MINISTRY OF FINANCE, ECONOMIC DEVELOPMENT AND INVESTMENT PROMOTION

2027 BUDGET STRATEGY PAPER

Accelerating Economic Transformation and Building Resilience to Climate and Global Shocks



MACROECONOMIC STABILITY | STRUCTURAL TRANSFORMATION | INCLUSIVE GROWTH | RESILIENCE AND SUSTAINABILITY

VISION 2030



ZIMBABWE

BUDGET STRATEGY PAPER: 2027

"Accelerating Economic Transformation and Building Resilience to Climate and Global Shocks"

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INTRODUCTION

1. The 2027 Budget Strategy Paper is presented at a defining moment in Zimbabwe's development journey. As the nation advances towards the attainment of Vision 2030, ***"Towards a Prosperous and Empowered Upper Middle-Income Society"***, the focus has decisively shifted from economic stabilisation towards driving economic transformation and building resilience to climate and global shocks, while accelerating structural transformation, expanding inclusive growth and strengthening economic resilience. The Budget Strategy Paper (BSP) provides the policy and fiscal framework guiding the formulation of the 2027 National Budget, the second year of implementing the National Development Strategy 2 (NDS2: 2026–2030).

2. Under the theme, ***"Accelerating Economic Transformation and Building Resilience to Climate and Global Shocks"***, the 2027 BSP reflects the imperative to drive economic transformation and strengthen the economy's resilience to climate related and global shocks, while consolidating recent macroeconomic stabilisation gains and addressing structural constraints that continue to limit productivity, competitiveness, inclusive growth and sustainable development. Sustainable prosperity requires transforming the economy from dependence on few commodities towards a diversified, value-added and innovation-driven economy, an economy that harnesses technology to expand production and productivity across all sectors of the economy, strengthens domestic value chains, promotes technological accretion and creates productive employment opportunities.

3. The year 2027 is particularly significant as it falls within the implementation period of NDS2, the country's final medium-term development plan on the road to Vision 2030. Over the past seven years, Government has implemented wide-ranging macroeconomic, fiscal and structural reforms that have contributed to greater economic stability, enhanced fiscal discipline, improved infrastructure development and increased investor confidence. Significant investments in transport, energy, agriculture, mining, housing and Information and Communication Technology (ICT) are creating new opportunities enhancing production and productivity, trade and employment across the economy, providing the base from which the accelerated transformation envisaged under the 2027 National Budget will be anchored.

4. Notwithstanding these achievements, the operating environment remains characterised by heightened global economic uncertainty. Geopolitical tensions, international trade fragmentation, evolving global trade dynamics, climate change and supply chain disruptions continue to pose significant risks. On the domestic front, climate variability, infrastructure gaps, limited fiscal space and productivity challenges underscore the importance of building a more resilient and diversified economy.

5. The 2027 National Budget will, accordingly, prioritise resources towards the facilitation of industrial growth, infrastructure development, energy security, agricultural transformation focusing on irrigation, mining value addition, digitalisation, skills development and private sector-led economic expansion. Macroeconomic stability, through fiscal discipline, exchange rate stability, sound public debt management and stable prices remains the bedrock for long-term investment and structural transformation.

ECONOMIC DEVELOPMENTS AND OUTLOOK

6. The economic outlook underpinning the 2027 Budget Strategy Paper reflects a period of guarded optimism, shaped by both domestic resilience and amplified climate related and global shocks. Following the introduction of the Zimbabwe Gold (ZiG) currency and the maintenance of fiscal prudence, improved fiscal and monetary policy coordination, the economy has consolidated gains on macroeconomic stability, with inflation moderating to single-digit levels in January 2026, a first in over three decades. Growth is, therefore, projected to continue at a robust pace, supported by mining sector growth momentum and a steady rebound in manufacturing and services sectors.

Global Developments and Outlook

7. The global economy continues to navigate a complex and uncertain environment shaped by geopolitical tensions, shifting trade dynamics and tighter global financial conditions. While growth has shown resilience in the face of successive shocks, the pace of expansion remains subdued relative to historical norms, with activity tempered by elevated uncertainty and structural headwinds.

8. Global growth is projected to slow to 3.0% in 2026 before recovering to 3.4% in 2027, down from the 3.5% average recorded in 2024 and 2025 and well below the pre-pandemic averages. The modest slowdown reflects the effects of the Middle East conflict and higher energy prices, partly offset by accelerated momentum in the global technology cycle driven by advances in artificial intelligence. Downside risks remain elevated particularly if hostilities erupt once again leading to renewed military conflagration in the Middle East, widening the geopolitical tensions. Weaker-than-expected Artificial Intelligence (AI)-driven productivity gains, or renewed trade tensions could further weaken global demand with multilayered implications for small open economies, like Zimbabwe.

Table 1: Global Growth Estimates and Projections

Year	2024	2025	2026f	2027f	2028f	2029f
World	**3.5**	**3.5**	**3.0**	**3.4**	**3.2**	**3.2**
Advanced economies	1.9	1.9	1.7	1.8	1.7	1.6
United Kingdom	1.0	1.4	1.0	1.3	1.6	1.6
United States	2.8	2.1	2.3	2.2	2.1	1.9
Euro area	1.0	1.4	0.9	1.2	1.4	1.2
Emerging Market & Developing Economies	4.5	4.5	3.8	4.5	4.2	4.1
China, People's Republic of	5.0	5.0	4.6	4.1	4.0	3.7
India	7.1	7.7	6.4	6.7	6.5	6.5
Sub-Saharan Africa	4.2	4.5	4.3	4.5	4.5	4.7
Nigeria	4.1	4.0	4.1	4.3	4.1	4.2
South Africa	0.5	1.1	1.1	1.3	1.5	1.7

Source: IMF World Economic Outlook Update, July 2026

Sub-Saharan Africa Economic Outlook

9. The region is expected to expand by 4.3% in 2026, recovering to 4.5% in 2027. The Middle East War has amplified the risks to regional growth prospects, particularly for countries which are net importers of crude oil. The shock has caused a rapid increase in key commodity prices, particularly in fuel and fertilizer. These costs are cascading through economies and will occasion higher food prices beyond the near term. Food insecurity and other social indicators, already weakened by the pandemic, face renewed headwinds from rising global food prices.

Table 2: Selected Sub-Saharan African Economies GDP Growth (%)

	2025	2026f.	2027f
Sub-Saharan	4.5	4.3	4.5
Fuel Exporters	4.0	3.7	4.0
Nigeria	4.0	4.1	4.3
Angola	3.1	2.3	2.6
Middle-Income Countries	3.6	3.5	3.7
South Africa	1.1	1.0	1.3
Mauritius	3.1	3.4	3.4
Zambia	3.8	4.3	4.7
Low-Income Countries	6.8	6.5	6.3
Ethiopia	9.2	9.2	7.9
Tanzania	5.9	5.9	6.1
Uganda	6.7	7.5	8.2

Source: IMF Regional Economic Outlook April 2026

10. The Southern African Development Community (SADC) real GDP growth is projected at 2.9% and 3.0% in 2026 and 2027, respectively. Growth is underpinned by macroeconomic stabilisation gains, firmer commodity revenues for resource exporters and easing inflation supporting domestic demand. Elevated energy and higher input costs and weakening external demand combine to moderate growth prospects.

Table 3: Selected SADC Countries GDP Growth Projections (%)

	2025 Est.	2026 Proj.	2027 Proj.
Southern African Development Community	2.9	2.9	3.0
Botswana	-0.9	4.7	2.2
Lesotho	1.4	1.1	0.8
Madagascar	2.8	3.6	4.1
Mozambique	-0.5	0.5	2.7
Namibia	2.4	2.4	2.7
Eswatini	3.6	4.0	3.5
Tanzania	5.9	5.9	6.1
Zimbabwe	8.3	5.0	5.0

Source: IMF Regional Economic Outlook April 2026

11. The region is not immune to downside risks amid elevated global uncertainty and regional macroeconomic vulnerabilities. A prolonged conflict in the Middle East could push prices higher and trigger a risk-off episode, sharply increasing borrowing costs and forcing abrupt adjustments in countries with large refinancing needs.

International Commodity Market Outlook

12. Commodity markets are expected to rebalance in 2027 following the historic shock caused by the outbreak of war in the Middle East and the subsequent closure of the Strait of Hormuz, which produced the largest oil supply loss on record. After the expected surging by 16% in

2026, the first annual increase since 2022, average commodity prices are projected to decline by 12% in 2027 as supply disruptions subside and shipping normalises. The Total Index is expected to peak at 113.7 in 2026, before easing back to 99.8 in 2027, close to its 2025 level, signalling a broad return toward pre-shock conditions across most commodity groups.

Table 4: Commodity Price Indices Developments

Commodity	2024	2025	2026f	2027f
Total Index	**105.1**	**98.4**	**113.7**	**99.8**
Energy	**101.5**	**90.0**	**111.3**	**92.1**
Non-Energy	**112.5**	**115.4**	**118.7**	**115.4**
Agriculture	115.0	115.7	109.3	110.0
Beverages	176.4	207.3	144.8	147.8
Food	115.8	109.2	111.9	113.3
Oils and Meals	106.9	104.5	109.0	109.3
Grains	112.9	101.3	103.7	106.0
Other food	130.4	122.7	123.1	125.2
Raw Materials	81.6	84.9	84.9	82.6
Timber	79.6	81.8	81.7	82.9
Other Raw Materials	83.9	88.4	88.4	82.2
Fertilizers	117.6	138.7	181.3	152.1
Metals and Minerals	106.7	112.2	130.8	122.3
Base Metals	114.1	122.3	145.8	135.6
Precious Metals	**180.2**	**258.6**	**368.3**	**337.7**

Source: Commodity Markets Outlook, April 2026

13. The projected 2027 correction is forecast to be led by the same sectors which contributed to the 2026 spike. Energy prices, forecast to surge in 2026 on conflict-related supply disruptions, are projected to moderate in 2027 as disruptions abate and markets remain well supplied, with Brent crude expected to average around US$70 per barrel.

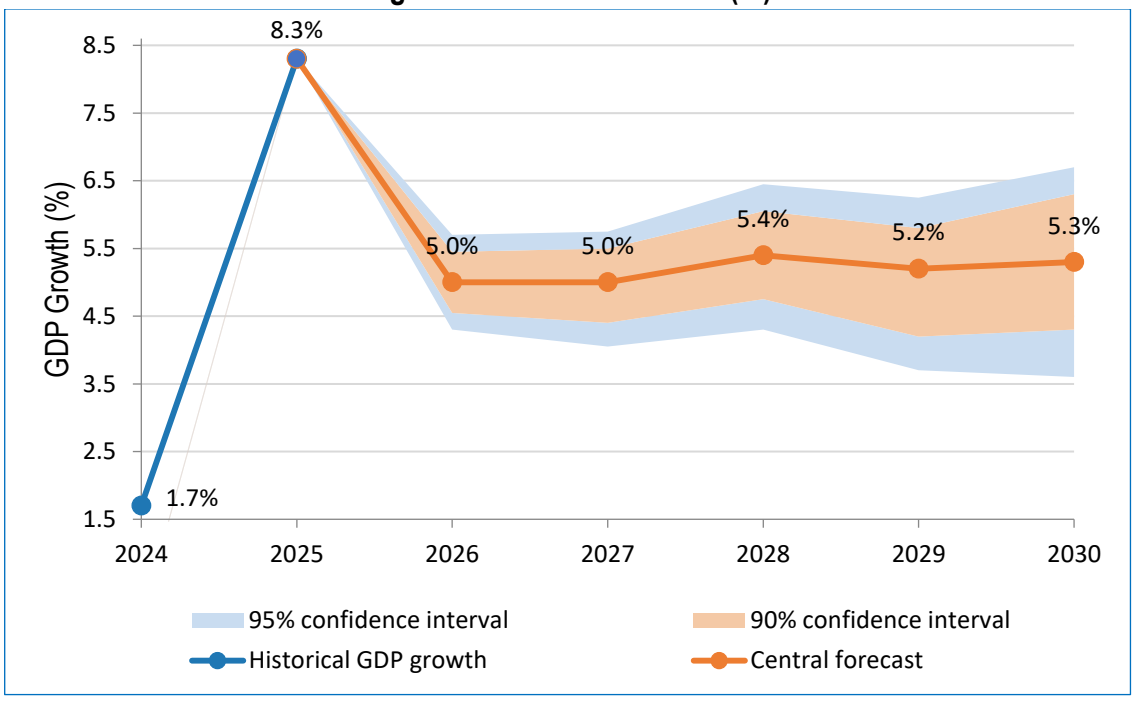
14. Base metals, forecast to peak in 2026, are projected to ease by approximately 7% in 2027 with copper declining by about 8%, tin by 10% and aluminium by 6% as supply conditions normalise, although nickel is projected to rise by a further 3% on account of Indonesia's quota restrictions. This projected pullback is expected to reflect a gradual normalisation of supply rather than a fundamental weakening of demand. Precious metals, forecast to rise sharply in 2026, are projected to decline by about 8% in 2027, with gold expected to retreat by around 7% from its 2026 projected peak and platinum forecast to fall by 13% to approximately US$1 700 per troy ounce, as geopolitical tensions ease, central-bank gold purchases moderate and elevated interest rates raise the opportunity cost of holding non-yielding assets.

Domestic Economic Outlook

15. The economy is projected to record growth of 5% in 2027, predicated on the assumption of mineral beneficiation progress, manufacturing sector value addition, technology-based productivity gains across sectors and the sustained implementation of ease of doing business reforms. Growth is projected to be anchored by mining and quarrying (5.4%), manufacturing (4.8%) and electricity (4.0%), under the following assumptions:

- Favourable international commodity prices;
- A stable macroeconomic environment; and
- Improved electricity supply.

Figure 1: Economic Growth (%)



Source: MOFEDIP, RBZ & ZIMSTAT

16. The outlook is, however, subject to significant downside risks, which could materially affect the projected growth in 2027, owing to a forecast El Niño–induced drought expected to affect Southern Africa during the 2026/2027 agricultural season and a possible weakening of precious mineral prices on international markets. Softening mineral prices weigh on foreign currency receipts and slow expansion programmes in the mining sector, while the anticipated drought would reduce agricultural output and depress the performance of agriculture linked sectors. These risks underscore the need to intensify economic diversification, enhance value

addition and beneficiation, as well as accelerate targeted irrigation development to strengthen resilience to climate-related shocks.

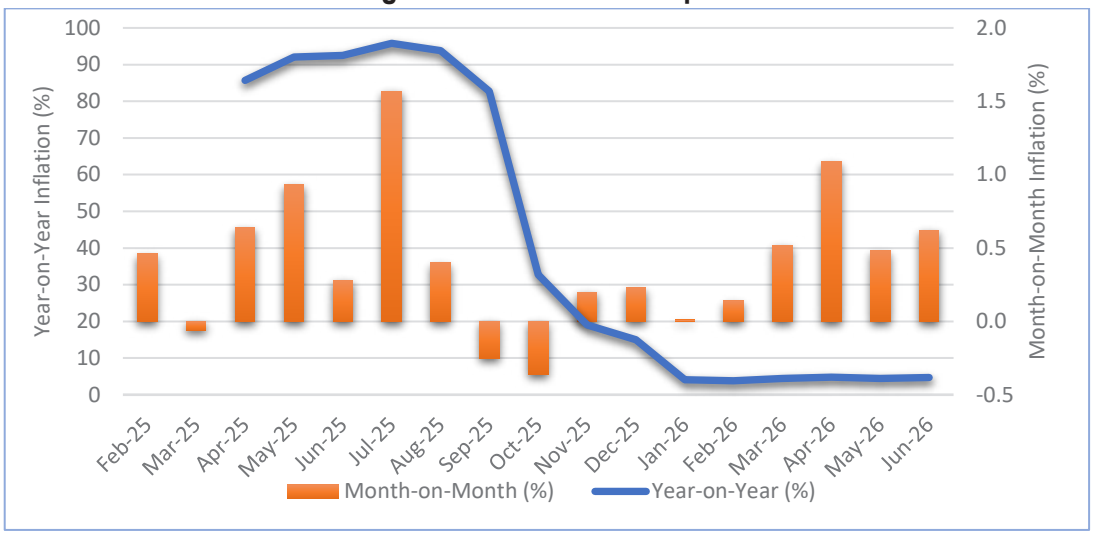
17. Since 2014, the economy has experienced several drought episodes, notably during the 2014/15, 2015/16 (El Niño-induced), 2018/19, 2019/20 and 2023/24 (El Niño-induced) agricultural seasons, during which economic growth moderated to 1.8%, 0.8%, -6.3%, -7.8% and 1.7%, respectively. These episodes were characterised by reduced agricultural production and weakened overall economic performance.

18. Notwithstanding, the projection of another El Niño-induced drought during the 2026/27 season, the 5% GDP growth projection assumes well executed mitigation measures to reduce, though not fully offset the drought impact. Key among these is targeted irrigation development being implemented, aimed at reducing dependence on rain-fed agriculture. Through increased utilisation of the country's extensive network of dams for irrigation, crop production can be sustained even under adverse weather conditions, thereby cushioning the economy against the full impact of the anticipated drought.

Inflation and Exchange Rate Outlook

19. Inflation has remained subdued, with no build-up of incipient inflation pressures in the economy. The ZiG annual inflation rate decelerated from 95% in July 2025 to 15% by December 2025 and 4.1% in January 2026. ZiG annual inflation rate averaged 4.4% for the first half of the year. This price stability is expected to be maintained through the remainder of 2026 and into 2027.

Figure 2: Inflation Developments



Source: ZIMSTATS

20. In 2027, the inflation rate is projected to remain low. The assumptions underpinning this growth projection are summarised below:

- Optimal liquidity management;
- Sustained implementation of reforms to enhance the ease of doing business;
- Well anchored inflation expectations; and
- A stable geopolitical landscape with minimal disruption to international trade and supply chains.

FISCAL POLICY THRUST

21. The 2027 National Budget will be anchored on fostering economic resilience, sustaining growth momentum and enhancing macroeconomic stability in the face of both domestic and external vulnerabilities. Anchored on, ***"Accelerating Economic Transformation and Building Resilience to Climate and Global Shocks",*** the fiscal policy thrust of the 2027 National Budget will seek to deepen the implementation of NDS2 by channelling public resources towards high-impact programmes and projects to catalyse value addition, strengthen economic resilience and entrench structural transformation. In this regard, expenditure prioritisation will favour productive sectors, beneficiation and enabling infrastructure, while safeguarding inclusive growth and improvements in the welfare of citizens, consistent with the tenets of Vision 2030.

22. Consistent with this thrust, the 2027 Macroeconomic Framework is premised on sustaining fiscal consolidation as a key anchor for macroeconomic stability. Government will continue to enhance domestic resource mobilisation, pursue prudent expenditure management and contain the fiscal deficit within sustainable levels, targeting a budget deficit of around 0.5% of GDP, well within the statutory ceiling of 3% of GDP. This deficit position arises from projected total revenue of ZiG331.1 billion against planned expenditure outlays of ZiG340.0 billion.

23. In support of these objectives, efforts to strengthen public financial management systems and improve expenditure efficiency will continue to be intensified.

Table 5: Macroeconomic Framework

	2024	2025	2026	2027	2028	2029	2030
National Accounts							
Real GDP (ZiG M)	1,431,863.87	1,550,523.3	1,628,588.3	1,709,982.0	1,802,842.9	1,896,465.2	1,997,141.1
Nominal GDP (ZiG M)	822,938.29	1,550,523.3	1,740,621.2	1,928,511.6	2,149,017.6	2,402,667.2	2,698,337.3
Real GDP Growth (%)	1.7	8.3	5.0	5.0	5.4	5.2	5.3
Government Accounts							
Revenues	117,853.53	223,037.2	287,640.0	331,106.2	381,391.2	441,106.2	502,199.4
% of GDP	14.32	14.4	16.5	17.2	17.7	18.4	18.6
Expenditures (ZiG M)	113,853.48	217,155.2	290,881.1	340,024.3	391,373.8	467,963.9	540,052.7
% of GDP	13.83	14.0	16.7	17.6	18.2	19.5	20.0
Expenses	84,891.99	166,553.6	249,804.4	270,830.9	293,917.8	337,395.5	379,113.1
% of GDP	10.32	10.7	14.4	14.0	13.7	14.0	14.0
Use of goods and services	20,545.61	44,362.1	47,445.8	52,465.4	56,474.8	67,526.7	77,929.0
% of GDP	2.50	2.9	2.7	2.7	2.6	2.8	2.9
% Total Expenditure	18.05	20.4	16.3	15.4	14.4	14.4	14.4
% of Revenue	17.43	19.9	16.5	15.8	14.8	15.3	15.5
Compensation of Employees	55,925.20	102,788.7	152,255.6	165,553.1	186,881.7	211,731.0	236,033.7
% of GDP	6.80	6.6	8.7	8.6	8.7	8.8	8.7
% Total Expenditure	49.12	47.3	52.3	48.7	47.8	45.2	43.7
% of Revenue	47.45	46.1	52.9	50.0	49.0	48.0	47.0
Social Benefits, Subsidies	7082.3	14,763.7	41,620.1	44,596.4	43,503.8	52,017.3	60,030.4
% of GDP	0.86	1.0	2.4	2.3	2.0	2.2	2.2
Interest Payments	1,338.93	4,639.1	8,482.8	8,216.1	7,057.5	6,120.6	5,120.0
% of GDP	0.16	0.3	0.5	0.4	0.3	0.3	0.2
% of Revenue	1.14	2.1	2.9	2.5	1.9	1.4	1.0
Capital Expenditure	28,961.49	50,601.6	41,076.7	69,193.3	97,456.1	130,568.4	160,939.5
% of GDP	3.52	3.3	2.4	3.6	4.5	5.4	6.0
Overall-Balance	4,000.05	5,882.0	-3,241.1	-8918.1	-9,982.6	-26,857.7	-37,853.3
% of GDP	0.49	0.4	-0.2	-0.5	-0.5	-1.1	-1.4

Source: MoFEDIP

24. Emphasis in 2027 will be placed on disciplined policy execution, efficient domestic resource mobilisation, complemented by sustained expenditure prioritisation and rationalisation, in order to consolidate fiscal prudence and entrench macroeconomic stability. This disciplined fiscal stance remains the cornerstone of durable macroeconomic and price stability, providing the foundation upon which the broader objectives for transformative growth and industrialisation will be advanced over the medium term.

25. The fiscal policy thrust for 2027 will also seek to maintain fiscal discipline, enhance expenditure efficiency and strengthen policy coordination between Treasury and the Central Bank to entrench macroeconomic stability and broaden confidence in the financial system. Government will maintain a prudent fiscal framework that prioritises productive public expenditure. The fiscal rule will seek to maintain sustainable fiscal deficits, ensure public debt sustainability, contain the public sector wage bill within sustainable levels and enhance transparency and accountability in public financial management. Fiscal policy will also support financial sector development, including capital markets deepening, growth in insurance and pension funds, expansion in financial intermediation and value creation on both Stock markets.

Revenue Mobilisation Strategy

26. As the country expands implementation of the National Development Strategy 2 (NDS2), sustainable domestic resource mobilisation will remain central to financing Government priorities, accelerating inclusive economic growth and supporting the attainment of Vision 2030. Consistent with the Domestic Resource Mobilisation Strategy, Government will continue implementing comprehensive tax policy and revenue administration reforms aimed at increasing revenue productivity, broadening the tax base, promoting voluntary compliance and improving the efficiency, equity and fairness of the tax system.

27. The 2027 National Budget will, therefore, focus on strengthening domestic revenue mobilisation through the following strategic interventions:

- Broadening the tax base;
- Rationalisation of tax expenditures;
- Modernisation and digitisation of revenue administration;
- Simplification of tax administration;
- Strengthening intergovernmental fiscal coordination; and
- Strengthening tax governance and compliance.

Expenditure Priorities

28. Government expenditure strategy in 2027 will continue to safeguard macroeconomic stability while deepening the structural reforms necessary to sustain inclusive growth. Fiscal policy will

remain anchored on prudent expenditure management by aligning expenditure outlays to available resources.

29. Within this resource envelope, Government will endeavour to balance between recurrent and capital expenditure, safeguard debt-service obligations and maintain adequate contingency provisions to absorb climate-related and external shocks to deliver a credible, financed budget in which no single expenditure category crowds out priority development spending.

30. As compensation of employees remains the largest component of recurrent expenditure, employment costs will continue to be gradually managed to a sustainable ceiling of less than 50% of revenue, ensuring that the wage bill does not crowd out the financing of critical public services, social protection programmes and infrastructure investment.

31. To support effective budget formulation and execution, the National Standardised Price List issued by Government and the Procurement Regulatory Authority of Zimbabwe will serve as the benchmark for costing across all Ministries, Departments and Agencies (MDAs), promoting uniformity, transparency and fiscal discipline in the utilisation of public resources.

32. Consistent with Programme Based Budgeting principles, the 2027 National Budget will allocate funding to outputs and outcomes aligned with NDS2 objectives, channelling limited fiscal resources towards high impact, transformative programmes and projects that yield the greatest developmental benefit for citizens.

33. Government remains committed to maintaining fiscal discipline, strengthening public financial management and preventing the accumulation of expenditure arrears. Under the Expenditure Arrears Clearance Strategy (2026–2030), all MDAs will undertake financial commitments only within approved budget appropriations. MDAs adherence to the approved budget is sacrosanct and breaches will attract sanctions in accordance with the Public Finance Management Act. Accordingly, no MDA shall initiate procurement, sign contracts, issue purchase orders or commit financial resources without prior confirmation of sufficient budgetary provision.

Fiscal Balance

34. In line with Government's commitment to fiscal sustainability, the 2027 National Budget will be anchored on a prudent fiscal deficit target of 0.5% of GDP. This position reflects continued adherence to fiscal discipline, ensuring that expenditure outlays remains aligned with the projected revenues, while safeguarding fiscal space for priority development spending. Containing the deficit at this level supports the broader objective of maintaining macroeconomic stability, moderating inflation and reducing pressure on domestic financing, thereby preserving the credibility of the fiscal framework. The deficit will be financed through sustainable means, prioritising concessional and non-inflationary sources, consistent with prudent public debt management and the economy's resilience to climate-related and global shocks.

Public Debt Strategy

35. Government acknowledges the critical state of the country’s debt and arrears situation and is committed to continue implementing strategic measures to enhance public debt sustainability. The successful implementation of the 10-month Staff Monitored Programme is critical and will provide a stepping-stone for clearing the country's external debt arrears and securing future financial support from bilateral and multilateral financial institutions.

36. In the short to medium term, Government will continue to prioritise concessional financing to fund critical projects and programmes. Non-concessional borrowing will be limited to economically viable projects, with repayment capacity. Fiscal deficits will be contained at levels below 3% of GDP to ensure sustainability.

37. On the domestic debt front, Government will maintain the current policy on no recourse to central bank financing. Further, the accumulation of new domestic arrears to service providers will be kept at sustainable levels to limit the growth of public debt. Considering the prevailing and the projected macroeconomic stability associated with single digit inflation profile and a stable exchange rate, Treasury will resume, the issuance of Treasury bills and bonds through the auction-based system, to encourage competitive price discovery and enhance the growth of the primary market and development of a market yield curve.

RISKS TO THE OUTLOOK

38. While the macroeconomic and fiscal framework for 2027 is anchored on a credible growth path, projected at 5% and underpinned by continued macroeconomic stability and ongoing structural reforms, the outlook remains subject to significant downside risks from both the external environment and the domestic economy.

39. The principal downside risk is the anticipated El Niño-induced drought, which threatens agricultural output, food security, rural livelihoods and hydropower generation. This could weaken economic activity, reduce domestic revenue mobilisation and raise expenditure requirements for food assistance and agricultural recovery, with adverse implications for debt sustainability.

40. On the external front, heightened geopolitical tensions in the Middle East could sustain elevated global fuel, fertiliser and food prices, slowing global growth and reigniting inflationary pressures. Renewed global inflation could prompt tighter monetary policy, raising sovereign borrowing costs, precipitating capital outflows from emerging markets and intensifying trade protectionism, while declining official development assistance further erodes fiscal buffers. The economy's reliance on mineral exports adds exposure to commodity price volatility, with implications for export earnings, foreign currency reserves and exchange rate stability. Additional pressures arise from public debt vulnerabilities and contingent liabilities associated with State-Owned Enterprises and Public-Private Partnerships.

41. Notwithstanding these risks, the economy is expected to remain resilient in 2027, underpinned by prudent fiscal policy, complementary monetary policy and sustained structural reforms. Government will continue to prioritise domestic resource mobilisation, strengthened expenditure management, expanded irrigation and climate-smart agriculture, enhanced social protection, closer monitoring of State-Owned Enterprises and Government guarantees and implementation of the Expenditure Arrears Clearance Strategy and the Arrears Clearance and Debt Resolution Process under the IMF Staff-Monitored Programme. These measures will reinforce fiscal sustainability, preserve macroeconomic stability, strengthen investor confidence and support attainment of the 2027 National Budget Framework objectives.

PROPOSED STRATEGIC PRIORITIES FOR THE 2027 NATIONAL BUDGET

42. The 2027 National Budget will be guided by the priorities and targets of the National Development Strategy 2 (NDS2), anchored on accelerating structural transformation, inclusive growth, resilience and industrialisation. As the country enters the second year of implementing NDS2, the 2027 National Budget will focus on consolidating the gains achieved, notably macroeconomic stabilisation, characterised by low and stable inflation, currency and exchange rate stability. The Budget will, therefore, seek to intensify reforms necessary to transform the economy, while deepening industrialisation, as well as entrenching resilience.

43. The Budget will prioritise interventions that enhance productivity, competitiveness, economic diversification, value addition and beneficiation, with the objective of accelerating the transition from a predominantly primary commodity-based economy towards a modern, industrialised and value-driven economy. Emphasis will be placed on strengthening domestic productive capacity, fostering resilience against climate related, economic and other external shocks.

Macroeconomic Stability and Financial Sector Deepening

44. Macroeconomic stability and financial sector deepening is a prerequisite for accelerating structural transformation, building economic resilience and advancing industrialisation. Sustained macroeconomic stability provides the foundation for investment, productivity and growth, while a deep and inclusive financial sector supports financial intermediation, credit expansion and broader financial inclusion.

45. In 2027, Government will focus on consolidating macroeconomic stability and accelerating financial sector development to sustain economic growth, strengthen confidence in the domestic currency, mobilise capital and support the attainment of the aspirations of Vision 2030. The Budget will build on the macroeconomic stability gains realised thus far, including price and exchange rate stability, fiscal consolidation, inflation containment and building resilience against both domestic and external shocks.

46. In this regard, the 2027 National Budget will sustain prudent fiscal and monetary policy coordination to preserve currency, exchange rate and price stability to durably anchor inflation

expectations. This is a prerequisite for sustaining macroeconomic stability characterised by low and stable inflation, staying the course for single digit inflation beyond the near term.

47. Through the Financial Sector Development Strategy 2026 – 2030 (FSDS), Government will continue to broaden and deepen the financial sector, promoting financial inclusion and expanding digitalisation. Government will work towards integrating interoperable payments systems to improve efficiency and reduce transaction costs. In addition, the FSDS will promote the development of diversified capital markets that mobilise savings for both public and private sector financing the NDS2 programmes and projects.

Inclusive Economic Growth and Structural Transformation

48. Structural transformation and inclusive economic growth remain at the core of Government's development agenda under the NDS2 framework. This pillar underpins the country's development trajectory towards the attainment of Vision 2030 of becoming a *Prosperous and Empowered Upper Middle-Income Society*. Structural transformation embeds the idea of moving the economy along the value chain from dependency on primary production towards manufacturing anchored value addition and mineral beneficiation. Inclusive growth is the aspiration to expand the frontiers of economic activity to the marginalised, to the women and youth, the underbanked and unbanked, creating an economy that confers equal opportunities for all Zimbabweans.

49. Government will prioritise interventions that support the growth of key productive sectors, including agriculture, mining, manufacturing, tourism, energy, construction and digital services. These sectors remain central to expanding the production base, increasing exports, creating decent employment and strengthening linkages between primary production, processing, logistics and markets. Targeted policy interventions will be pursued in each of the value chains, including mining value chains, manufacturing and agriculture value chains.

50. Government will continue to promote value addition and beneficiation of minerals and agricultural products, with particular focus on agro-processing, mineral beneficiation, fertilizer production, steel and metal fabrication, leather and cotton-to-clothing value chains, pharmaceuticals, local content development and other strategic industrial activities. These

efforts will be supported by ongoing ease of doing business reforms that create a conducive environment for investment, productivity, growth and economic diversification.

51. Implementation of the Integrated Provincial Special Economic Zones Framework will be accelerated as a key instrument for provincial industrialisation and balanced regional development. The Framework seeks to unlock provincial comparative advantages, attract domestic and foreign investment, develop integrated industrial ecosystems and create sustainable development across the country. Government is focused on strategy execution and is putting in place implementation modalities for the operationalisation of integrated Provincial Special Economic Zones, with clear timelines and milestones. These interventions are earmarked to enhance domestic value addition and beneficiation, create employment and reduce the economy's exposure to external shocks such as commodity price volatility.

52. To operationalise the industrial priorities, Government will continue to capitalise the Industrial Development Fund, which has already provided dedicated, concessional financing to a significant number of companies engaged in value addition and beneficiation. Building on this success, Government will scale up the Fund's capitalisation to expand its reach and deepen its impact across value chains. In addition, Government will explore possibilities to synchronise the Fund with the Targeted Finance Facility to enhance coordination, avoid duplication and optimise the developmental impact of available financing for industry.

Small and Medium Enterprise Development

53. Government will continue to support the development and formalisation of Micro, Small and Medium Enterprises (MSMEs) as a key driver for inclusive growth, employment creation, innovation and local economic development. Priority will be given to interventions that enhance access to finance, provision of workspaces, access to innovation and technology, access to markets, domestic and regional, business support services and skills development.

Mining Sector

54. Priority under the mining sector will be given to value addition and beneficiation of strategic minerals, particularly gold, lithium, platinum group metals, chrome, iron and steel and coal, in addition to minerals that support industrialisation and export diversification. Government will

continue to promote domestic processing, moving from the export of raw and semi-processed minerals towards higher value-added products that retain greater value for the economy.

55. Government will also consider expanding mineral exploration to increase the country's known resource base and attract fresh investment. Emphasis will be placed on modernising geological data systems, undertaking systematic geological mapping and surveys and leveraging technology to identify new mineral deposits. The full operationalisation of the Mining Cadastre Information Management System will be prioritised to enhance transparency, security of tenure and efficiency in the administration of mining title, thereby de-risking investment, feeding into beneficiation and value addition chains and unlocking the full potential of the mining sector for sustained growth and export diversification.

56. In line with the responsible mining agenda, enforcement of environmental safeguards will be strengthened across the sector. Attention will be given to environmental impact assessments, mine closure plans, rehabilitation obligations, renewable energy adoption and the use of digital monitoring systems to reduce environmental degradation and promote climate resilient mining.

Tourism Recovery and Expansion

57. In the tourism sector, Government will prioritise tourism growth and expansion. The tourism and hospitality sector is critical for foreign currency generation, employment, enterprise development and inclusive growth. The sector will benefit from ongoing efforts to improve destination competitiveness, promote Zimbabwe as a safe and attractive destination of choice, expand tourism products beyond traditional and mainstreaming domestic tourism.

58. Emphasis will be placed on implementing the Tourism and Hospitality Industry Policy and related strategies aimed at strengthening product diversification, investment promotion, human capital development, destination accessibility and marketing. Elevated focus will be given to heritage-based, nature and wildlife, Meetings, Incentives, Conferences and Exhibitions (MICE), township, rural, sports, medical and community-based tourism products.

Infrastructure Development

59. Infrastructure development is a fundamental pillar for sustainable economic growth and social transformation. Infrastructure provides the foundation upon which productive economic activities, investment, trade and improved living standards are built upon. Adequate infrastructure in transport, energy, water and sanitation, information and communication technologies, as well as social amenities enhances productivity, reduces the cost of doing business, improves connectivity and facilitates access to markets and essential services.

Transport Infrastructure

60. In the transport sector, focus will be on enhancing connectivity, reliability and efficiency across all modes of transport, including road, rail and air to facilitate the movement of goods, services and people within the country and across borders. This will support industrialisation, trade and regional integration. The 2027 National Budget will, therefore, seek to expand roads rehabilitation, prioritising an all-weather road network through a national rehabilitation and upgrading programme covering major trunk roads and rural feeder roads. The interventions will be financed through a combination of public resources and private sector participation, targeting high-impact corridors such as the Harare–Chirundu, Beitbridge–Bulawayo–Victoria Falls and Harare–Kanyemba highways, and the completion of works under the Emergency Road Rehabilitation Programme 2 (ERRP 2).

61. To ease pressure on the road network and restore efficient movement of bulk cargo, particularly from the mining sector, Government is working on revitalising the National Railways of Zimbabwe, whose freight capacity has fallen well below installed capacity. This will be complemented by strict enforcement of axle-load regulations and the integration of weighbridges at tollgates to protect national road assets.

62. In aviation, priority will be on the continuation of modernising airports infrastructure to strengthen domestic and international connectivity, cargo and passenger transport, in support of trade and tourism. Government will also leverage the Yamoussoukro Decision under the Single African Air Transport Market (SAATM) to liberalise air transport market access, promote the establishment of new routes and enhance the competitiveness of the national carrier, boosting intra-African connectivity in support of trade and tourism.

63. To complement these efforts, Government will also consider the expanding the Border Posts Modernisation Programme to key ports of entry along the SADC corridors, while enhancing safety and management systems on the country's inland waterways, thereby reducing bottlenecks and aligning operations with regional and international standards.

Housing Development

64. Government recognises the urgent need to address existing housing deficits and will, in collaboration with the private sector and other stakeholders, upscale the financing of affordable low-cost housing, complete stalled projects and regularise informal settlements.

65. Housing development contributes to improved quality of life, improved public health, social stability and wealth creation, while stimulating economic activity through strong linkages with sectors such as construction, finance and insurance and real estate.

66. Consistent with the NDS2 housing delivery target, both in urban and rural areas, the requisite resource outlays will be funded through a combination of public and private sector-led initiatives. The priority will be housing units for low-income groups to ensure inclusive access to decent and affordable accommodation. To strengthen and expand access to housing finance, Government will explore recapitalisation of the Housing and Guarantee Fund and the National Housing Fund, established under the *Housing and Building Act [Chapter 22:07],* while deepening collaboration with the finance, pensions and insurance sector to establish robust financing frameworks, incentive structures and partnership models for sustainable housing delivery. Priority will be accorded to modern, cost-effective rural housing based on standardised designs to ensure quality, durability and sustainability.

67. Under the Regularisation and Sanitisation Framework, Government will prioritise the provision and upgrading of essential services, portable water, sewer, electricity, roads, schools, health centres and recreational facilities, leveraging partnerships with local authorities, private sector entities and development partners.

68. Settlement planning will integrate green energy, climate-proofing and resilient building technologies and renewable energy systems in all housing projects. In addition, Government

will review and enforce building codes, land use policies and housing regulations to ensure safety, resilience and inclusivity, including the revision of the Model Building By-laws of 1977 to reflect modern construction technologies and urban planning principles. Consistent with the ease of doing business, approval processes for housing projects will be streamlined to reduce bureaucratic delays and promote the orderly growth of settlements.

Energy Security

69. Government strategic objective is to increase domestic power generation, both public and private, reducing dependence on imports. In this regard, Government will intensify support for captive power projects as a priority intervention to close the supply-demand gap. In line with the National Energy Compact's objective of expanding installed capacity and mobilising private sector-led investment, fiscal and regulatory measures will be directed at enabling mines, industrial entities and agro-processors to develop own-generation capacity, with particular emphasis on solar and other non-hydro renewables. These measures will include streamlined licensing, targeted duty relief on generation equipment, as well as de-risking capital deployment.

Water, Sanitation and Social Amenities

70. Infrastructure development in the water and sanitation sector remains critical for promoting public health, improving quality of life and supporting sustainable socio-economic development. Accordingly, priority in 2027 will be accorded to expanding access to clean and potable drinking water and enhancing sanitation facilities across both urban and rural areas, enhancing well-being of the general citizenry.

71. Specific interventions will include the construction and rehabilitation of water supply infrastructure, including dams and treatment plants, with priority targeting the completion of the Gwaayi-Shangaan and Kunzvi dams.

72. To maximise returns on dam investments and derive optimal socio-economic benefits, Government plans to reinforce the integrated approach to water infrastructure development ensuring that treatment plants, irrigation development and hydropower stations are undertaken

simultaneously, consistent with the dam-as-an-economy concept to unlock the full economic potential of these assets.

73. In addition, focus will also seek to accelerate the Presidential Rural Development Programme through the drilling of boreholes across provinces to guarantee universal access to clean and safe water and promote productive water use through rural enterprise development.

Agriculture, Food, Climate and Environment

Agriculture and Food Security

74. Government will continue to prioritise agriculture and food security as key drivers of economic growth, rural transformation and national resilience. In line with the NDS2, the 2027 Budget will focus on increasing agricultural productivity, strengthening food systems and enhancing national food and nutrition security through climate-smart agriculture, irrigation development, mechanisation and improved access to inputs and financing. Strategic emphasis will be placed on boosting production across the crop, livestock and fisheries sub-sectors, while strengthening extension services, research, innovation and market access to improve competitiveness and sustainability within agricultural value chains, alongside accelerated modernisation and commercialisation through investments in agro-processing, value addition, rural industrialisation and sustainable land and water management.

75. The 2026/27 summer cropping season, which anchors the 2027 outlook, confronts significant downside risks, stemming primarily from the anticipated El Niño phenomenon and associated severe drought. The attendant risks are further compounded by international supply-chain disruptions and elevated fertiliser prices arising from the Middle East War and the closure of the Straits of Hormuz.

76. To mitigate these vulnerabilities, Government has formulated a forward-looking strategy to guarantee national food and feed security, anchored on a national cereal production and the replenishment of the Strategic Grain Reserve to a threshold of 500 000 metric tonnes by early 2027 to serve as a buffer against the anticipated 2027/28 cyclical drought.

77. These targets will be underpinned by the full realignment of the Climate-Proofed Presidential Input Programme (Pfumvudza/Intwasa) with national agro-ecological realities, prioritising drought-tolerant small grains in Natural Regions IV and V, alongside the accelerated expansion of summer irrigable land.

78. Consistent with the fiscal consolidation thrust, agricultural financing will increasingly leverage private sector co-financing structures. Under the National Enhanced Agriculture Productivity Scheme (NEAPS), financing for the 2026/27 season will be facilitated through private banking institutions. This is a market led approach designed to systematically reduce direct fiscal agriculture financing.

Irrigation Development

79. Focus will be on enhancing irrigation infrastructure through the construction and rehabilitation of both small and large-scale irrigation schemes to maximise water use efficiency and reduce dependence on rain fed agriculture. In this regard, Government will support the establishment of new irrigation schemes, the rehabilitation of existing ones and the operation and maintenance of schemes across the country, while upgrading research and technology development facilities at the Zimbabwe Irrigation Technology Centre (ZITC) and Fels Farm to strengthen agricultural productivity and food security.

80. Priority will also be accorded to the introduction of solar-powered systems and other renewable energy based irrigation technologies to ensure a reliable and sustainable water supply for crop production. To mobilise the requisite financing, Government will continue to crowd in the private sector through the Irrigation Development Alliance, bringing together public and private institutions to develop a viable and sustainable irrigation framework that amplifies agricultural production and productivity by expanding farmers' access to irrigation infrastructure. These interventions will be complemented by capacity-building initiatives for farmers and water management personnel to embrace best practices in irrigation scheduling, maintenance and climate smart water management.

Environmental Protection and Green Growth

81. Government will continue to support mechanisms to strengthen environmental protection and sustainable natural resource management as key pillars for inclusive and resilient economic transformation. In line with NDS2 priorities, the 2027 Budget will prioritise investments in renewable energy, biodiversity conservation, afforestation, sustainable land management and pollution control. This will safeguard ecosystems and promote environmental sustainability. Increased emphasis will also be placed on supporting green industrialisation and green waste management systems and circular economy initiatives that create employment opportunities while improving resource efficiency.

Science, Technology, Innovation and Digital Transformation

82. Consistent with the NDS2 and the Zimbabwe National ICT Policy (2022–2027), Government will accelerate the development of a competitive and inclusive digital economy, positioning ICTs as a cross-cutting enabler of national transformation, industrialisation and global competitiveness. The focus in 2027 will be on strengthening digital infrastructure, deepening policy and regulatory reforms, expanding digital public services and investing in emerging technologies. This will enhance productivity, improve public sector efficiency and stimulate innovation, while creating an enabling environment for private sector participation and investment in ICT-led growth.

83. To guarantee uninterrupted delivery of e-Government services and establish a resilient, sovereign digital backbone, Government will prioritise modernising national ICT infrastructure. A three-pronged approach is envisaged, namely, upgrading the National Data Centre to Tier IV standards, establishing a geographically separated Disaster Recovery Site and expanding the Smart Government Private Cloud for secure consolidation and scalability across MDAs. This upgrade will provide the high-performance computing capacity required to support emerging technologies, including Artificial Intelligence (AI), machine learning and Internet of Things applications, as well as growing e-Government hosting demands, transforming the Data Centre into a strategic national digital asset underpinning digital sovereignty.

84. Complementing this, investment will expand broadband infrastructure, the Presidential Internet Programme, Government Wide Area Network and 5G connectivity to improve nationwide

access to affordable high-speed internet. Priority will be replacing obsolete infrastructure and extending digital access to schools, health institutions and Government offices.

85. In addition, Government will scale up the Zimbabwe Digital Skills Development and Digital Ambassadors Programmes to build a future-ready workforce, with emphasis on youth, women and marginalised communities to enhance employability, bridge the digital divide and foster inclusive development, while the Smart Education and Smart Health Programmes expand e-learning and telemedicine to strengthen human capital.

Research and Development

86. To deepen the national research base, Government will enhance funding for universities, research institutions such as the Scientific and Industrial Research and Development Centre (SIRDC), the Research Council of Zimbabwe (RCZ) and the Military as well as innovation hubs, ensuring that Education 5.0 continues to drive innovation and industrialisation.

Human Capital Development and Social Protection

87. Under this pillar and consistent with the NDS2, the 2027 National Budget will prioritise strategic interventions aimed at building a healthy, skilled and resilient population, while cushioning vulnerable groups against both domestic and external shocks.

Health Services

88. Priority will be accorded to strengthening primary healthcare, reducing maternal and child mortality and expanding access to essential medicines. Resources will be channelled towards community health programmes, disease surveillance and pharmaceutical security, complemented by scaled-up domestic health financing to progressively reduce donor dependency and advance universal health coverage.

89. Alongside service delivery, Government will expand and modernise health infrastructure to improve access, quality, resilience and safety of health services countrywide. In 2027, infrastructure investment will centre on the construction of primary and secondary care facilities in underserved communities, targeting completion and equipment of Manyame Hospital, Lupane and Masvingo Provincial Hospitals, new primary care facilities, urban district hospitals

in Harare and Bulawayo, the upgrading of provincial and tertiary hospitals and staff accommodation at selected facilities.

90. Government will also target the refurbishment and upgrading of central, provincial and district hospitals, including theatres, wards, outpatient departments, kitchens, laundries, mortuaries and incinerators, across provinces and districts. To enhance resilience to utility disruptions, priority will also be accorded to the solarisation of public health facilities and staff accommodation, alongside the installation of boreholes and water storage systems. Government will also develop a 20-Year Health Infrastructure Master Plan, incorporating GIS-based infrastructure mapping, population and service demand projections and investment case development.

Education and Skills Development

91. Interventions will focus on improving the quality of education, enhancing uptake of Science, Technology, Engineering and Mathematics (STEM) and strengthening technical and vocational training to produce a skilled workforce for industrialisation. To this end, priority will be given to the rehabilitation of schools, digitisation of learning resources and the expansion of STEM laboratories and vocational training centres.

Veterans of the Liberation Struggle

92. Government will consolidate gains in the welfare and socio-economic inclusion and long-term sustainability of the Veterans of the Liberation Struggle, Heroes' dependence, war victims, war collaborators and noncombatant cadres, as well as other eligible beneficiaries. Priority will be given towards the implementation of the National Veterans policy and the operationalisation of the legislative framework, comprising of the Veterans of the Liberation Struggle Act, the National Heroes Act and the War Veterans and Victims Compensation Framework.

93. Strategic consideration will also be placed towards the capitalisation of the Veterans Investments Holding Company (VIHC) to drive veterans` economic empowerment, accelerating liberation war memorialisation initiatives and settlement of outstanding statutory obligations. Enhanced capitalisation will be expected to unlock the productive potential of the

VIHC assets across the mining, agriculture, tourism and property sectors, strengthening sustainable financing for veterans' welfare programmes.

94. In addition, Government through the Heritage Fund will consider enhancing expenditure outlays towards the liberation war memorials to preserve the legacy of the liberation struggle, including the construction of liberation war monuments and the preservation of national heritage sites, as part of efforts to honour the country's liberation history and promote national identity, unity and heritage-based tourism.

Gender Equality and Women Empowerment

95. Consistent with NDS2's commitment to inclusive development, gender equality will continue to be mainstreamed across all sectors, supported by targeted funding for women's economic empowerment. In this regard, Government will continue to promote access to finance and markets for women-led Small and Medium Enterprises (SMEs), expand women's health services including maternal care and intensify efforts towards the elimination of gender-based violence. Further, gender-responsive budgeting will be strengthened to enhance budget tracking, ensuring equitable resource distribution and measurable impact on women's participation in national development.

Social Protection Programmes

96. Social protection systems will be strengthened to cushion vulnerable households against poverty, climate shocks and economic vulnerabilities. In 2027, Government will scale up cash transfers, food and supplementary feeding assistance and labour-intensive public works programmes, underpinned by improved targeting through the national social registry to enhance coverage, efficiency and equity in the distribution of benefits.

97. Priority will be accorded to the Basic Education Assistance Module (BEAM), harmonised social cash transfers and community-based care for the elderly, children and persons in especially difficult circumstances, to protect human capital gains and prevent negative coping mechanisms among affected households. However, Government will continue to review and reform BEAM to improve on delivery efficiency.

98. In anticipation of the projected El Niño-induced drought and its resulting impact on food security, agricultural output and rural livelihoods, Government will prioritise early preparedness and anticipatory action. Resources will be directed towards strengthening the strategic grain reserve, food and agricultural inputs and timely rollout of drought-mitigation and resilience interventions in the most affected districts.

99. In this regard, the disaster risk financing framework will be enhanced, including scaling up contingency provisions and leveraging insurance-based instruments, while social protection delivery systems will be made shock-responsive to enable rapid scale-up of assistance as conditions evolve.

Disability Inclusion

100. Priority will be accorded to disability inclusion as integral to inclusive development, consistent with NDS2 and Zimbabwe's obligations under the United Nations Convention on the Rights of Persons with Disabilities. Government will continue to mainstream disability considerations across public services, infrastructure and economic programmes to ensure that persons with disabilities participate fully in and benefit equitably from, national development.

101. In this regard, resources will be directed towards the provision of some devices and rehabilitation services, the expansion of inclusive education programmes and skills training tailored to persons with disabilities. Further, targeted support to disability-led enterprises through improved access to finance and markets. Government will also promote the adoption of universal design and accessibility standards in public buildings, transport and social facilities, while strengthening disability-disaggregated data to inform evidence-based planning and budgeting and ensure adequate coverage within social protection systems.

Job Creation, Youth Entrepreneurship & Development, Creative Industry, Sport & Culture

102. Government will prioritise interventions that translate economic growth and structural transformation into decent jobs, enterprise development and sustainable livelihoods, particularly for youth, women and other vulnerable groups, in line with NDS2. Job creation efforts will target labour-intensive, high-impact sectors, including construction, agro-

processing, infrastructure, tourism, ICT, creative industries and community-based enterprises, thereby expanding decent work opportunities and promoting inclusive economic participation across all provinces.

103. Youth empowerment will remain central, with continued implementation of the National Youth Empowerment Strategy through targeted entrepreneurship programmes, access to finance, business incubation, skills development, mentorship and youth participation in public procurement. Micro, Small and Medium Enterprises (MSMEs) will be supported as key drivers of employment and inclusive growth through affordable finance, workspaces, retooling, skills training and market access. Emphasis will be placed on vocational, digital and entrepreneurial skills, including capacity building in emerging areas such as artificial intelligence, renewable energy and climate smart agriculture. Government will also advance structured skills development and labour mobility through the Zimbabwe Global Skills Partnership Programme, promoting safe labour migration, diaspora engagement and remittance flows.

104. The creative industry, arts and culture will be supported as sources of employment, enterprise development and social cohesion, through expanded access to creative spaces, equipment, digital platforms and markets, alongside a strengthened policy and regulatory environment covering intellectual property, cultural heritage and indigenous languages. Similarly, sport and recreation will be promoted as instruments for youth empowerment, employment and sport tourism, with support directed towards mass participation, talent development, private sector partnerships and investment in sport and recreation infrastructure.

Governance, Institutional Reforms and National Security

105. Strong institutions, effective governance and national security are fundamental prerequisites for enduring stability, integrity, and sustainable development. As the country consolidates NDS1 gains, under NDS2, priority in 2027 will be on deepening institutional reforms that enhance transparency, accountability and social cohesion, while creating a predictable and enabling environment for private sector-led growth. Government will strengthen the operational independence and capacity of key oversight institutions, including Parliament, Zimbabwe Anti-Corruption Commission and Office of the Auditor General, while intensifying measures against

corruption, smuggling and illicit financial flows through strengthened compliance frameworks, tighter border management and enhanced inter-agency coordination.

Public Sector Reforms

106. Public sector reforms will continue to modernise Government operations through digitalisation, performance-based management, and improved coordination across Ministries, Departments and Agencies. Government will strengthen decentralisation to bring services closer to citizens, while enhancing internal control systems, audit functions and legislative frameworks to build a professional, responsive public administration aligned with national development priorities.

Ease of Doing Business Reforms

107. Improving the ease of doing business remains critical for stimulating investment and growth. In 2027, Government will complete implementation of approved ease of doing business reforms across the twelve priority sectors. The strategy is to reduce the burden of regulatory and compliance costs while ensuring that regulatory frameworks remain transparent, predictable, and investor friendly. The focus will be on the swift execution of approved reforms, supported by clear timelines, strengthened inter agency coordination, strict adherence to Cabinet decisions and enhanced monitoring.

State-Owned Enterprises Reform

108. State-Owned Enterprises reform will remain a priority as Government seeks to improve efficiency, profitability and service delivery. Government will accelerate the transformation of SOEs under the Mutapa Investment Fund, strengthening its role as an active shareholder while aligning the legislative and regulatory frameworks governing SOEs.

109. Performance management will be anchored on clear targets, performance contracts, and results-based incentives for boards and management, complemented by independent evaluations. To unlock value and mobilise investment, Government will promote strategic partnerships, joint ventures, and selective divestitures, while exploring the listing of viable entities, collectively reducing fiscal risks and positioning SOEs as dynamic contributors to inclusive growth, jobs creation and industrial expansion.

Anti-Corruption Measures

110. The fight against corruption will remain the cornerstone of good governance. Government will reinforce the capacity of the Zimbabwe Anti-Corruption Commission, the National Prosecuting Authority and asset recovery mechanisms to ensure corruption is detected, prosecuted and deterred. Priority will be given to the enactment of whistle-blower protection legislation, the strengthening of asset forfeiture and recovery through a deeper international cooperation with SADC, the African Union and Interpol to address cross-border financial crimes and illicit financial flows.

Peace and Security

111. Peace and security remain fundamental pillars for sustaining economic growth and social stability. Recognising that a stable and secure environment is a prerequisite for development, Government will prioritise the maintenance of peace and the preservation of national stability as a foundation for economic activity, investment and social progress.

112. In this regard, Government will strengthen governance and security institutions to promote peace, stability and social cohesion. Efforts will focus on enhancing institutional capacity, improving coordination among security agencies and reinforcing rule of law and justice systems.

Mutapa Investment Fund

113. In 2027, Consistent with its mandate under the Sovereign Wealth Fund Act, Mutapa Investment Fund (MIF) will commence capitalisation of the Stabilisation Fund in 2027, with resource mobilisation currently in progress to operationalise its counter-cyclical buffer against commodity-price and external shocks.

114. The Fund will further advance the restructuring of portfolio entities, including the telecommunications companies, the Industrial Development Corporation of Zimbabwe and affiliated insurance companies, to improve efficiency, viability and competitiveness and to strengthen investment attraction. Concurrently, recapitalisation of strategic entities, namely NRZ, Air Zimbabwe, ZESA Holdings (Private) Limited and the mining cluster, will be scaled up to underpin productive capacity and infrastructure renewal.

Image Building, International Relations and Trade

115. The 2027 National Budget will prioritise Image Building, International Relations and Trade as critical enablers for accelerating economic growth through investment attraction and export development. Government will position Zimbabwe as a competitive destination for investment, tourism and trade by strengthening international relations, promoting economic diplomacy, enhancing the country's global image and facilitating access to regional and international markets, while advancing the Arrears Clearance and Debt Resolution Process in order to normalise creditor relations and unlock concessional financing.

116. Media and local content have a central role to play in this endeavour, as they shape both domestic and international perceptions of Zimbabwe. Government will, therefore, harness the power of the media and locally generated content to project authentic, positive narratives that showcase the country's investment opportunities, cultural heritage, natural attractions and economic potential. In this regard, Government will invest in a coherent and well-resourced communication strategy that coordinates messaging across all platforms, leverages digital and traditional media and equips national media institution and MDAs to consistently and proactively promote the Zimbabwean story to regional and global audiences. This deliberate investment in strategic communication will reinforce brand Zimbabwe, counter negative perceptions and build the confidence necessary to attract investment, boost tourism and expand trade.

International Engagement and Re-engagement

117. Building on the gains of the engagement and re-engagement initiatives, Government will continue to intensify diplomatic, political and economic engagement with the international community, guided by the principle of being "*a friend to all and an enemy to none*." Emphasis will be placed on strengthening bilateral and multilateral relations, deepening cooperation with SADC, the African Union and the AfCFTA, while leveraging diplomatic missions as instruments for investment attraction and market development. Concurrently, coordinated national messaging under Brand Zimbabwe will continue to showcase the country's economic opportunities, cultural heritage and tourism attractions, complemented by the modernisation of diplomatic infrastructure and enhanced digital engagement platforms.

Trade Facilitation and Export Promotion

118. Recognising trade as a critical driver of growth, industrialisation and employment, Government will prioritise measures to improve trade competitiveness and reduce the cost and time of cross-border trade. Priority will be accorded to the modernisation of customs systems, digitisation of trade procedures and the operationalisation and expansion of One-Stop Border Posts, alongside the upgrading of strategic border infrastructure to enhance cargo movement and logistics efficiency. National trade policies will be further aligned with regional and international agreements, particularly the AfCFTA, while inclusive trade development will remain a priority through targeted support for the participation of women, youth, rural producers and MSMEs in export value chains.

119. To broaden market access, Government will facilitate utilisation of the zero-rated tariff facility extended by the People's Republic of China, which opens a market of over 1.4 billion consumers to Zimbabwean products. Deliberate efforts will be made to sensitise exporters and support the export of agricultural produce, value-added products and other eligible goods under the facility. Priority will be given to strengthening compliance with China's sanitary, phytosanitary and quality standards, streamlining certification and documentation and building supply-side capacity, while addressing rules of origin and non-tariff barriers, so that exporters fully benefit from duty-free access to boost export earnings and diversify markets.

Arrears Clearance and Debt Resolution

120. Government will continue implementing the Arrears Clearance and Debt Resolution Roadmap through the Structured Dialogue Platform to normalise creditor relations, improve debt sustainability and unlock concessional financing. In this regard, Government will adhere to the current Creditors payment plan, execute the multi-year plan to settle obligations arising from Bilateral Investment Promotion and Protection Agreements (BIPPAs) and strengthen public debt management systems, enhancing transparency and debt reporting. Priority will be given to mobilising concessional financing for high-impact projects, while ensuring new borrowing remains consistent with fiscal sustainability objectives.

Diaspora Engagement

121. Recognising the strategic importance of the diaspora in national development, Government will continue to create an enabling environment to deepen diaspora participation in productive sectors, including infrastructure, housing, agriculture, manufacturing and tourism, supported by innovative financial instruments to attract diaspora savings and capital. Government will further promote skills and technology transfer through mentorship programmes, business linkages and knowledge-sharing platforms, while continuing measures to reduce remittance transaction costs and promote the use of formal and digital remittance channels.

122. To complement these efforts, Government is prioritising the finalisation of the Zimbabwe Diaspora Policy (2027-2032) to provide a comprehensive framework for a structured diaspora engagement strategy. In this regard, coordinated stakeholder consultations involving all relevant MDAs have been undertaken, which has culminated in the drafting of the policy and subsequent validation by the diaspora community. The Policy is currently undergoing review by different stakeholders, before national adoption and implementation.

Membership to the New Development Bank

123. In 2027, Government will leverage on the country's admission to the New Development Bank of BRICS as a borrowing member, approved by the Bank's Board of Governors in July 2026. The country will take up a shareholding of US$63 million, equivalent to 630 shares.

124. The approval is a significant milestone in the country's engagement and re-engagement efforts and in broader international cooperation. It comes against the background of more than two decades without access to direct concessionary loans or lines of credit from traditional international financial institutions, particularly for infrastructure development. Membership, therefore, represents a breakthrough for the economic recovery strategy, opening a channel for mobilising long-term financing for infrastructure and other developmental projects at reasonable cost.

125. To fully activate the membership and unlock this financing, provision will be made in the 2027 National Budget and beyond to meet the instalments as they fall due, with Treasury aligning

the payment schedule to the budget cycle. The arrangement gives the country access to a significant new source of development finance at a limited and predictable cost to the fiscus.

Devolution, Decentralisation and Local Development

126. Government will support devolution and decentralisation, critical for promoting sustainable development, inclusive growth and improved service delivery. In line with Sections 264 and 301 of the Constitution, Government will continue to advance the devolution agenda in 2027 to reduce regional economic disparities, improve service delivery at lower tiers of government and strengthen local governance.

127. Government will continue to enhance the disbursement of devolution funds through Intergovernmental Fiscal Transfers to support transformative infrastructure projects across all provinces. Priority will further be accorded to establishing the requisite legal, regulatory and institutional frameworks for effective implementation of the devolution agenda and to expediting the decentralisation of selected Central Government services to provinces and districts to enhance service delivery.

Balanced Regional Development

128. The 2027 National Budget will support programmes that promote rural industrialisation, local value chain development, Village Business Units and the utilisation of each province's unique resource endowments and comparative advantages. These interventions will strengthen productive capacity, facilitate infrastructure development and enhance market access, thereby broadening the economic base, reducing regional disparities, and raising household incomes, underpinned by macroeconomic stability, good governance and prudent public financial management.

Monitoring and Evaluation

129. Effective monitoring and evaluation remain essential for enhancing the efficiency, transparency and accountability of public resource utilisation. In 2027, Government will continue to strengthen performance management and evidence-based decision-making through the Integrated Results-Based Management Monitoring and Evaluation Framework, supported by

digital tools, to ensure public expenditures align with NDS2 priorities and deliver measurable results. This will be complemented by the finalisation of the Key Performance Indicators (KPIs) Handbook to guide MDAs in developing outcome-oriented indicators, the implementation of the Minimum Service Delivery Standards Framework to enhance service delivery across local authorities and continuous capacity building of M&E personnel to improve data quality and reporting standards.

130. Initiatives will be subjected to rigorous appraisal to assess strategic relevance, affordability and expected impact before resources are committed, while selected programmes will undergo *ex-post* evaluations in line with the National Monitoring and Evaluation Policy. MDAs will also be required to periodically evaluate key programmes to generate evidence and lessons that inform future policy, planning and budgeting. Collectively, the strengthened framework will support adaptive management, improve budget credibility and accelerate the achievement of the country's development objectives.

CONCLUSION

131. The 2027 Budget Strategy Paper, presented under the theme ***"Accelerating Economic Transformation and Building Resilience to Climate and Global Shocks"*** is anchored on the strategy to achieve the objectives of the NDS2, reaffirming Government's commitment to sustaining macroeconomic stability, deepening industrialisation and building a resilient, diversified economy, as well as creating a conducive environment for private sector-led growth. The interventions outlined across the various sections are designed to consolidate gains achieved to date, address emerging challenges and advance progress ***Towards A Prosperous and Empowered Upper Middle-Income Society by 2030***.

132. In this regard, Government's fiscal thrust for 2027 will prioritise value addition and beneficiation, strengthened productive capacity, enhanced domestic revenue mobilisation and prudent public financial management, while safeguarding high-impact developmental and social expenditures, as well as building resilience against economic and climatic shocks, including the anticipated El Niño-induced drought. The successful realisation of these objectives will depend on the collective effort of all stakeholders, underpinned by robust monitoring and evaluation to ensure value for money.

133. This Strategy Paper lays a firm foundation for the formulation of the 2027 National Budget. Through disciplined implementation, sustained reform momentum and collective national effort, the priorities articulated herein will decisively accelerate structural transformation, industrialisation and resilience towards the attainment of Vision 2030, leaving no one and no place behind.



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