



NATIONAL ECONOMIC CONSULTATIVE FORUM

QUARTERLY ENVIRONMENTAL ANALYSIS (PESTEL)

30 SEPTEMBER 2024

Executive Summary

This quarterly environmental analysis report focused on the political, economic, social, technological, environmental and legal (PESTEL) developments for the quarter ending 30 September 2024.

In the third quarter of 2024, global political dynamics were influenced by geopolitical tensions and trade strategies, particularly the upcoming U.S. presidential election. Trade relations between the U.S. and China remain strained, posing risks to global trade and investment, especially for emerging markets. Africa, including Zimbabwe, faces uncertainty due to these global shifts, with potential impacts on export demand. However, opportunities for expanding intra-African trade exist through initiatives like the African Continental Free Trade Area (AfCFTA). Zimbabwe's political stability continues to foster investor confidence, and its leadership role as Chair of the SADC Standing Committee enhances its influence on regional economic policies and trade initiatives.

On the economic front, global growth remains steady but fragile, with disinflation offering some optimism. However, risks such as geopolitical tensions, financial market volatility, and China's property sector issues persist. The U.S. economy shows positive growth revisions, but Europe faces downgrades due to inflation, energy challenges, and geopolitical instability. Emerging markets in the Middle East, Central Asia, and Sub-Saharan Africa experience downward growth revisions due to commodity disruptions and extreme weather.

In Zimbabwe, the Ministry of Finance, Economic Development and Investment Promotion projects 2% GDP growth for 2024, reflecting the impact of El-Nino induced drought on agriculture. The IMF, however, offers a more optimistic forecast of 3.2%, anticipating growth in other sectors like mining and telecommunications. Inflation remains a concern, driven by exchange rate disparities between official and parallel markets. A 42.55% devaluation of the ZiG currency and other stabilization efforts have been made, though inflationary pressures persist. Public debt remains high at US\$21 billion, posing fiscal challenges and risks to economic stability. Despite ongoing debt repayments, the country faces difficulties in managing both external and domestic obligations while supporting economic growth.

Socially, Zimbabwe made notable progress in education and healthcare. Investments in school infrastructure, such as new schools, boreholes, and solar energy, improved access, especially in underserved areas. Teacher training and curriculum development were prioritized, and initiatives like the Work for Fees Program and school feeding programs supported disadvantaged students. Healthcare advancements included the Impilo Electronic Health Record system, which enhanced patient care in rural regions, while proactive measures were taken against potential health threats like Mpox.

Technologically the launch of Starlink’s satellite internet service in Zimbabwe marked a significant leap in digital connectivity, particularly for rural areas. This high-speed service is expected to boost sectors like e-commerce, finance, and education, driving innovation and economic growth. However, the high cost of Starlink’s hardware and subscriptions may limit its widespread adoption, especially for low-income households and small businesses, unless measures to improve affordability are introduced.

In the legal sector, Zimbabwe introduced important regulations in finance and ICT. The Exchange Control Order of 2024 limited the amount of foreign currency that could be carried out of the country, aimed at curbing illicit financial flows. In the ICT sector, new regulations set standards for apprenticeships, ensuring better training and certification in the growing technology field. These legal reforms seek to enhance financial regulation and build a more skilled workforce for Zimbabwe’s emerging digital economy.

Environmentally, Global and national efforts were underway during the quarter through preparations for COP 29 and consultations on the proposed Climate Change Bill in Zimbabwe. The bill aims to reduce emissions and promote low-carbon development, aligning the country’s efforts with global climate goals. Zimbabwe also submitted key climate reports to the UNFCCC and set a target to cut per capita greenhouse gas emissions by 40% by 2030. These initiatives underscore the country's commitment to both global climate action and local resilience-building efforts.

Overall, The PESTLE analysis suggests a cautiously optimistic global economic outlook, identifying key challenges and opportunities for Zimbabwe in areas such as political stability, economic reform, social welfare, technological progress, legal transparency, and environmental sustainability.

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1.0 Global Market Environment

1.1 World GDP

- 1.1.1 The IMF's World Economic Outlook (October 2024 Update) highlights that global growth remains steady but lacks dynamism, with disinflation offering optimism for a soft economic landing. However, this apparent stability is fragile, as it faces headwinds from geopolitical tensions, potential financial market volatility, and uncertainties in China's property sector. Additionally, the rise of protectionist measures and geoeconomic fragmentation could further undermine global growth prospects.
- 1.1.2 While global growth projections remain stable overall, notable revisions since April 2024 present a varied outlook. The U.S. growth forecast has been revised upward from 2.6% to 2.8% for 2024 and from 1.9% to 2.2% for 2025, offsetting downgrades in other advanced economies, particularly in Europe. For emerging markets, disruptions in commodity production and shipping, especially oil, along with conflicts and extreme weather events, have led to downward revisions in growth forecasts for the Middle East, Central Asia, and Sub-Saharan Africa, as reflected in Table 1.

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

	2023	2024	2025
World Output	3.3	3.2	3.2
Advanced Economies	1.7	1.8	1.8
United States	2.9	2.8	2.2
Euro-Area	0.4	0.8	1.2
Emerging Markets & Developing Economies	4.4	4.2	4.2
China	5.2	4.8	4.5
India	8.2	7.0	6.5
Sub-Saharan Africa	3.6	3.6	4.2
Nigeria	2.9	2.9	3.2
South Africa	0.7	1.1	1.5
Zimbabwe	5.3	2.0	6.1

Source: IMF, World Economic Outlook, October 2024 Update

1.2 Regional Economic Developments

- 1.2.1 The U.S. growth forecast has been revised upward, signalling a more positive economic outlook compared to other advanced economies. This optimism is driven by stronger consumer spending, resilient labour markets, and robust investment activity. In contrast, Europe's growth projections have been downgraded, particularly for its largest economies, as the region continues to face persistent challenges such as high inflation, energy supply constraints, and geopolitical uncertainties, which are weighing on business confidence and investment prospects.

- 1.2.2 Sub-Saharan Africa's GDP growth is projected to rise from 3.6% in 2023 to 4.2% by 2025, as weather-related shocks and supply issues ease. However, the 2024 forecast was revised down by 0.2 percentage points, while the 2025 outlook saw a slight increase of 0.1 percentage points. This revision reflects weaker-than-expected growth in Nigeria and the significant 26% contraction of South Sudan's economy due to ongoing conflict.

2.0 Political

- 2.1 In the third quarter of 2024, global politics have been shaped by significant trade and geopolitical dynamics, particularly influenced by the upcoming US presidential election. Emerging markets (EM) remain vulnerable, with trade restrictions potentially rising due to shifts in political and geopolitical strategies. The US-China trade relationship is especially strained, with the possibility of retaliatory actions from China posing risks to global trade, especially for EM economies. Mexico, on the other hand, stands to gain from potential US trade policy.
- 2.2 Additionally, Africa faces challenges from global trade and geopolitical shifts, particularly due to potential US-China tensions and the impact of the upcoming US election. A slowdown in China's economy could reduce demand for African exports, while a US focus on Mexico as a trade partner might divert investment away from African markets. Additionally, geopolitical tensions in the Middle East could pull Western attention away from Africa's security and development needs. However, these disruptions may also create opportunities for Africa to strengthen intra-African trade through initiatives like African Continental Free Trade Area (AfCFTA).
- 2.3 As the third quarter of 2024 began, Zimbabwe enjoyed a period of political stability, which is essential for boosting investor confidence and economic growth. This stability has positively impacted the business environment, encouraging investments in key sectors. On August 8, 2024, Zimbabwe assumed the Chairmanship of the SADC Standing Committee of Senior Officials, taking over from Angola. This leadership role enhances Zimbabwe's influence in shaping regional economic policies, fostering trade partnerships, and driving industrialization efforts across Southern Africa, positioning the country for greater regional cooperation and economic development.

3.0 Economic Factors

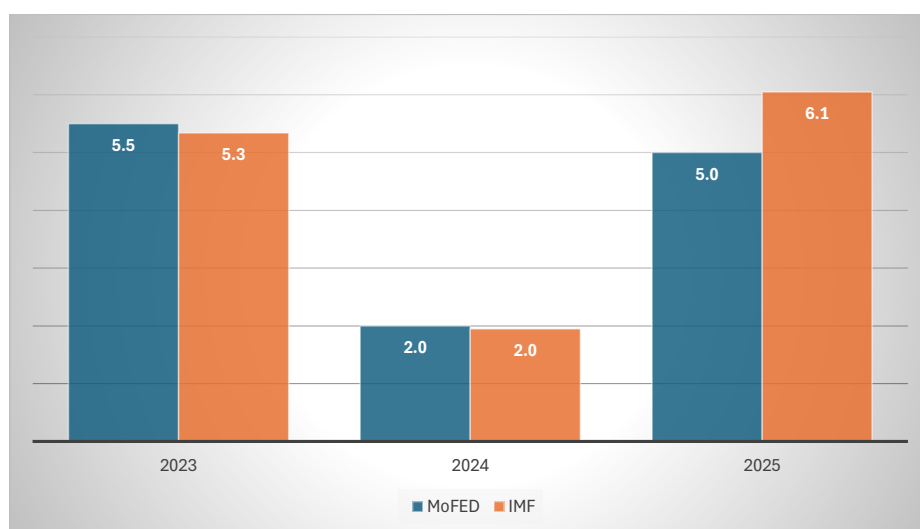
3.1 GDP Performance

- 3.1.1 The Ministry of Finance, Economic Development, and Investment Promotion (MoFEDIP) maintained its forecast of 2% GDP growth for Zimbabwe in 2024, as of the third quarter. This cautious outlook reflects the ongoing negative impacts of the El Nino-induced drought, which has severely affected agricultural output—a critical sector for Zimbabwe's economy. Reduced crop yields and livestock losses, coupled with heightened food insecurity, have dampened overall economic activity, particularly in rural areas where agriculture forms the

backbone of livelihoods. Additionally, the agricultural downturn has put pressure on related sectors such as manufacturing and retail, further constraining growth.

- 3.1.2 Similarly, the IMF offered an assessment in line with the MOFEDIP's projection in its October 2024 World Economic Outlook Report, projecting a 2.0% growth rate for Zimbabwe in 2024. This projection suggests the same views on the economy's resilience and ability to recover despite ongoing challenges. In terms of outlook, the IMF projects Zimbabwe to grow by 6.1% in 2025 above the 5% estimated by MOFEDIP.

Figure 1: Zimbabwe Economic Growth Prospects

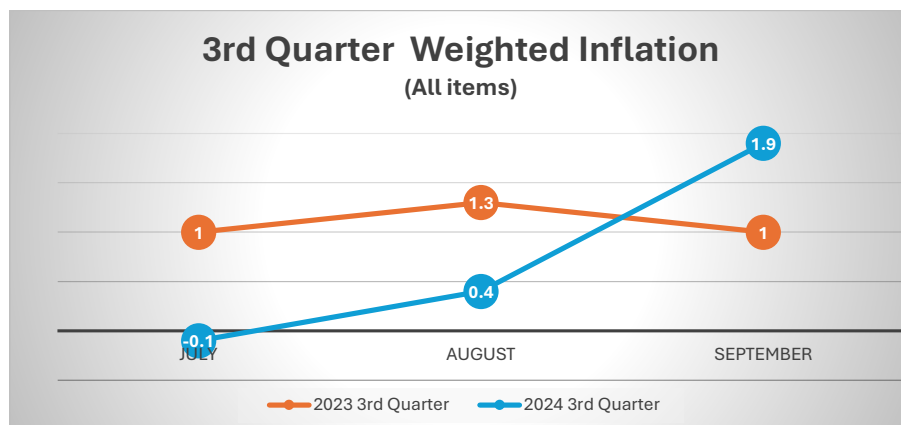


Source: MoFEDIP (June 2024); IMF World Economic Outlook Update (October 2024 Update)

3.2 Inflation

- 3.2.1 During the period, the month-on-month inflation showed mixed trends. In July, there was a slight deflation of -0.1%, indicating a marginal decline in the overall price levels of goods and services. However, inflation rebounded in August with a rate of 0.4%, followed by a sharp increase to 1.9% in September. In comparison, during the same period in 2023, inflation rates were more moderate, with 1.0% recorded in July, 0.4% in August, and 1.0% in September. Therefore, inflation in the third quarter of 2024 was notably higher overall compared to the corresponding period in 2023, particularly due to the significant rise in September as shown in Figure 2.

Figure 2: Inflation Developments



Source: ZimStat 2024

3.2.2 The primary factors driving monthly inflation during the period under review were the renewed exchange rate pressures that emerged in the second half of August 2024. This was evidenced by the widening gap between the official and parallel market exchange rates, contributing to heightened inflationary pressures. Additional factors exacerbating inflation included supply chain disruptions, rising production costs, seasonal variations, and recent policy changes. However, these drivers were closely linked to exchange rate disparities, which not only directly influenced ZWG inflation but also had an indirect impact on USD-denominated inflation, highlighting the significant role of currency volatility in shaping inflationary trends.

3.2.3 In September 2023, Zimbabwe's year-on-year inflation rate was 17.8%. By September 2024, the year-on-year inflation rate had significantly dropped to 4.2%. This lower figure means that, on average, prices were only 4.2% higher in September 2024 than they were in September 2023. The notable decline in Zimbabwe's year-on-year inflation rate from September 2023 to September 2024 largely stems from the Reserve Bank of Zimbabwe's adoption of restrictive monetary policy measures. By tightening the growth of money supply, the central bank effectively limited excess liquidity in the economy, helping to curb inflationary pressures

3.3 Foreign Currency InflowsBOP-developments

3.3.1 Data on foreign currency receipts for the third quarter of 2024 was unavailable at the time of writing this report. However, the available figures indicate a 9.5%

increase in total foreign currency receipts, rising to US\$6.2 billion during the period from January to June 2024. This growth was primarily driven by a combination of higher export earnings, particularly from mining and agriculture, and a notable uptick in diaspora remittances, which continue to be a key source of foreign exchange.

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Table 2: Total Foreign Currency Receipts

Type of Receipt		Jan - June	% Contr	Jan - June	% Contr	% Change
		2024		2023		
Export Proceeds		3,406.70	55%	3,071.1	55%	10.9%
International Remittances	Diaspora	997.91	16%	921.2	16%	8%
	NGOs	559.72	9%	514.1	9%	9%
Loan Proceeds (Private)		849.21	14%	919.0	16%	-7.6%
Income receipts		64.00	1.0%	62.1	1%	3%
Foreign Investment		268.80	4.4%	126.8	2.3%	112%
TOTAL		6,146.34	100%	5,614.2	100%	9.5%

Source: Exchange Control Records and Bank Supervision Application System (BSA), 2024

3.3.3 As illustrated in Table 2, export receipts contributed 55% of the country's total foreign currency inflows during the period from January 1 to June 30, 2024, while international money transfers, primarily from the diaspora, accounted for 25%.

3.4 Public Debt Developments

3.4.1 As of 30 September 2024, Zimbabwe's public debt continued to reflect significant fiscal challenges, with total debt reaching approximately US\$21 billion, based on the most recent figures published at the end of June 2024. This debt was comprised of US\$12.3 billion in external debt and US\$8.7 billion in domestic debt. The distribution shows that 58.7% of the total debt was external, while 41.3% was domestic. The high proportion of external debt

reflects the country's reliance on foreign financing, primarily to support infrastructure projects and cover external obligations. This external dependency presents vulnerabilities, particularly in the face of fluctuating exchange rates and the country's limited access to international capital markets.

- 3.4.2 The total debt burden poses substantial risks to Zimbabwe's fiscal sustainability, with external debt of US\$12.3 billion exerting pressure on the country's ability to meet repayment obligations. This is further complicated by the volatility of the Zimbabwean Gold (ZiG) and the strain it places on servicing foreign-denominated debt. Meanwhile, the US\$8.7 billion in domestic debt highlights the government's continued reliance on local borrowing to fund fiscal deficits. This growing domestic debt could crowd out private sector borrowing and potentially increase interest rates, further hampering economic growth.
- 3.4.3 However, the Government of Zimbabwe continued its efforts to address external debt obligations, making significant repayments despite ongoing fiscal constraints. Between January and May 2024, external debt payments totalled US\$19.8 million, with notable disbursements made to the China Exim Bank. These payments were primarily for the NetOne Network Expansion Phase 1 Project and the Victoria Falls International Airport Expansion Project. In addition, the government made progress in settling legacy debts, including a US\$2.5 million payment to Dutch farmers as part of ongoing compensation efforts, and a US\$60,000 payment toward the country's debt with Equatorial Guinea. These payments reflect the government's commitment to gradually reduce external debt, though the overall debt burden remains a significant challenge.

Table 3: External Debt Service-end of May 2024(US\$ millions)

	Jan-Mar	Apr-May
Active Portfolios		
China Exim Bank	-	2
Sino sure	-	2
OFID	1.92	0.85
IFAD	-	0.19
BADEA	-	0.75
Kuwait	0.23	0.01
SDR (Interest on drawdowns)	-	6.99
Legacy Debts		
Dutch Farmers	1.72	0.81
Equatorial Guinea	0.04	0.02
Token Payments		
World Bank	0.25	-
African Development Bank	0.5	-
European Investment Bank	0.1	-
16 Paris Club Creditors	1.38	-
Total	6.14	13.62

Source: MoFEDIP

3.5 Currency Developments

- 3.5.1 On the beginning of the 3rd quarter, the the transition to the ZiG currency and the adoption of a market-determined foreign currency system were seamless with no disruption to business and loss of real value to the transacting public. The Reserve Bank introduced the swipe facility for ZiG at Homelink and cash kiosks at bus termini to increase outreach and smoothen access to cash, especially with regard to coins for commuters' convenience.
- 3.5.2 The International Standard Organization (ISO) Committee on Currency accepted the currency code for the ZiG currency as ZWG. According to this development the currency will continue to be called ZiG, while ZWG will be used as a reference code on international trading platforms. The implementation process took effect on June 25, 2024, with both the old and new codes continuing to be used on all platforms until August 31, 2024. From 1 September 2024, the ZWL code ceased to be used as a reference code for Zimbabwe's currency.

3.6 Exchange Rate Developments

- 3.6.1 During the third quarter of 2024, Zimbabwe's exchange rate dynamics were characterized by significant volatility, reflecting mounting pressures on the ZiG. In the first half of the quarter, the official exchange rate remained relatively stable, with the ZiG trading between ZiG 13 and ZiG 14 per US dollar. However, growing disparities between the official and black-market rates became increasingly evident as speculative activities intensified and demand for foreign currency surged. This divergence was primarily driven by market participants seeking to hedge against inflationary pressures and currency depreciation.

3.6.2 In response to the widening gap, on September 30, 2024, the Reserve Bank implemented a 42.55% devaluation of the ZiG against the US dollar, moving the official rate to align more closely with market realities. Despite this adjustment, the official exchange rate closed the quarter at ZiG 24.88 per US dollar, still considerably lower than the black-market rate, which had surged to around ZiG 35 per US dollar. To stabilize the currency and mitigate further depreciation, the Reserve Bank injected US\$64 million into the interbank market.

Table 4: ZWG Exchange Rate Movements

Currency	Sep-23	Jan-24	Jun-24	QoQ		YtD		YoY	
				Sep-24	%Change	Sep-24	%Change	Sep-24	%Change
USD/ZWG	2.19	4.06	13.70	42.88	↑ 212.99	↑ 955.37	↑ 1857.99		
GBP/ZWG	2.67	5.15	17.31	33.32	↑ 92.49	↑ 546.87	↑ 1147.94		
EUR/ZWG	2.31	4.40	14.65	27.79	↑ 89.69	↑ 532.13	↑ 1103.03		
ZAR/ZWG	0.12	0.22	0.74	1.46	↑ 97.30	↑ 556.67	↑ 1116.67		

Source: Reserve Bank of Zimbabwe

3.6.3 From Table 4, the ZWG lost value against all major currencies as shown during the quarter. On QoQ the ZWG lost against the USD, GBP, EUR and ZAR by 212.99%, 92.49%, 89.69% and 97.30% respectively. The ZWG also lost value against the USD, GBP, EUR and ZAR both on YtD and YoY. This was mainly driven by ZWG devaluation by the Reserve Bank.

3.6.4 However, the persistent gap between the official and parallel market rates highlights ongoing challenges related to foreign currency shortages, inflationary expectations, and confidence in the local currency. This underscores the need for continued exchange rate reforms, alongside broader macroeconomic stabilization measures to restore market confidence and reduce reliance on informal markets.

3.7 Interest Rate Developments

3.7.1 On the 27th of September 2024, the Reserve Bank of Zimbabwe (RBZ) took decisive steps to address rising inflationary pressures that was witnessed during the third quarter by tightening monetary policy. The Monetary Policy Committee (MPC) raised the Bank Policy rate from 20% to 35%, significantly increasing borrowing costs to reduce excess liquidity in the economy and curb speculative activities. This move was aimed at anchoring inflation expectations and stabilizing the ZiG.

3.7.2 In addition to the interest rate hike, the MPC increased statutory reserve requirements for both local and foreign currency deposits. The reserve requirement for demand and call deposits was raised from 15% to 20%, while

savings and time deposits saw an increase from 5% to 15%. These adjustments were designed to restrict the lending capacity of commercial banks, thereby limiting credit expansion and reducing inflationary pressures driven by excessive liquidity in the financial system.

- 3.7.3 The RBZ also implemented foreign exchange controls by lowering the limit on foreign currency that individuals can take out of the country from US\$10,000 to US\$2,000. This measure was intended to curb capital flight and preserve foreign reserves, contributing to greater exchange rate stability. Collectively, these policy changes aimed to reduce money supply growth, stabilize prices, and ensure the long-term stability of the economy, though they could temporarily dampen economic activity by limiting credit availability.

3.8 Equity Market Developments

Zimbabwe Stock Exchange

- 3.8.1. During the third quarter of 2024, the Zimbabwe Stock Exchange (ZSE) experienced a bullish trend, with notable gains in key indices. The all-share index rose by 137.03%, while the top ten index increased by 86.38% (see Table 5), reflecting strong investor confidence and positive market sentiment. These gains were driven by increased demand for blue-chip stocks and overall optimism in the market despite broader economic challenges. The ZSE's performance during the quarter highlights a robust response to both domestic and global market conditions.
- 3.8.2 However, despite these impressive index gains, the value of traded shares on the ZSE saw a significant decline. The total value traded fell by 47.40% during the quarter, and on a year-to-date basis, value traded dropped by 51.96%. This decline in trading value suggests reduced liquidity in the market, as fewer high-value transactions were completed. The divergence between rising indices and declining trade volumes indicates that while stock prices were driven up, overall market activity slowed, possibly reflecting caution among larger investors amidst economic uncertainties.

Table 5: Zimbabwe Stock Exchange Movements

Index	Sep-23	Jan-24	Jun-24	Sep-24	QoQ %Change	YtD %Change	YoY %Change
All Share Index	50.68	214.59	102.69	243.41	↑ 137.03	↑ 13.43	↑ 380.29
Top 10 Index	22.42	97.19	137.75	256.74	↑ 86.38	↑ 164.16	↑ 1,045.14
Value Traded (ZiG)	772,310.08	10,281,524.55	9,390,279.32	4,938,869.91	↓ - 47.40	↓ - 51.96	↑ 539.49
Market Cap (ZiGmr)	3,944.58	16,655.81	37,506.14	72,750.63	↑ 93.97	↑ 336.79	↑ 1,744.32

Source: ZSE (2024)

Victoria Falls Stock Exchange

3.8.3 During the third quarter of 2024, the Victoria Falls Stock Exchange (VFEX) continued to show positive momentum, with the all-share index posting a modest 2.86% gain quarter-on-quarter (QoQ), a 3.03% increase year-to-date (YtD), and a substantial 41.82% rise year-on-year (YoY) (see Table 6). This bullish trend reflects growing investor confidence in the market, driven by the potential of listed companies and the allure of USD-denominated stocks on the VFEX. However, despite these index gains, the value traded on the exchange experienced a sharp decline, falling by 28.13% QoQ and 84.73% YtD, indicating reduced liquidity and trading volumes, as larger investors remained cautious amid broader economic challenges.

Table 6: Victoria Falls Stock Exchange Movements

Index	Sep-23	Jan-24	Jun-24	Sep-24	QoQ		YtD		YoY %Change
					%Change		%Change		
All Share Index	74.48	102.52	102.69	105.63	↑ 2.86		↑ 3.03		↑ 41.82
Value Traded (US\$)	34,724.95	268,866.76	57,142.27	41,067.13	↓ -28.13		↓ -84.73		↑ 18.26
Market Cap US\$ (mn)	1,006.12	977.70	975.87	1,002.39	↑ 2.72		↑ 2.53		↓ - 0.37

Source: VFEX (2024)

4.0 Social Factors

4.1 Education

- 4.1.1 During the first nine months of 2024, significant strides were made in Zimbabwe’s education sector, supported by a disbursement of ZiG6.7 billion during the first 6 months to the Ministries of Primary and Secondary Education, and Higher and Tertiary Education, Innovation, Science and Technology Development. Key milestones include the registration of 153 new schools to enhance access to inclusive education, the provision of boreholes to 84 schools, and the installation of solar energy and internet connectivity at 128 schools. These infrastructure improvements are critical for ensuring a conducive learning environment, particularly in rural and underserved areas.
- 4.1.2 In addition to infrastructure, there has been a strong focus on curriculum development and teacher capacity building. Government-led awareness campaigns aimed at improving the new curriculum and assessment methods were rolled out across the country. To support this, tuition fees for teachers undertaking degree programs at local universities were covered by the government, enhancing their professional qualifications. Furthermore, in response to the El Niño-induced drought, the government introduced a home-

grown school feeding program to provide hot meals for vulnerable students, helping to mitigate the risk of school dropouts due to food insecurity.

- 4.1.3 Higher and tertiary education also saw progress, with student enrolment reaching 152,466 by the end of the second quarter, including 927 students with disabilities. The government expanded the Work for Fees Programme, which allows disadvantaged students to work in exchange for financial support to continue their education. A total of 1,889 students have benefited from this initiative, surpassing the initial target of 900. These efforts underscore the government's commitment to making education more accessible and inclusive, particularly for disadvantaged groups.

4.2 Health

- 4.2.1 In the third quarter of 2024, Zimbabwe's healthcare sector saw significant advancements with the ongoing implementation of the Impilo Electronic Health Record (EHR) system. This cutting-edge digital platform has transformed healthcare delivery by replacing traditional paper-based systems, allowing for more efficient management of patient data. The Impilo EHR system streamlines workflows for healthcare providers, enabling quicker access to patient records, better coordination of care, and improved decision-making processes. This shift toward digital health records has enhanced the overall quality of care and improved healthcare outcomes, especially in rural areas where healthcare infrastructure is often lacking.
- 4.2.1 Additionally, Zimbabwe remained vigilant against the potential threat of Mpox during the quarter. Although no cases were reported by the end of September, the government maintained a high state of alert, closely monitoring the situation in neighbouring countries, particularly the Democratic Republic of Congo (DRC), which had reported the majority of Mpox cases. Given the virus's capacity for rapid spread, Zimbabwe's health authorities emphasized the importance of a proactive and coordinated response, working with regional and international partners to strengthen preventive measures and ensure readiness in case of an outbreak.

4.3 Poverty and Hunger

- 4.3.1 In 2024, an estimated 7.7 million Zimbabweans, including 6 million in rural areas and 1.7 million in urban areas, are projected to experience food insecurity and will require food assistance. By the end of the third quarter of 2024, Zimbabwe made significant strides in reducing poverty and hunger through government-led social support initiatives and agricultural programs. Social assistance coverage increased from 61% in 2022 to 66% in 2023, benefiting households with food aid, cash transfers, crop inputs, and other essential

services coordinated through the Integrated Social Protection Management Information System (ISPMIS). Key programs such as the Food Deficit Mitigation Strategy (FDMS) and Harmonised Social Cash Transfer (HSCT) helped alleviate poverty among vulnerable groups, while the Pfumvudza/Intwasa initiative increased maize and traditional grain production by matching inputs to agroecological zones.

- 4.3.2 In the fight against hunger, Zimbabwe saw improved food security, particularly through increased wheat production and the strengthening of agricultural resilience. Initiatives like the Smallholder Irrigation Revitalization Programme and Mechanization Development Alliance enhanced productivity by providing better access to irrigation and machinery. However, the El Niño-induced drought in 2024 posed new challenges, prompting the government to further strengthen resilience through programs like Rural Development 8.0 and Enhanced Resilience of Vulnerable Households in Zimbabwe (ERVHIZ). These comprehensive efforts have laid a solid foundation for continued progress in poverty reduction and hunger alleviation.

5.0 Technological Factors

- 5.1 During the third quarter of 2024, a key technological milestone for Zimbabwe was the official launch of Starlink's satellite internet service. This development promises to revolutionize internet connectivity across both urban and rural areas, providing high-speed, reliable internet to regions where traditional infrastructure has been lacking. Starlink's introduction is expected to significantly boost the country's digital economy, particularly in sectors such as e-commerce, finance, and technology startups, where access to fast internet is crucial for operations. Businesses can now leverage better connectivity to enhance productivity, access global markets, and foster innovation, which could drive economic growth.
- 5.2 The impact of Starlink extends beyond the business sector, with potential benefits for education and healthcare. In education, Starlink's high-speed internet can facilitate improved access to online learning platforms, offering students in remote areas the same opportunities as their urban counterparts. Similarly, in healthcare, telemedicine services could expand, enabling patients to consult with doctors remotely, thus improving healthcare access in underserved regions. These advancements in education and healthcare are likely to create a more skilled and healthier workforce, further enhancing Zimbabwe's economic prospects.
- 5.3 However, the high cost associated with Starlink's hardware and monthly subscriptions presents a barrier to widespread adoption, particularly for small businesses and low-income households. The initial expense may limit its

accessibility, particularly in rural and low-income areas, unless measures such as subsidies, price adjustments, or government support are introduced. While the service has the potential to be a game-changer, its broader impact will depend on efforts to make it affordable and accessible to a larger portion of the population.

6.0 Environmental Factors

- 6.1 During the third quarter of 2024, global and local environmental efforts gained momentum as preparations intensified for the upcoming UN Climate Change Conference (COP 29), set for November in Baku, Azerbaijan. This critical conference will bring 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. The outcomes of COP 29 are expected to shape the future of international climate action, focusing on resource mobilization for climate-vulnerable countries like Zimbabwe, which are already feeling the impacts of climate change.
- 6.2 In Zimbabwe, significant developments were made toward strengthening the country's climate governance. Parliament initiated nationwide consultations on the proposed Climate Change Bill, which seeks to establish a legal framework for reducing greenhouse gas emissions and promoting low-carbon development pathways. The Bill proposes the creation of a regulatory agency and a climate fund to finance mitigation and adaptation projects, aligning Zimbabwe's legislative framework with its Climate Change Policy. This consultative process reflects the government's commitment to engaging various stakeholders, ensuring that the Bill is inclusive and effective in addressing the country's environmental challenges.
- 6.3 On a practical level, Zimbabwe has continued to implement innovative strategies to address climate change and build resilience. The country's Low Emission Development Strategies (LEDS) and Revised Nationally Determined Contributions (NDCs) set a target of reducing per capita greenhouse gas emissions by 40% by 2030. Additionally, Zimbabwe has enhanced its reporting obligations to the UNFCCC by submitting its 4th National Communication and First Biennial Update Report, securing resources to support future climate action. These initiatives demonstrate the country's commitment to contributing to global climate goals while ensuring sustainable development at home.

7.0 Legal Factors

- 7.1 During the third quarter of 2024, significant legal developments occurred in Zimbabwe, with the introduction of key statutory instruments impacting both the financial and ICT sectors. One major development was the enactment of the Exchange Control (General Amendment) Order, 2024, under Statutory Instrument (SI) 166, which regulates the amount of currency individuals can carry when traveling out of Zimbabwe. The legislation stipulates that travellers are allowed to carry a maximum of US\$2,000 or its equivalent in any other foreign currency. This measure is aimed at curbing illicit financial flows and ensuring better regulation of foreign exchange in line with broader economic management policies.
- 7.2 In addition, the ICT sector witnessed regulatory reforms through the enactment of Statutory Instrument (SI) 141 of 2024, introduced by the Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development. This SI details the Manpower Planning and Development (Information Communication Technology Industry) Regulations, which set out guidelines for apprenticeships in the ICT industry. The regulations cover critical aspects such as the minimum age and qualifications for apprenticeships, training and certification standards, and wage structures. These reforms aim to standardize ICT training and improve the quality of the workforce in Zimbabwe's rapidly growing technology sector, positioning it for enhanced innovation and development.

8.0 Recommendations

- 8.1 The following recommendations are being proposed:
- 8.1.1 The revised projections for global and regional growth indicate external pressures such as geopolitical tensions, commodity market fluctuations, and protectionist trends, which could affect Zimbabwe's economic trajectory. Zimbabwe should capitalize on sectors less vulnerable to global shocks, such as agriculture, renewable energy, and tourism.
- 8.1.2 Zimbabwe's leadership of the SADC Standing Committee presents a key opportunity to strengthen regional trade and attract foreign investment by promoting stability and regional integration. Given the risks posed by global geopolitical tensions, particularly the US-China trade relationship, Zimbabwe should diversify its trade partnerships, capitalize on regional initiatives like AfCFTA, and focus on enhancing export-oriented sectors.
- 8.1.3 The infrastructure that was built for the SADC Summit, such as the New Parliament Building and state-of-the-art villas, can be leveraged for tourism,

international conferences, and as diplomatic facilities. Promoting Zimbabwe as a prime location for international events can boost tourism and foreign investment.

- 8.1.3 To address the rising inflation and currency volatility, RBZ and MoFEDIP should implement measures that stabilize the exchange rate and narrow the gap between official and parallel market rates. This can be achieved through prudent monetary policy, improved management of foreign exchange reserves, and continued efforts to boost export earnings, particularly from the mining sector. Additionally, enhancing supply chain efficiency and reducing production costs through infrastructure improvements and energy reliability will help manage inflationary pressures. The government must also maintain transparency in economic reforms to build market confidence and improve currency stability.
- 8.1.4 The MOFEDIP to implement comprehensive debt management strategies that prioritize debt sustainability. Engage in transparent reporting and accountability in the management of public funds. Continue dialogue with international creditors and financial institutions to restructure and resolve debt issues. Focus should also be on building strong relationships with multilateral organizations and bilateral partners.
- 8.1.5 To enhance the equity market's overall health and investor confidence in Zimbabwe, it is essential to implement measures that improve liquidity and trading volumes on both the ZSE and the VFEX. This can be achieved by encouraging greater participation from institutional investors through incentives such as tax breaks or reduced trading fees, which may stimulate higher-value transactions
- 8.1.6 To manage the potential threat of Mpox in Zimbabwe, the Government should adopt a proactive approach that includes public education on symptoms, transmission, and prevention, along with a robust surveillance system to monitor cases regionally. Establishing collaborations with regional and international health organizations will enhance information sharing and laboratory capacities for timely testing and diagnosis. Additionally, a targeted vaccination strategy for high-risk populations and healthcare workers should be implemented
- 8.1.7 The Government should prioritize the swift enactment and execution of the Climate Change Bill, ensuring that it incorporates concrete measures for reducing emissions and strategies for climate adaptation. Establishing a Climate Change Fund will be essential to finance these initiatives effectively.

9.0 References

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Annexes

Annexure A: PESTEL-SWOT Analysis Matrix for the Quarter Ending 30 September 2024

	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
POLITICAL	<ul style="list-style-type: none"> -Regional leadership in SADC enhances Zimbabwe`s capacity to drive industrialization. - Current political stability provides conducive environment for business and investment. -Ongoing ease of doing business reforms. -The country has well established institutions. 	<ul style="list-style-type: none"> -limited diversification in trade and foreign investment could expose the economy to external shocks. -dependence on external aid and debt causes vulnerability. -lack of policy consistency. - Corruption - Rent seeking behavior. 	<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"> - A high adult literacy rate of 87.70% 	<ul style="list-style-type: none"> - vulnerability to natural disasters e.g. the ongoing El-nino. 	<ul style="list-style-type: none"> -Population growth. -Youthful population – demographic dividend. 	<ul style="list-style-type: none"> - impact of climate change on social stability -drug and substance abuse.

	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
	<ul style="list-style-type: none"> -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"> - 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"> -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"> -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"> -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. - Supportive legal environment. 	<ul style="list-style-type: none"> - Slow progress in passing Bills that are meant to promote ease of doing business. -lingering issues related to public trust in the legal system particularly legal reforms and appointments. 	<ul style="list-style-type: none"> -New ICT apprenticeship regulations aimed at enhancing human capital in the sector. -Special Economic Zones Act/ Policy. -Ease of Settling, Commercial and other Disputes Bill. 	<ul style="list-style-type: none"> -Slow progress in resolving commercial court cases. -judicial independence -potential for legal disputes with the transition to new currency.

	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
			-Amendment of the Indigenization and Economic Empowerment Policy -Abolition of death penalty aligns with progressive human rights standards.	
ENVIRONMENTAL	-Commitment to climate action. -Active environmental engagement. -Legislative efforts (Climate Change Bill)	- High regulatory fees. -vulnerability to climate change	-Increasing global and national interest in climate change. -public awareness and education.	- Environmental degradation -implementation and enforcement of environmental regulations.

NECF Secretariat 2024