Legislative efforts (Climate Change Bill)	- High regulatory fees. -vulnerability to climate change	--climate finance initiatives -Increasing global and national interest in climate change. -public awareness and education.	-Climate change impacts. - Environmental degradation -implementation and enforcement of environmental regulations.

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