INTERNATIONAL MONETARY FUND

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ZIMBABWE

August 2026

FIRST REVIEW UNDER THE STAFF-MONITORED PROGRAM—PRESS RELEASE; AND STAFF REPORT

In the context of the First Review under the Staff-Monitored Program (SMP), the following documents have been released and are included in this package:

- A **Press Release**.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's information, following discussions that ended on June 18, 2026, with the officials of Zimbabwe on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on July 28, 2026.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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PRESS RELEASE

PR26/261

IMF Management Approves Completion of the First Review under Zimbabwe's Staff-Monitored Program

FOR IMMEDIATE RELEASE

Staff Monitored Programs (SMPs) are informal agreements between national authorities and IMF staff to monitor the authorities' economic program. As such, they do not entail endorsement by the IMF Executive Board. SMP staff reports are issued to the Board for information.

- IMF Management has approved the completion of the first review under Zimbabwe's 10-month Staff-Monitored Program (SMP).
- Program implementation through end-March 2026 was strong, with all quantitative targets and structural benchmarks met and most indicative targets observed.
- Sustained policy discipline, stronger fiscal risk management, protection of social spending, continued monetary and exchange rate reforms, and governance improvements will be important to entrench macroeconomic stability and advance Zimbabwe's re-engagement efforts.

Washington, DC – July 27, 2026: IMF Management has approved the completion of the first review under Zimbabwe's 10-month Staff-Monitored Program (SMP). Completion of the review marks an important step in consolidating recent stabilization gains and strengthening Zimbabwe's track record of policy implementation in support of arrears clearance, debt restructuring, and re-engagement with the international community.

Zimbabwe's economy has remained resilient despite a more challenging external environment. Growth remained strong in 2025 at 8.3 percent and continued into early 2026, supported by improved agricultural production, robust mining activity, and favorable gold prices. Inflation has remained low, reflecting tight monetary conditions and relative exchange rate stability.

The outlook remains favorable, but risks are tilted to the downside. Growth is projected at 5 percent in 2026 and 4.2 percent over the medium term, while inflation should remain in single digits under tight policies. The current account surplus is projected to narrow but remain robust. Downside risks stem from a major El Niño event and a renewed war in the Middle East.

Program implementation was strong. All end-March quantitative targets were met, including those relating to the primary budget balance, net international reserves, Reserve Bank of Zimbabwe credit to the non-financial public sector, external borrowing, and monetary base growth. Most indicative targets were observed, although the indicative target on protected social and priority spending was missed. The end-March and end-June structural benchmarks

700 19th Street NW
Washington, DC 20431
USA

were completed, and the authorities are making progress toward subsequent reform commitments.

The program continues to support prudent fiscal management. The fiscal primary balance through end-March was stronger than expected, supported by robust revenue collection. The program supports the authorities' commitment to maintain spending within the approved 2026 national budget, while saving additional revenues to build buffers for potential food-security needs in 2027. The program also supports commitments to contain fiscal risks from gold delivery incentives, a rules-based approach to early redemptions and other liability-management operations, and stronger safeguards for domestic arrears clearance. Strengthening budget execution, commitment controls, public financial management, and domestic arrears clearance will be critical to preventing new arrears and safeguarding fiscal credibility.

The Reserve Bank of Zimbabwe has maintained a tight monetary policy stance to contain inflation and reduce pressures in the foreign exchange market. This stance should continue until inflation expectations are firmly anchored and confidence in the local currency strengthens. Staff welcomes the operationalization of the ZiG-denominated term deposit facility as part of a gradual shift toward more market-based instruments. Over time, reducing reliance on non-negotiable certificates of deposit would help strengthen monetary transmission and support domestic money market development. Staff also welcomes the authorities' plans to develop a comprehensive strategy to further liberalize the foreign exchange market and reform the foreign exchange intervention framework.

Structural reforms remain central to the program's objectives. Staff welcomes the authorities' commitment to strengthening social protection systems, while the missed indicative target on protected social and priority spending underscores the need to improve budget execution and ensure timely support to vulnerable groups. Continued progress in public financial management, governance, and fiscal risk management will also be important to reinforce transparency, accountability, and confidence in the authorities' policy framework.

The program also supports the authorities' broader re-engagement agenda. Continued progress under the SMP, together with ongoing efforts to reconcile debt data and develop a credible arrears-clearance and debt-resolution strategy, will help advance discussions with external partners and support the next stages of Zimbabwe's re-engagement process.

INTERNATIONAL MONETARY FUND

ZIMBABWE

FIRST REVIEW UNDER THE STAFF-MONITORED PROGRAM

July 28, 2026

EXECUTIVE SUMMARY

Context. Zimbabwe has continued to consolidate stabilization gains under the Staff-Monitored Program (SMP) despite external shocks. Growth strengthened in 2025 and momentum continued in 2026, supported by mining, still-elevated gold prices, and a strong agricultural rebound. Inflation has remained low, the exchange rate broadly stable, and the current account robust, providing a window to strengthen macroeconomic management, rebuild buffers, and advance reengagement toward arrears clearance and debt resolution.

Policy priorities. Policies should continue to preserve macroeconomic stability, build buffers, and protect the most vulnerable. To this end, the monetary policy stance should remain tight and revenue overperformance saved as a buffer. Fiscal reforms should strengthen expenditure and arrears controls, improve governance over gold incentives and liability-management operations, and advance PFM and social protection reforms. Improving monetary and FX market operations, aligned with a broader FX liberalization strategy, is also needed to secure long-lasting stability.

Program performance. Performance was strong. All five quantitative targets and all but one indicative target were met through end-March, with only the floor on protected social and priority spending missed. All structural benchmarks scheduled for end-March and end-June were met.

Staff supports completion of the first SMP review. Staff proposes strengthening the program to address risks through a new quarterly floor on government deposits, a ceiling on gold-incentive payments, a rules-based approach to early redemptions and other liability-management operations, and stronger safeguards for domestic arrears clearance. Staff supports the authorities' request to modify the QT floor on the primary budget balance of the central government for end-September 2026.

Outlook and risks. The near-term outlook remains favorable. Growth is projected at 5 percent in 2026 and 4.2 percent over the medium term, supported by agriculture and mining, while inflation should remain in single digits under tight policies. The current account surplus is projected to narrow but remain robust. Downside risks include a major El Niño event, renewed war in the Middle East with trade disruptions and energy and gold price volatility, and policy slippages, underscoring the need to rebuild buffers and maintain disciplined implementation.

Approved By
Vitaliy Kramarenko (AFR) and Anna Ivanova (SPR)

Discussions took place in Harare during June 9-18, 2026. The mission met with Finance Minister Hon. Prof. Ncube, Reserve Bank of Zimbabwe Governor Dr. Mushayavanhu, the Chief Executive Officer of Mutapa Investment Fund Dr. Mangudya, other senior government officials, and representatives from the private sector. The staff team for this mission comprised Wojciech Stanislaw Maliszewski (Head), Christopher Dielmann, Silvia Domit, Yehenew Endegnanew, and Issouf Samake (all AFR), Justine Ayebare (STA), Dominique Lam (MCM), and Zhibo Tan (SPR). Daniel Gurara (IMF Resident Representative), Petronella Chishawa, Andrew Ziswa, and Danai Chihota (local staff in the IMF Harare Office) assisted the team. Gonaya Basutli (OED), World Bank staff, and the authorities' financial advisers participated in the meetings. Adi Baurzhanuly and Mistire Kifle (both AFR) assisted the team from headquarters.

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CONTEXT

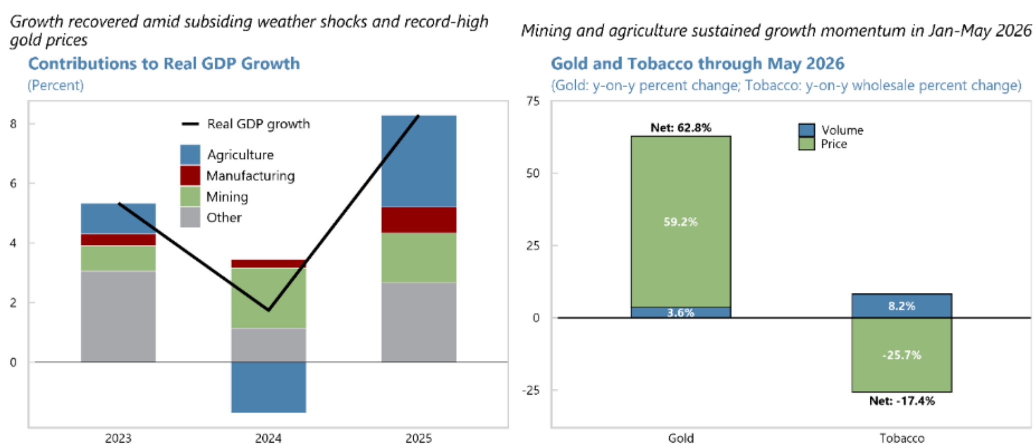
1. The Zimbabwean economy has remained resilient amid global shocks. The war in the Middle East affected Zimbabwe through higher fuel, fertilizer, and food prices, as well as increased trade disruptions. The initial policy response—passing through increases in fuel prices but cushioning the impact by reducing levies on diesel—was appropriate to limit the impact on activity and inflation. While international gold prices have fallen since the onset of the war, they remain high, supporting economic activity, fiscal revenues, and foreign exchange (FX) inflows.

2. The Staff-Monitored Program (SMP) aims to consolidate recent stabilization gains while strengthening macroeconomic management. The 10-month SMP, approved by IMF Management on March 27, prioritizes prudent budget execution, improved cash and expenditure controls, improved social protection delivery, sustained monetary discipline, and governance reforms to enhance transparency and manage fiscal risks. Zimbabwe's external public debt is assessed as unsustainable and in distress. Successful completion of the SMP is part of the authorities' broader strategy to re-engage with the international community to advance external arrears clearance and debt restructuring.

RECENT ECONOMIC DEVELOPMENTS

3. Growth exceeded earlier projections in 2025, and the positive momentum continued in 2026. Real GDP grew by 8.3 percent in 2025, up from 1.7 percent in 2024, and higher than the 7.5 percent projected by staff. Nominal GDP increased by 88 percent compared to 72 percent projected earlier, with the deviation driven primarily by a statistical rebasing upon completion of the economic census. The strong momentum was driven by mining activity amid record-high gold prices and a rebound in agricultural production following the 2024 drought. Recent data suggest that growth momentum remained positive in 2026. Despite some disruptions to global logistics at the outset of the war, gold production continued to increase in 2026. Tobacco—the main commercial crop—is experiencing a bumper season even as prices softened from last year, and tourism activity remained resilient.

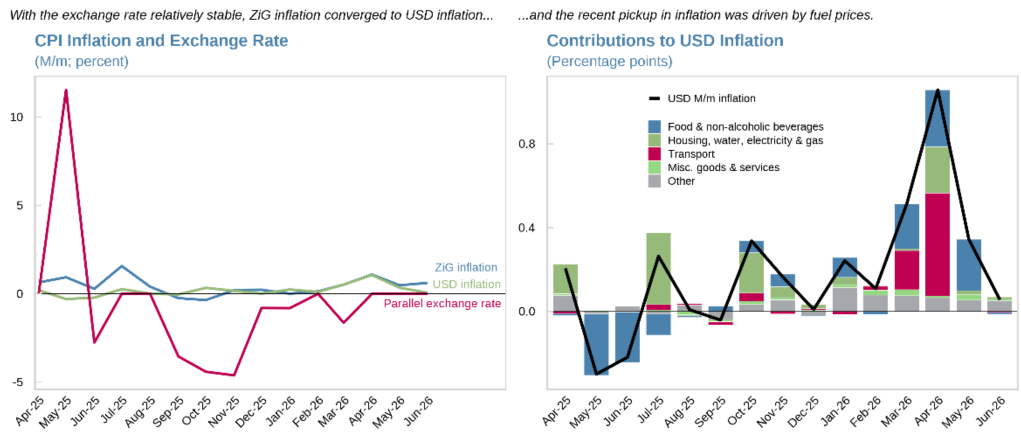
Text Figure 1. Zimbabwe: Economic Developments



Sources: Zimbabwean authorities, Haver Analytics, and IMF staff calculations.

4. Inflation has remained low, despite higher energy prices. Pass-through from higher imported fuel prices to domestic pump prices was fast, reflected in monthly inflation increasing to 1.5 percent m/m in April, but the impact was partly offset by dynamically adjusting diesel levies—initially from 19 to 6 cents per liter and back to 12 cents in June—while second-round effects have been contained, partly due to margins compression. Zimbabwe has not experienced fuel shortages. Annual CPI inflation rose only modestly, to 4.7 percent in June.

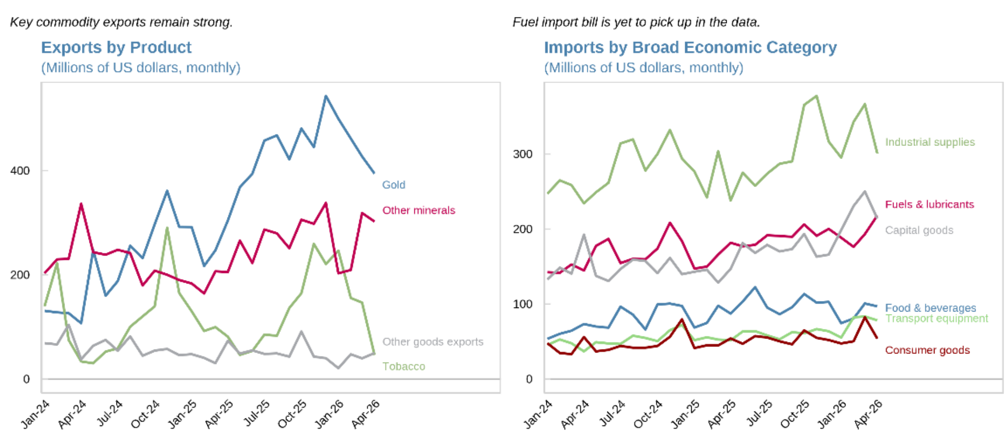
Text Figure 2. Zimbabwe: Inflation Developments



Sources: Zimbabwean authorities and IMF staff calculations.

5. External trade remained strong in early 2026, following a widening of the current account surplus in 2025. A current account surplus of about US$2.1 billion, or 3.6 percent of GDP in 2025 was supported by strong gold exports and diaspora remittances. The external position of Zimbabwe in 2025 was moderately weaker than the level implied by medium-term fundamentals and desirable policies (SMP Request Staff Report, Annex II). The current account surplus continued in Q1 2026. Exports rose by 58 percent year-on-year, reflecting the strong performance in mining and agriculture, while Zimbabwe's gold trade continued to flow smoothly through the Middle East after some initial disruption at the onset of the war. Imports increased by 30 percent over the same period, on account of higher fuel prices and robust demand for machinery and equipment.

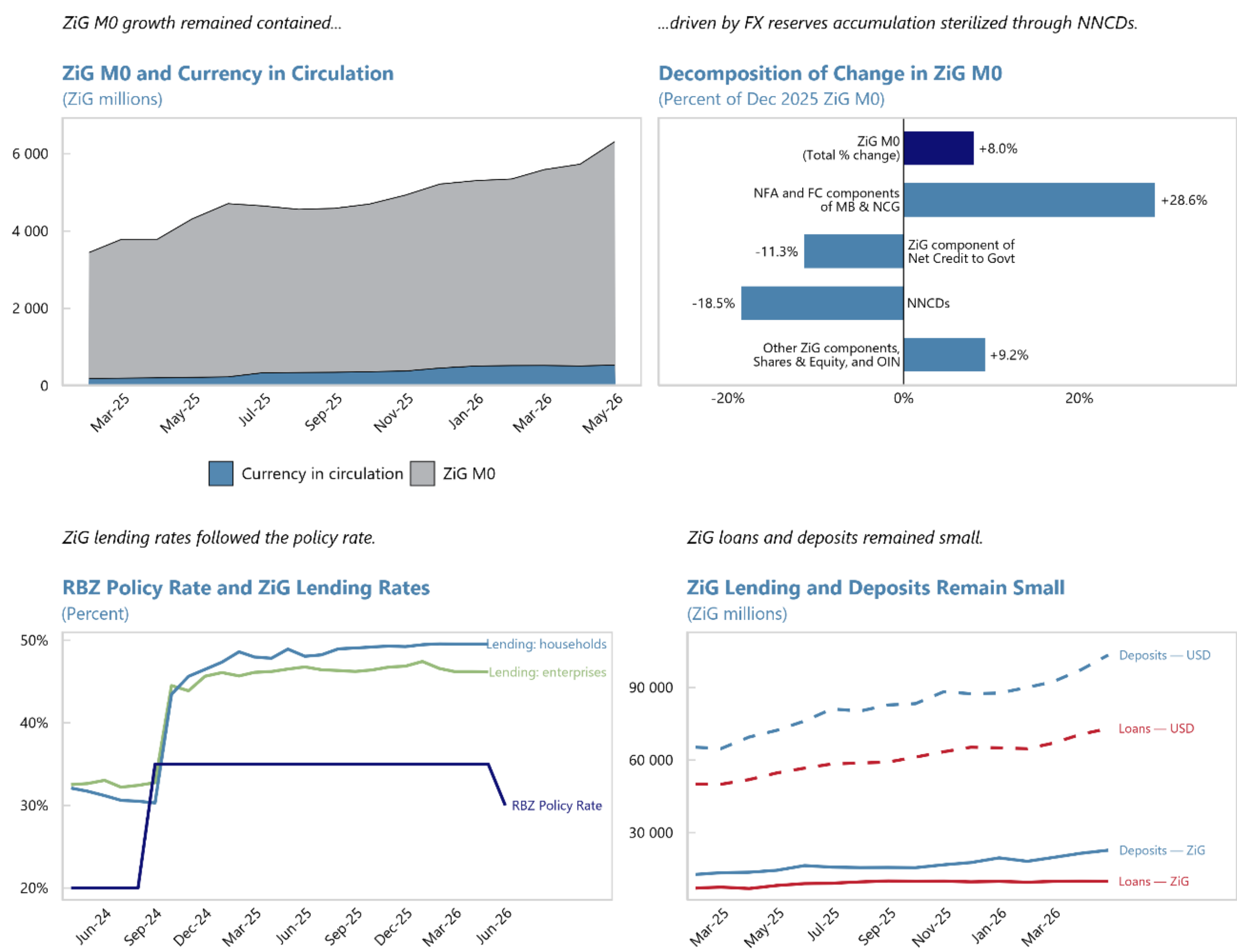
Text Figure 3. Zimbabwe: Trade Developments



Sources: Zimbabwean authorities and IMF staff calculations.

6. The RBZ maintained a tight monetary policy stance through contained money growth. Changes in ZiG base money remained below the Q1 program target (ZiG 425 million vs. ZiG 602 million) but accelerated more recently with agriculture-related seasonal patterns and strong gold exports. The increase in ZiG base money was driven by net foreign asset accumulation; because ZiG demand has grown more slowly than NFA and from a low base, the liquidity impact was largely sterilized through zero-interest NNCDs (ZiG 5,869 million outstanding at end-May). In June, to complement NNCDs, the RBZ introduced a remunerated ZiG-Denominated Term Deposit Facility, first auctioning ZiG 330 million at about 11 percent—close to banks' deposit rates—for 90 days and then attracting ZiG 110 million at 8 percent for 30 days. It also lowered its policy rate—a floor on banks' lending rates—from 35 to 30 percent. With real lending rates high, ZiG credit remained flat while USD lending expanded. About 80 percent of banking sector deposits are US-denominated.

Text Figure 4. Zimbabwe: Monetary Developments



Sources: Reserve Bank of Zimbabwe and IMF staff estimates and calculations.

7. The exchange rate market has remained stable with the RBZ clearing demand through regular interventions. The Willing-Buyer-Willing-Seller (WBWS) ZiG-USD exchange rate has remained stable, appreciating slightly through Q1 and weakening more recently. The parallel rate has also been stable, with the gap between the two falling marginally from around 19 percent at the beginning of the year to around 18 percent by end-March, and to around 16 percent in the latest data, reflecting the weakening of the WBWS rate. The RBZ selling to the WBWS market still accounted for around 80 percent of transactions in the first five months of 2026 and was sufficient to clear unfulfilled FX demand on a regular basis, more recently within a day. These interventions absorbed most proceeds from surrender requirements, but the RBZ was still a net purchaser of FX in Q1, even as FX intervention picked up in Q2.

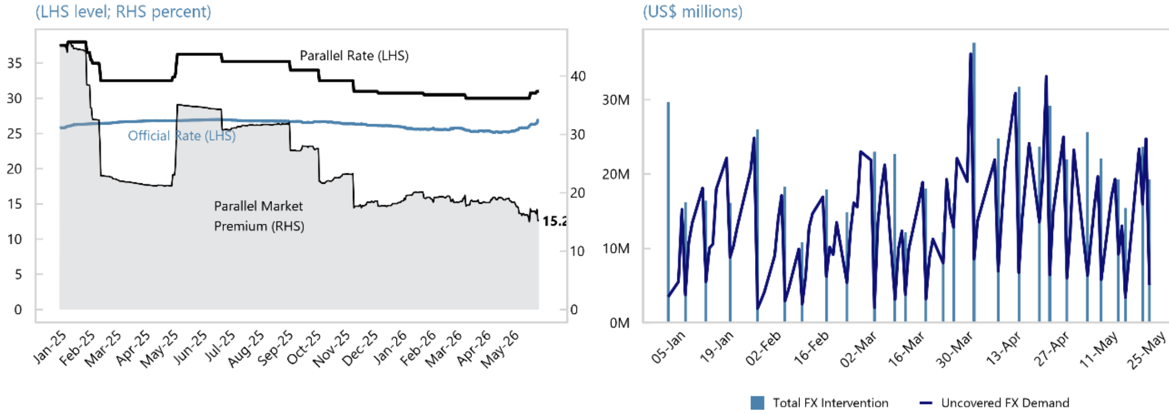
Text Figure 5. Zimbabwe: Exchange Rate Developments

Exchange rate remained stable and parallel premium narrowed.

Official and Parallel Exchange Rates
(LHS level; RHS percent)

FX interventions kept the pipeline of demand contained.

FX Interventions and Uncovered Demand
(US$ millions)



Sources: Reserve Bank of Zimbabwe and IMF staff estimates and calculations.

8. Stronger-than-targeted fiscal balance in Q1 was offset by higher below-the-line payments. Both the overall cash balance (US$304 million or 0.5 percent of GDP) and the primary cash balance (US$371 million or 0.6 percent of GDP) exceeded program targets by about US$320 million (0.5 percent of GDP). The strong performance continued in April. Yet, the surpluses were used to accelerate amortization of debt, deviating from the program assumption:

- Revenues exceeded the target by 0.8 percent of GDP. The program projected annual revenue at US$9 billion, against US$9.4 billion in the budget. The Q1 overperformance of about US$560 million already exceeded the US$400 million gap, reflecting stronger economic activity, more buoyant VAT and customs duties; higher personal income tax from public wage increases; a smaller-than-expected impact of reduced business fees on non-tax revenues; and continued improvements in tax administration (Text Table 1).

- Spending was 0.4 percent of GDP above the program. The program targeted quarterly expenditure in line with the US$9 billion annual program limit and below the US$9.5 billion budget. Q1 overruns were mainly in transfers and subsidies, which exceeded the cap by about US$275 million. Gold incentives for artisanal miners—introduced in 2021 to reduce smuggling—reached US$118 million in Q1 (US$141 million by end-April), far above the program limit and the US$16 million annual budget. Remaining overruns reflected front-loaded pension spending, while other protected social spending was US$84 million below the program floor. Capital spending included a large net repayment of unaudited arrears of US$95 million.

Text Table 1. Zimbabwe: Fiscal Cash Operations, 2025Q1 & 2026Q1

	(US$ million)			(Percent of GDP)		
	2025	2026		2025	2026	
	Jan-Mar	Jan-Mar		Jan-Mar	Jan-Mar	
	Act.	Prog.	Act.	Act.	Prog.	Act.
Overall balance (cash)	-4	-13	304	0.0	0.0	0.5
Primary balance (cash)	68	47	371	0.1	0.1	0.6
Total Government Revenue	1,759	1,975	2,533	3.0	3.1	3.9
Tax Revenue	1,686	1,936	2,425	2.9	3.0	3.8
Of which:						
Individuals	376	359	462	0.6	0.6	0.7
Companies	149	229	284	0.3	0.4	0.4
Customs duties	116	133	170	0.2	0.2	0.3
Excise duties	189	213	239	0.3	0.3	0.4
VAT	478	569	756	0.8	0.9	1.2
Non-tax Revenue	73	39	108	0.1	0.1	0.2
Total expenditure and net lending	1,763	1,988	2,229	3.0	3.1	3.5
Current Expenditure	1,296	1,584	1,813	2.2	2.5	2.8
Employment costs	827	840	819	1.4	1.3	1.3
Interest on debt	72	60	67	0.1	0.1	0.1
Goods and services	239	490	455	0.4	0.8	0.7
Current transfers and subsidies	158	194	472	0.3	0.3	0.7
O/w: Gold incentives		16	118		0.0	0.2
Capital expenditure & Net lending	467	404	417	0.8	0.6	0.6

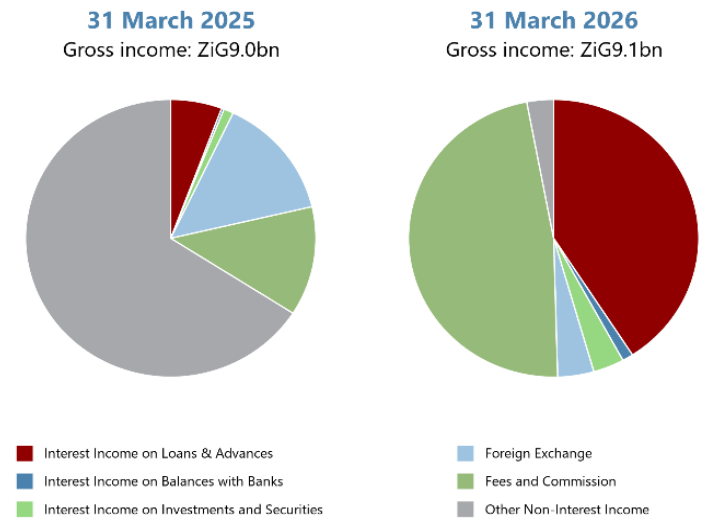
Sources: Zimbabwe authorities; and IMF Staff calculations.

- **The higher surplus was used to accelerate amortization of debt, deviating from program financing assumptions.** Amortization payments in Q1 reached US$398 million (0.6 percent of GDP) vs. US$103 million (0.2 percent of GDP) under the program, reflecting an early redemption and arrears payments of bonds (US$118 million), a partial clearance of ‘open positions’ to mining houses related to serving external debt (US$111 million), higher repayments to Afreximbank (by US$36 million), and unplanned payments for blocked funds (US$34 million).

9. **The banking system appears resilient, and bank intermediation has started to recover.** Recent stability in the exchange rate and inflation has contributed to an overall fall in banks’ income—through lower foreign exchange transactions and revaluation charges—and an increase in bank lending, with income from interest on loans up sharply over the past year. The banking sector capital adequacy ratio (23 percent) remained above the regulatory minimum (12 percent) in March, despite declining since December 2025 (28 percent) due to an increase in total loans. The overall non-performing loan (NPL) ratio declined and remained low (2.6 percent) through March, although the share of watch-listed loans remained higher (9.8 percent), reflecting

some foreign banks' assessment of sovereign credit risk. Banking sector liquidity remained largely unchanged, with the liquid-asset-to-total-asset and liquid-asset-to-short-term liabilities ratios at 33 percent and 46 percent respectively.

Text Figure 6. Zimbabwe: Banking Sector Income Composition
(Percent of total income)



Sources: Reserve Bank of Zimbabwe; and IMF staff calculations.

PROGRAM PERFORMANCE

Performance through end-March was strong. All quantitative targets (QTs), all but one indicative target (IT), and all structural benchmarks (SBs) set for March and June were met. Progress has been made towards end-September SBs (MEFP Tables 2 and 3).

10. All five QTs were met. The cash primary balance exceeded the target by US$371 million or 0.6 percent of GDP. Net FX reserves adjusted for autonomous factors as per program definition increased by US$107 million, above the US$74 million program floor. The ceiling on the ZiG monetary base was met by a comfortable margin, and the ceilings on changes in RBZ credit to the nonfinancial public sector and on the contracting or guaranteeing of new external non-concessional debt by the central government were also respected.

11. All but one IT were met. Net domestic expenditure arrears monitored under the program declined by US$94.6 million, below the net-zero-accumulation ceiling. The floor on central government revenue collection was met by a large margin, as were the ceilings on changes in domestic debt and central government employment costs. The floor on protected social and priority spending was breached by US$84 million, reflecting under execution in key programs—notably the Basic Education Assistance Module (BEAM), the Pfumvudza/Intwasa agricultural scheme, and the Social Protection Management Information System (SPMIS).

12. **March and June SBs were met.** The end-March SB to improve taxpayer register quality was met, as ZIMRA introduced quarterly monitoring and improved timely filing and payment rates for VAT and PAYE registrants (SB#4). The authorities developed a TSA reform strategy, including a bank account rationalization plan and a phased roadmap for establishing a core TSA and expanding its coverage (end-June SB#7). They also finalized, adopted, and published a user manual for the Zimbabwe Social Registry (ZISO) (end-June SB#3). The two continuous SBs (SB#1 and #8) were met by end-March and for end-June. The Ministry of Finance confirmed that the Mutapa Investment Fund and its subsidiaries have refrained from contracting or guaranteeing new debt without its prior approval (SB#8). The parallel exchange rate gap stayed below the level at the outset of the program, the FX demand pipeline remained contained, and the RBZ started to publish reference exchange rate series calculated as a weighted average of all transaction prices reported by commercial banks (SB#1).

OUTLOOK AND RISKS

13. **Growth is expected to remain robust, despite recent shocks.** Real GDP is expected to grow by 5 percent this year and 4.2 percent thereafter, unchanged from staff's previous forecast. The impact on economic activity from the war and softer gold prices has been contained so far. Growth momentum in 2026 is being supported by the authorities' initial policy response to cushion the war-related energy price shock and stronger-than-expected agricultural and mining activity. The baseline assumes that the shock to energy and other input prices is temporary and scarring is limited, and that gold production remains robust.

14. **Inflation has been revised up modestly in the near term.** Annual CPI inflation is expected to reach 8 percent by end-2026, moderately lower than at the time of the program request due to the lower-than-expected inflation readings earlier in the year and as the second-round effects are assumed to remain contained amid tight monetary policy.

15. **The external sector is expected to remain robust.** The current account surplus is projected to drop, driven by the higher energy import bill and lower gold prices, but to remain robust at 3.2 percent of GDP this year. The reserve targets remain the same despite the lower projected current account surplus, as identified reserves-building flows from the formal sector are largely unchanged. The current account balance is expected to remain in surplus over the medium term, supported by lower but still high gold prices and sustained mining performance.

16. **Fiscal projections are revised to reflect strong revenue performance, allowing expenditure to deliver on budget commitments and to build buffers:**

- *In 2026.* Revenue is projected to reach US$10.3 billion (16.0 percent of GDP), significantly above the program projection and the original budget. This largely reflects overperformance through April and conservatively predicts modest gains in the remainder of the year. Spending is projected to increase to the original budget of US$9.5 billion. The cash primary balance is expected at about 1.7 percent of GDP. Below-the-line, largely reverting to the original financing assumptions, results in a cash buffers build-up of US$275 million.

- **In 2027 and in the medium term.** Revenues are projected to increase, albeit modestly, reflecting improvements in tax administration. Higher revenues, together with the cash buffer and ongoing efforts to reprofile external debt, are expected to help close the previously projected financing gap and support the planned clearance of past expenditure arrears—estimated at 2.9 percent of GDP, or US$1.7 billion, in 2025—through 2030. However, the end of the partial moratorium on domestic debt service and continued financing constraints will limit fiscal space. Within these constraints, spending is projected to increase gradually, with social protection and capital spending rising toward historical averages by 2031 to support NDS2 objectives, while the wage bill ratio remains broadly flat.

Text Table 2. Zimbabwe: Selected Economic Indicators, 2023–31

	2023	2024	2025	2026		2027	2028	2029	2030	2031
		Act.		SMP req.	Proj.			Proj.		
					(Percent change)					
Real GDP growth	5.3	1.7	8.3	5.0	5.0	4.2	4.2	4.2	4.2	4.3
Inflation (end year)	778.8	686.8	15.0	9.0	8.0	8.0	8.0	8.0	8.0	8.0
					(Percent of GDP, unless otherwise indicated)					
Current account balance	0.3	1.1	3.6	3.7	3.2	2.7	2.4	1.9	1.4	1.1
Reserves [1/]	0.1	0.5	1.2	1.3	1.7	2.0	2.3	2.6	2.8	3.0
Revenue	12.2	14.4	14.3	15.9	16.0	16.3	16.5	16.7	16.9	17.1
Expenditure (cash)	18.8	12.9	14.2	15.9	14.8	15.4	15.8	15.9	16.2	16.4
Primary balance (cash)	-6.5	1.8	0.6	0.5	1.7	1.4	1.1	1.2	1.1	1.0
Overall fiscal balance (cash)	-6.7	1.5	0.1	0.0	1.2	0.9	0.7	0.8	0.7	0.7
Financing gap [2/]	0.5	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: IMF staff estimates.
[1/] Months of imports.
[2/] Statistical discrepancies for 2023–25.

17. **The favorable baseline growth outlook is subject to increasing downside risks (Annex I—RAM).** Substantial downside risks stem from: (i) a possibly stronger 2026/27 El Niño weather event; and (ii) and an intensification of the war in the Middle East, bringing prolonged increases in global energy prices, higher food and fertilizer prices, weaker external demand, and shipping disruptions. The materialization of these risks could half projected 2027 growth, reduce revenues, and increase government spending to procure grains to protect vulnerable households.

POLICY DISCUSSIONS

Program review discussions focused on measures to preserve fiscal discipline, strengthen fiscal governance and transparency, and accelerate the development of a comprehensive FX market liberalization strategy. Policies to address shortcomings in social protection, employment management, and public financial management were also discussed.

A. Fiscal Policy

18. **Discussions focused on addressing fiscal pressures and building buffers under the program.** Considering revenue uncertainty, the program envisaged conservative budget execution in the first half of the year to prevent an accumulation of arrears. Notwithstanding the under-execution on social spending, this objective has so far largely been met. The program also made a provision for expenditures to catch up to the budgeted level in H2 if revenues perform as planned. Given the strong overperformance, the envisaged increase in spending in H2 is now appropriate. However, there is a need to build additional buffers to prepare for next year's risks, notably from El Niño. Relatedly, the above- and below-the-line payment pressures need to be addressed, including through strengthening fiscal governance and transparency. To this end, the authorities and staff agreed on proposed amendments to the program:

- **With expenditures capped at the originally budgeted level, additional revenues will be saved to meet possible food-security needs in 2027.** Even after assuming increased private grains imports, staff estimate that building a fiscal buffer of at least US$275 million from the stronger 2026 outturn—alongside conservative planning for the 2027 budget—would allow the authorities to respond quickly to food-security needs while avoiding arrears and protecting priority social spending. To this end, staff proposes adding a quarterly indicative target setting a floor on central government deposits at the RBZ and commercial banks, with a symmetric adjustor for revenue over- or underperformance relative to the indicative revenue target—proposed to be revised to US$10.3 billion—and an adjustor to accommodate grain purchases for the strategic reserve given concerns about possible pressures on prices and availability next season. Relatedly, the TMU has also added an adjustor to the primary balance target to accommodate potential grain purchases and revised the definition of the ceiling on RBZ credit to the central government from a net to a gross basis.

- **Staff proposes that gold delivery incentives be capped and assessed for relevance and their management improved to reduce fiscal risks.** The incentive is calculated on the gross value of gold delivered, with rates of 5, 7, and 9 percent depending on delivery volumes. This *ad valorem* structure makes the fiscal cost open-ended and sensitive to gold prices and delivery volumes, creating fiscal risks. Moreover, the scheme appears no longer necessary to incentivize formal deliveries given that offered prices are aligned with the world prices, purchases are settled in USD, and there is no evidence of payment delays. MoFED&IP will conduct an assessment of the relevance and fiscal sustainability of the gold incentive to rationalize the scheme in the 2027 National Budget, and curtail payments under the new indicative target of US$300 million this year (MEFP,¶20).

- **Debt-management governance will be strengthened, alongside market development and disclosure.** Liability-management operations (LMOs) in Q1 2026 could pose a fiscal risk. Before the second SMP review, MoFED&IP will review the regulations under the Public Debt Management Act governing LMOs with a view to strengthening the governance, transparency, and recording of such operations. It will also consult with IMF staff in advance on any planned liability management operation to ensure that it is expected to reduce the present value of public debt and improve the public debt-service profile (MEFP,¶28). Furthermore, MoFED&IP will operationalize the Medium-Term Debt Strategy through the Annual Borrowing Plan, and gradually shift from private placements toward a market-based auction model for securities issuance (MEFP,¶27).

- Domestic arrears will be cleared in line with the arrears-clearance strategy. Payments will be made through budget allocations under the five-year strategy and only after the underlying obligations have been verified through audit by the Auditor-General's Office, and confirmed as eligible (MEFP,¶24).

19. Efforts on social protection programs should be strengthened. The recent adoption ZISO user manual that covers all operational modules (MEFP Table 3, SB#3) will enhance the targeting of social programs. However, the program floor on protected social and priority spending (IT for end-March) was missed by a large margin, driven by under-payment of the BEAM program, which is indispensable for protecting access to education for vulnerable children. The underperformance reflected funding and structural problems, including with BEAM selection criteria. The authorities are catching up to the end-June target by improving coordination between MoFED&IP and Social Ministries, and re-prioritizing programs and resources.

20. Shortcomings in PFM and employment management are being addressed. The authorities are taking initial steps to operationalize USD transactions through the PFMS and advancing full earmarking of funds (SB#5). Necessary system configurations are almost complete, already enabling MDAs to initiate USD payments through PFMS, even as some USD payments are still being processed outside the system, including through manual payment instructions issued to the banking system. The implementation of full earmarking will start with a pilot by the Ministry of Finance and Economic Development followed by other large ministries (Transport and Agriculture) before the full rollout. It is paramount to finalize this process as planned to support the implementation of the 2027 budget. The authorities have also made progress towards improving employment management (SB#6), with the draft medium-term wage bill strategy currently being reviewed by Fund staff.

21. Transitioning to a core TSA is underway. Following the development of a TSA reform strategy (MEFP Table 3, SB#9), the authorities have now committed to: (i) approving the TSA reform roadmap; (ii) confirming the chosen TSA design/model; and (iii) completing the bank account census.

B. The Path to Restoring Debt Sustainability

22. Debt is assessed as unsustainable and in distress (2025 Article IV DSA). The total public and publicly guaranteed debt is estimated at US$22.7 billion (38 percent of GDP) at end-2025—lower than estimated earlier due to the higher nominal GDP. The external public debt stock at end-2025 stood at US$15.2 billion (25.5 percent of GDP), over 50 percent of which is in

arrears vis-à-vis its external official creditors. Zimbabwe has limited access to external concessional financing, while debt service on the obligations it continues to service remains high, mainly reflecting external commercial borrowing and the bond-financed loan to Mutapa.

Text Table 3. Zimbabwe: Public and Publicly Guaranteed Debt, 2025 1/
(Millions of US dollars)

	DOD	Arrears and Penalties	Total	% of GDP
Total public debt	12,908.0	9,749.1	22,657.1	38.0
External debt	7,592.7	7,629.9	15,222.6	25.5
Multilateral creditors	140.2	2,742.9	2,883.1	4.8
o/w IMF	0.0	0.0	0.0	0.0
World Bank (IBRD + IDA)	65.7	1,546.4	1,612.1	2.7
AfDB (ADB + ADF)	19.2	740.0	759.1	1.3
EIB	5.8	435.2	440.9	0.7
Other Multilaterals	49.5	21.4	70.9	0.1
Bilateral Creditors	1,596.0	4,857.4	6,453.4	10.8
Paris Club	46.8	4,124.2	4,171.0	7.0
Non-Paris Club	1,549.1	733.2	2,282.4	3.8
Commercial creditors	1,877.0	29.6	1,906.6	3.2
o/w Afreximbank	1,179.0	0.0	1,179.0	2.0
o/w TDB/PTA	698.0	29.6	727.6	1.2
Legacy debt	3,979.6	0.0	3,979.6	6.7
Former farm owners	3,496.8	0.0	3,496.8	5.9
o/w Treasury bonds issued	508.8	0.0	508.8	0.9
RBZ Debt	482.7	0.0	482.7	0.8
Domestic debt	5,315.3	2,119.3	7,434.5	12.5
T-Bills	187.5	0.0	187.5	0.3
T. Bonds	3,928.1	458.9	4,387.0	7.4
Domestic loans	329.7	0.0	329.7	0.6
Arrears to service providers	0.0	1,361.4	1,361.4	2.3
Open position arrears (to mining houses)	0.0	298.9	298.9	0.5
SDRs on-lent	870.0	0.0	870.0	1.5

Sources: Zimbabwe Public Debt Management Office and IMF staff estimates.
1/ Compensation for former farm owners and blocked fund liabilities are classified as external debt in the DSA while the authorities classify them as domestic debt.

23. **Zimbabwe intensified reengagement with international creditors to achieve arrears clearance and debt resolution.** The Structured Dialogue Platform (SDP) continues guiding discussions on three pillars: economic growth and stability reforms, governance reforms, and land-tenure reforms, farmers' compensation, and the resolution of Bilateral Investment Protection and Promotion Agreements (BIPPAs). A successful SMP remains central to the economic pillar. Recent progress in other pillars includes continued implementation of compensation arrangements for former farm owners and claimants under BIPPA B, as well as steps under the governance pillar, including the gazetting of the Whistleblowers and Witness

Protection Bill, finalization of the Second National Anti-Corruption Strategy for Cabinet consideration, and progress on electronic case-management systems. In June, the authorities established a Debt Consultative Group.

24. The process remains guided by the authorities' roadmap, with a clearer path to arrears clearance and debt resolution still to be articulated. With the SMP in place, the authorities aim to build a credible reform track record and advance arrears clearance with IFIs, representing significant prerequisites for a Fund-supported UCT-quality program. This will require upfront clearance—or an agreed plan on terms to clear over a defined period—about US$1.5 billion in arrears to the World Bank, and a credible plan and projected financing to clear US$1.1 billion in arrears to other IFIs. Discussions on modalities—including a loan to support the clearance of arrears to IFIs—are ongoing between the authorities and bilateral partners, and a mechanism to subsequently negotiate debt resolution with official bilateral creditors is yet to be determined. The process is contingent on progress under the SMP and on political commitments under the SDP. Any Fund-supported UCT-quality program would also require restoring debt sustainability over the medium term and satisfaction of the lending into arrears policies.

25. The authorities are advancing debt reconciliation and strengthening reporting. They have engaged with the Paris Club Secretariat to begin reconciling bilateral debt and, with support from the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), are reconciling domestic debt. They also aim to improve the timeliness and comprehensiveness of debt disclosure and remain committed to integrating DMFAS 7 with the Public Financial Management System and the RBZ Central Securities Depository to strengthen public debt statistics.

C. Monetary, Exchange Rate, and Financial Sector Policies

26. The RBZ should maintain a tight policy stance. Tight monetary policy, as measured by contained money growth, has helped reduce pressures in the foreign exchange market and keep inflation low. This stance should be maintained in line with program targets, which remain appropriate for 2026. However, reserve money—an operational target—should continue to be guided by the intermediate objective of stabilizing the exchange rate. Given the weakening of the current account from lower gold prices and the recently somewhat higher FX interventions, the RBZ should stand ready to tighten the policy stance if pressures intensify. The impact of the recent reduction in the policy rate should be carefully monitored and offset if needed.

27. The ZiGDTDF is a welcome starting point for strengthening and clarifying monetary policy operations. The new facility is a step toward the use of indirect monetary policy instruments. To promote money market development and demand for ZiG, such instruments should replace the NNCDs as quickly as feasible. In addition, policy instruments should be better aligned with the current policy framework. For now, the RBZ policy rate appears to limit credit demand, while NNCDs absorb liquidity that banks do not deploy for lending. However, the policy rate would not be consistent with a framework in which the desired stance is set through money

targeting and interest rates are freely determined. It should therefore be phased out as reliance on indirect monetary policy instruments increases.

28. A stable and clearing FX market provides a basis for further improving price discovery. In line with SB #1 (MEFP Table 3), the RBZ policies stabilized and narrowed the parallel market premium and contained uncovered FX demand, and revised the methodology for calculating the daily reference exchange rate to make it a weighted average of all transaction prices and therefore more representative. The RBZ is also finalizing the development of a new, more efficient FX trading system. To improve price discovery, the system should cover transactions between the banks and their clients, and proceeds from FX surrender requirements should also be channeled through the new platform.

29. A comprehensive FX market liberalization strategy should guide reforms to the monetary and exchange rate system (MEFP Table 2, SB#2). The strategy—which is being prepared by the RBZ in coordination with MoFED&IP—should establish what monetary and FX policy framework would be most suitable for Zimbabwe and develop a properly sequenced transition path with clear milestones and deliverables leading to this endpoint. Policy recommendations above should be considered in the context of such a comprehensive strategy, and measures to promote ZiG demand—such as increasing the share of Treasury's revenues in ZiG by designating more taxes to be payable in local currency—should be its key and front-loaded component.

30. Efforts to strengthen the financial stability framework are underway. On Basel III, the RBZ recently adopted the Liquidity Coverage Ratio and, with IMF assistance, is planning to issue its standard on the Net Stable Funding Ratio by the end of 2026. RBZ is also implementing Basel III capital rules and has completed Asset Quality Reviews for four banks. RBZ reviewed its organizational structure and is increasing staffing of the bank resolution unit in line with IMF recommendations while retaining its current reporting structure to preserve oversight continuity and efficient information flow. It has also requested IMF technical assistance on reviewing the net FX open position formula.

D. Structural Reforms and Governance

31. Staff reviewed progress towards governance commitments under the SMP. The authorities confirmed that they had adhered to their commitment to refrain from contracting, guaranteeing, or otherwise assuming any borrowing or debt-like obligations on behalf of Mutapa without prior written approval from the Ministry of Finance. Mutapa has also published financial statements for fourteen of its subsidiaries, with the remaining twelve due by end September. To help better monitor fiscal risks emanating from state-owned enterprises (SOEs), the authorities are preparing a draft assessment based on the IMF's SOE health assessment tool.

PROGRAM MODALITIES

32. Program modalities have been adjusted to reflect agreed policies. Program monitoring will continue through quantitative targets, indicative targets, and structural benchmarks, consistent with the updated macroeconomic framework (MEFP Tables 2 and 3). The review updates the revenue collection and primary balance targets to reflect stronger revenue performance, the government employment costs target to better align it with the budget ceiling, and the domestic debt target to reflect higher repayments in the second half of the year. The authorities' commitment to preserve fiscal buffers is reflected in a new floor on central government deposits (MEFP, ¶16) combined with a redefined ceiling on the RBZ government financing, now on gross basis. The program also includes a new ceiling on gold-incentive payments (MEFP, ¶20). The authorities have also committed to reviewing the framework for liability-management operations under the Public Debt Management Act (MEFP, ¶28), assessing the relevance of the gold incentive (MEFP, ¶20) and clearing verified domestic arrears in line with the Expenditure Arrears Clearance Strategy 2026–2030 (MEFP, ¶24). No changes are proposed to the remaining review schedule under the SMP.

Text Table 4. Zimbabwe: Program Timeline

Test date / Target	Planned reviews (tentative)		
	Review	Review Deadline	Review based on:
End-Mar. 2026	First	Jul-26	Mar. 2026 test
End-Jun. 2026	Second	Oct-26	Jun. 2026 test
End-Sep. 2026	Third	Jan-27	Sep. 2026 test

CAPACITY BUILDING

33. Capacity development (CD) efforts are being accelerated to underpin the timely delivery of the program's SBs. Fund staff (FAD) are supporting the authorities in reviewing their draft medium-term staffing plan to ensure the timely completion of the wage bill management benchmark (MEFP Table 2, SB#6). With Fund staff (FAD) support, the authorities have also developed a TSA reform strategy in June (MEFP Table 2, SB#9). Discussions with Fund staff (FAD) on the timing of CD delivery to support fiscal risk monitoring (MEFP Table 2, SB#8 and SB#9) are ongoing. To sustain domestic revenue mobilization, Fund staff have agreed with the authorities on two dedicated CD missions covering tax administration and tax policy. The latter was completed in April 2026. Following the 2020 IMF Governance and Anti-Corruption Assessment for Zimbabwe, Fund staff remain ready to provide further technical assistance as the authorities prepare their anti-corruption strategy and policy matrix (MEFP Table 3, SB#10). In parallel, the World Bank has provided support on public financial management–related structural benchmarks (MEFP Table 2, SB#5), as well as on reforms to the social protection system (MEFP Table 2, SB#3).

STAFF APPRAISAL

34. **Zimbabwe has continued to make progress in consolidating stabilization gains under the SMP.** The economy has remained resilient despite external shocks, supported by strong agricultural and mining activity, elevated gold prices, and generally tight macroeconomic policies. Inflation has remained low, the exchange rate has been broadly stable, and the current account has remained in surplus, although Zimbabwe's external position in 2025 was assessed as moderately weaker than the level implied by medium-term fundamentals and desirable policies. Successful implementation of the SMP remains an important step toward rebuilding policy credibility and supporting progress on arrears clearance and debt resolution.

35. **Program performance through end-March was strong.** All five quantitative targets were met, including the floors on the cash primary balance and gross international reserves and the ceilings on ZiG base money, RBZ credit to the nonfinancial public sector, and new external non-concessional debt. All but one indicative target were met, with the floor on protected social and priority spending missed because of under-execution in key programs, including BEAM. All five structural benchmarks assessed at this review were met, and progress has been made toward upcoming benchmarks on the social registry, USD payments through the PFMS, full earmarking, wage bill management, the TSA strategy, and Mutapa reporting.

36. **The near-term outlook remains favorable, but downside risks have intensified and call for stronger buffers.** Growth is projected at 5 percent in 2026 and 4.2 percent over the medium term, supported by continued momentum in agriculture and mining and the authorities' initial response to the energy-price shock. Inflation is expected to remain in single digits under tight monetary policy, while the current account surplus should remain robust despite higher energy imports and lower, but still elevated, gold prices. Key risks include a possible major El Niño event in late 2026 and early 2027, renewed war-related energy and trade disruptions, gold price volatility, and domestic policy slippages.

37. **Addressing fiscal pressures and saving revenue overperformance are essential to preserve stability and prepare for shocks.** Staff welcomes the authorities' commitment to cap expenditure at the original budget level, save additional revenues to build deposits of about US$ 275 million, and introduce a quarterly floor on government deposits. These buffers are important given possible food-security needs in 2027. At the same time, above- and below-the-line pressures need to be addressed decisively, including by assessing and better containing gold-delivery incentives, strengthening governance over liability-management operations, and ensuring that domestic arrears are repaid only through budget allocations and after verification, audit, and confirmation of eligibility.

38. **Efforts to strengthen social protection, public financial management, and employment controls should be stepped up.** Staff welcomes progress on the Zimbabwe Social Registry user manual, but the missed floor on protected social and priority spending underscores the need to improve execution of programs that protect vulnerable groups. Operationalizing

USD payments through the PFMS, implementing full earmarking of funds, advancing the TSA strategy, and strengthening cash management are critical to preventing new arrears and improving commitment controls. The draft medium-term staffing plan is also an important step toward containing employment costs over the medium term.

39. **Restoring debt sustainability will require sustained reform implementation and a credible path to arrears clearance and debt resolution.** Zimbabwe remains in debt distress, with external public debt in large part in arrears and access to external financing severely constrained. Staff welcomes continued engagement under the Structured Dialogue Platform and the authorities' roadmap, under which satisfactory SMP performance would help support eligibility for a Fund-supported UCT-quality program and a request for debt treatment. A well-defined and fully financed—and, with respect to the World Bank, agreed—plan is still needed to clear multilateral arrears, including about US$1.5 billion to the World Bank and US$1.1 billion to other IFIs, alongside debt reconciliation, improved disclosure, and a credible strategy for engaging official bilateral creditors.

40. **The RBZ should maintain a tight monetary stance while improving the monetary and FX policy framework.** Contained money growth, active liquidity management, and the absence of fiscal monetary financing have helped support low inflation and exchange rate stability. Staff welcomes the introduction of the ZiG-Denominated Term Deposit Facility as a step toward indirect monetary policy instruments, but NNCDs should be phased out as reliance on market-based tools increases. The RBZ should stand ready to tighten if FX pressures intensify, carefully monitor the impact of the recent policy-rate cut, and use the forthcoming comprehensive FX market liberalization strategy to strengthen ZiG demand, improve price discovery, clarify the intervention framework, and guide a properly sequenced transition toward a stronger monetary and exchange rate system. Strengthening banking-sector regulation and supervision—including Basel III implementation and further work on FX open-position rules—will help reinforce confidence and resilience.

41. **Governance and financial-sector reforms remain important to sustain stabilization and reduce fiscal risks.** Staff welcomes confirmation that Mutapa and its subsidiaries have refrained from contracting or guaranteeing new debt without prior approval by the Ministry of Finance, as well as progress in publishing subsidiary financial statements. Continued efforts to expand fiscal risk monitoring and prepare and publish a comprehensive, time-bound anti-corruption strategy, in consultation with IMF staff, will help reinforce confidence and resilience.

42. **Staff supports completion of the first SMP review.** The program has been strengthened to address emerging risks by proposing revisions to the existing targets and the introduction of the new ones to build fiscal buffers and contain gold-incentive payments. Additionally, the authorities committed to addressing liability-management risks and strengthen arrears controls. Staff supports these changes and the authorities' request to modify the QT floor on the primary budget balance of the central government for end-September 2026. Strong and consistent implementation—supported by targeted capacity development—will be essential to translate the current window of macroeconomic stability into a stronger reform track record, rebuild buffers, and advance the broader arrears-clearance and debt-resolution agenda.

Table 1. Zimbabwe: Selected Economic Indicators, 2023–31
(Units as Indicated)

	2023	2024	2025	2026		2027	2028	2029	2030	2031
		Act.		SMP req.	Proj.			Proj.		
				(annual percentage change, unless otherwise indicated)						
Output and prices										
Real GDP growth	5.3	1.7	8.3	5.0	5.0	4.2	4.2	4.2	4.2	4.3
Nominal GDP (US$ millions)	44,447	45,719	58,290	56,713	64,235	66,080	68,138	70,224	72,389	74,685
GDP deflator	769.1	1097.3	74.0	13.3	5.2	8.8	8.0	8.0	8.0	8.0
CPI (annual average)	667.4	736.1	81.4	8.0	5.2	8.8	8.0	8.0	8.0	8.0
CPI (end-of-period)	778.8	686.8	15.0	9.0	8.0	8.0	8.0	8.0	8.0	8.0
Money and credit										
Money supply (M2)	712.9	930.8	37.6	27.8	43.7	28.8	24.0	22.3	20.0	18.9
Money Base	1,842.7	2421.3	44.2	27.9	43.7	28.8	23.8	22.2	20.0	18.8
Credit to the private sector	914.1	1070.4	35.3	29.6	49.0	17.7	20.6	17.3	16.7	16.8
Credit to the central government	876.4	2391.6	58.4	13.3	-3.4	17.8	11.1	15.6	11.9	12.9
Money supply *(in percent of GDP)*	11.2	9.4	6.9	8.1	9.0	10.2	11.2	12.2	13.0	13.7
Credit to the private sector *(in percent of GDP)*	6.5	6.3	4.5	5.3	6.1	6.3	6.8	7.1	7.3	7.6
				(ZWL$ per US$ until 2023, ZiG in 2024)						
Official exchange rate										
Annual Average Exchange Rate	3,516.2	16.7	26.6	…	…	…	…	…	…	…
End-of-Period Exchange Rate	6,104.7	25.8	26.0	…	…	…	…	…	…	…
Annual Average Exchange Rate, Year-on-year Percent Change	901.5	997.1	59.2	…	…	…	…	…	…	…
End-of-Period Exchange Rate, Year-on-year Percent Change	791.4	957.3	0.7	…	…	…	…	…	…	…
				(percent of GDP)						
Central government [1/]										
Revenue and grants	12.2	14.4	14.3	15.9	16.0	16.3	16.5	16.7	16.9	17.1
Expenditure and net lending [2/]	18.8	12.9	14.2	15.9	14.8	15.4	15.8	15.9	16.2	16.4
Overall balance [2/]	-6.7	1.5	0.1	0.0	1.2	0.9	0.7	0.8	0.7	0.7
Primary balance [2/]	-6.5	1.8	0.6	0.5	1.7	1.4	1.1	1.2	1.1	1.0
				(US$ millions, unless otherwise indicated)						
Balance of payments										
Exports of goods and services	7,603	8,252	10,999	13,825	13,204	13,809	14,245	14,812	15,437	16,087
(annual percentage change)	2.0	8.5	33.3	25.7	20.0	4.6	3.2	4.0	4.2	4.2
Imports of goods and services	10,293	10,715	11,554	13,828	13,617	14,539	15,204	16,140	17,148	18,086
(annual percentage change)	7.6	4.1	7.8	19.7	17.9	6.8	4.6	6.2	6.2	5.5
Current account balance (excluding official transfers)	135	501	2,126	2,120	2,079	1,793	1,637	1,351	1,045	841
(percent of GDP)	0.3	1.1	3.6	3.7	3.2	2.7	2.4	1.9	1.4	1.1
Gross international reserves	110	484	1,181	1,537	1,934	2,452	2,969	3,487	4,004	4,522
(months of imports of goods and services)	0.1	0.5	1.2	1.3	1.7	2.0	2.3	2.6	2.8	3.0
Public debt										
Consolidated public sector debt	21,077	22,461	22,657	22,523	22,182	21,378	20,839	20,153	19,572	19,436
(percent of GDP)	76.1	70.4	38.0	42.3	36.3	33.7	31.8	29.9	27.8	26.5
Public and publicly guaranteed external debt	16,538	15,326	15,223	15,318	15,335	15,056	14,946	14,714	14,598	14,605
(percent of GDP)	59.6	48.0	25.5	28.8	25.1	23.7	22.8	21.8	20.8	19.9
Of which: Arrears	10,770	10,905	10,618	11,842	11,185	11,546	11,926	12,326	12,674	13,103
(percent of GDP)	38.8	36.8	17.8	22.3	18.3	18.2	18.2	18.3	18.0	17.9

Sources: Zimbabwean authorities; IMF staff estimates and projections.

[1/] The 2024 expenditure estimate includes QFOs interest charge (transferred to the Treasury).

[2/] Overall balance and primary balance are on cash basis.

Table 2. Zimbabwe: Monetary Survey, 2023–31
(Millions of ZiG; Unless Otherwise Specified)

	2023	2024	2025	2026	2026	2027	2028	2029	2030	2031
		Act.		SMP req.	Proj.			Proj.		
Reserve Bank of Zimbabwe (RBZ)										
Net foreign assets	-9,094	-56,912	-24,440	-5,635	3,152	28,461	58,382	88,556	116,026	147,324
Net domestic assets	9,903	77,307	53,858	43,250	39,109	25,984	9,040	-6,143	-17,167	-29,868
Net credit to financial corporations	-1,426	-7,340	-7,206	-12,940	-12,992	-21,599	-29,564	-37,910	-48,056	-56,904
Claims on central government	1,275	50,322	73,132	85,250	78,878	86,045	93,831	102,288	110,310	118,938
of which: Government securities	888	13,877	15,417	17,960	16,618	18,095	19,669	21,345	22,904	24,553
of which: Loans (incl. overdraft)	387	36,445	57,715	67,290	62,260	67,950	74,162	80,943	87,405	94,385
Other items, net[1/]	10,054	34,325	-12,068	-29,060	-26,777	-38,462	-55,227	-70,521	-79,421	-91,901
Monetary base	809	20,395	29,419	37,615	42,261	54,445	67,422	82,413	98,859	117,457
Monetary base (LCU)	232	3,516	5,307	8,399	8,399	11,859	16,206	21,754	28,752	37,467
Monetary base (FX)	577	16,879	24,111	29,215	33,862	42,586	51,216	60,659	70,108	79,990
Banks										
Net foreign assets	1,558	9,113	9,891	14,507	17,743	18,941	20,342	21,842	23,195	24,626
Net domestic assets	5,998	69,536	97,394	122,585	136,318	179,446	225,427	278,490	336,953	403,265
Claims on the RBZ	2,392	29,908	40,660	47,941	52,164	71,813	91,510	113,371	138,276	163,729
Net credit to central government	976	5,475	3,605	1,610	-4,433	1,234	2,927	9,166	14,123	21,178
Credit to other public sector	168	551	673	800	2,506	2,768	3,120	3,530	4,016	4,599
Credit to private sector	4,376	51,295	69,271	90,012	103,542	122,022	147,262	172,857	201,855	235,969
Other items, net[1/]	-1,914	-17,693	-16,815	-17,779	-17,461	-18,391	-19,393	-20,433	-21,316	-22,210
Deposits	7,556	78,649	107,286	137,091	154,062	198,387	245,769	300,332	360,149	427,890
of which: FX deposits	5,711	64,431	87,389	105,741	122,731	154,283	185,626	219,853	254,098	289,915
Monetary survey										
Net foreign assets	-7,536	-47,799	-14,548	8,871	20,896	47,402	78,724	110,398	139,222	171,950
Net domestic assets	15,106	126,708	125,613	129,101	134,047	151,971	168,187	190,637	221,982	257,523
Net credit to central government	1,854	46,206	73,211	82,931	70,728	83,323	92,541	106,952	119,660	135,049
Credit to other public sector	312	564	1,127	1,255	2,961	3,222	3,574	3,985	4,470	5,053
Credit to private sector	4,417	51,698	69,965	90,707	104,236	122,717	147,957	173,551	202,549	236,663
Other Items, net[1/]	8,522	28,241	-18,691	-45,791	-43,878	-57,291	-75,885	-93,851	-104,697	-119,244
Broad money (M3)	7,561	78,763	107,425	137,300	154,270	198,699	246,238	301,035	361,204	429,473
Money (M2)	7,544	77,767	107,021	136,820	153,824	198,193	245,668	300,394	360,483	428,661
Money (M2, LCU)	1,833	13,336	19,632	31,079	31,093	43,910	60,042	80,541	106,385	138,746
Money (M2, FX)	5,711	64,431	87,389	105,741	122,731	154,283	185,626	219,853	254,098	289,915
Memorandum items					*(Annual percentage change)*					
Credit to private sector	914.1	1,070.4	35.3	29.6	49.0	17.7	20.6	17.3	16.7	16.8
Net credit to central government	876.4	2,391.6	58.4	13.3	-3.4	17.8	11.1	15.6	11.9	12.9
Monetary base	1,842.7	2,421.3	44.2	27.9	43.7	28.8	23.8	22.2	20.0	18.8
Monetary base (LCU)	886.1	1,416.5	51.0	58.3	58.3	41.2	36.7	34.2	32.2	30.3
Monetary base (FX)	3,083.3	2,825.1	42.8	21.2	40.4	25.8	20.3	18.4	15.6	14.1
M2	712.9	930.8	37.6	27.8	43.7	28.8	24.0	22.3	20.0	18.9
M2 (LCU)	425.5	627.6	47.2	58.3	58.4	41.2	36.7	34.1	32.1	30.4
M2 (FX)	886.1	1,028.2	35.6	21.0	40.4	25.7	20.3	18.4	15.6	14.1
Nominal GDP growth	814.9	1,118.1	88.4	18.9	10.5	13.4	12.6	12.5	12.5	12.6

Sources: Zimbabwean authorities; and IMF staff estimates and projections.

[1/] Includes valuation adjustment from currency reform.

Table 3a. Zimbabwe: Central Government Cash Operations, 2023–31
(Millions of USD)

	2023	2024	2025	2026			2027	2028	2029	2030	2031
	Act.			Budg.	SMP req.	Proj.	Proj.				
Revenue	5,400.5	6,597.2	8,359.0	9,400.2	9,000.0	10,303.1	10,769.5	11,241.1	11,725.8	12,232.1	12,769.4
Tax revenue	5,219.8	6,155.3	7,990.5	9,200.2	8,800.0	9,856.3	10,309.3	10,766.6	11,236.8	11,728.0	12,249.3
Personal income tax	1,035.5	1,237.7	1,583.5	1,700.0	1,710.9	1,872.8	1,949.2	2,025.1	2,102.7	2,183.6	2,269.5
Corporate income tax	549.1	579.8	1,021.0	1,004.0	1,088.3	1,248.7	1,304.6	1,360.3	1,417.6	1,477.4	1,540.8
Other direct taxes	71.4	90.3	133.2	268.1	205.1	255.9	278.4	302.2	327.1	353.3	381.1
Customs	442.1	409.4	586.5	671.8	634.9	707.5	744.3	782.6	822.2	863.6	907.6
Excise	685.7	711.5	927.8	1,187.0	1,012.0	937.1	984.9	1,030.7	1,077.9	1,127.2	1,179.6
VAT	1,550.6	1,703.8	2,019.5	2,342.1	2,289.3	2,895.6	3,027.9	3,167.6	3,311.4	3,461.8	3,621.4
Other indirect taxes	885.3	1,422.8	1,719.0	2,027.2	1,859.5	1,938.6	2,020.0	2,098.1	2,177.9	2,261.2	2,349.4
Non-tax revenue	180.7	441.8	368.5	200.0	200.0	446.8	460.1	474.5	489.0	504.1	520.1
Cash expenditure, total	8,374.5	5,903.6	8,290.7	9,505.9	9,018.4	9,505.5	10,190.7	10,772.0	11,184.0	11,720.4	12,258.7
Current expenditure	4,671.7	4,949.3	6,421.6	8,163.5	7,809.5	8,363.1	8,698.8	9,020.0	9,317.2	9,657.5	9,710.0
Employment costs	2,492.3	2,942.7	3,872.7	4,975.7	4,971.2	4,975.7	5,180.9	5,341.4	5,504.1	5,673.0	5,824.3
Interest payments (paid)	92.1	123.2	306.2	277.2	289.7	296.2	318.6	307.6	293.1	291.6	226.0
Goods & services	1,274.8	1,017.0	1,534.6	1,550.5	1,778.8	1,720.6	1,632.0	1,684.4	1,715.7	1,764.8	1,814.2
Subsidies and social benefits	812.6	866.3	708.1	1,360.1	769.8	1,370.7	1,567.3	1,686.7	1,804.3	1,928.1	1,845.4
Capital expenditure and net lending	3,822.8	1,525.1	1,869.2	1,342.4	1,186.3	1,142.4	1,491.9	1,752.0	1,866.7	2,062.9	2,548.7
o/w: Capital transfers: Transfer to Mutapa 1/	2,824.0										
Overall balance	-2,973.9	693.6	68.3	-105.7	-18.4	797.7	578.8	469.1	541.8	511.7	510.6
Primary balance 2/	-2,881.9	816.8	374.4	171.5	271.3	1,093.9	897.4	776.6	834.8	803.4	736.7
Financing	3,512.9	-501.2	2.4	…	18.1	-797.7	-578.8	-469.1	-541.8	-511.7	-510.6
Domestic financing (net)	3,039.5	-246.4	130.5	…	16.1	-704.0	-0.1	-114.3	-75.1	-179.1	-256.1
RBZ	351.5	-18.6	243.9	…	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Banks	364.3	-243.1	-81.6	…	-70.4	-291.2	204.6	54.3	171.9	115.9	149.5
Non-banks	2,323.7	15.4	-31.8	…	86.5	-412.8	-204.8	-168.6	-247.0	-295.0	-405.6
Foreign financing (net)	473.4	-254.8	-128.1	…	2.0	-93.7	-578.7	-354.8	-466.7	-332.7	-254.5
Disbursements	505.5	33.9	30.4	…	67.9	0.0	7.6	8.0	8.0	8.0	8.0
Amortization	32.1	288.7	158.4	…	65.8	93.7	586.3	362.8	474.7	340.7	262.5
Statistical discrepancies / Financing gap 3/	-539.0	-192.4	-70.7	…	…	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:											
Expenditure arrears (- payment) 4/	404.7	774.9	-3.9	…	323.5	187.2	-48.3	-50.4	-59.8	-78.8	349.7
Primary expenditure	281.6	626.5	0.0	…	-50.0	-150.0	-383.0	-383.0	-383.0	-383.0	0.0
Interest	123.1	148.4	-3.9	…	373.5	337.2	334.6	332.6	323.1	304.1	349.7
External	123.1	24.5	7.8	…	329.0	340.5	334.6	332.6	323.1	304.1	349.7
Domestic	0.0	124.0	-11.6	…	44.5	-3.3	0.0	0.0	0.0	0.0	0.0
Overall balance (commitment)	-3,378.6	-81.3	72.1	…	-341.9	610.5	627.1	519.4	601.6	590.6	160.9
Primary balance (commitment)	-3,230.3	190.3	374.4	…	321.3	1,243.9	1,280.4	1,159.6	1,217.8	1,186.3	736.7
Overdue principal repayments	456.6	498.3	811.2	…	551.6	108.0	-137.8	135.7	165.0	132.0	166.3
External	456.6	227.1	344.6	…	394.1	360.8	61.2	135.7	165.0	132.0	166.3
Domestic	0.0	271.2	466.7	…	157.5	-252.8	-199.0	0.0	0.0	0.0	0.0

Sources: Zimbabwean authorities; and IMF staff estimates and projections.

1/ On-lending to Mutapa for equity purchase and transfer to the RBZ to settle some past US$ commitments.

2/ Staff estimates. Arrears accumulation excludes farmers' compensation.

3/ A negative (positive) number means that financing is lower (higher) than the overall balance. The projected figures from 2026 onward represent financing gaps.

4/ Accumulated arrears on foreign debt do not include valuation adjustment. The stock of arrears could differ from that in the balance of payments table.

Table 3b. Zimbabwe: Central Government Cash Operations, 2023–31
(Percent of GDP, USD-based)

	2023	2024	2025	2026			2027	2028	2029	2030	2031
		Act.		Budg.	SMP req.	Proj.			Proj.		
Revenue	12.2	14.4	14.3	16.8	15.9	16.0	16.3	16.5	16.7	16.9	17.1
Tax revenue	11.7	13.5	13.7	16.4	15.5	15.3	15.6	15.8	16.0	16.2	16.4
Personal income tax	2.3	2.7	2.7	3.0	3.0	2.9	2.9	3.0	3.0	3.0	3.0
Corporate income tax	1.2	1.3	1.8	1.8	1.9	1.9	2.0	2.0	2.0	2.0	2.1
Other direct taxes	0.2	0.2	0.2	0.5	0.4	0.4	0.4	0.4	0.5	0.5	0.5
Customs	1.0	0.9	1.0	1.2	1.1	1.1	1.1	1.1	1.2	1.2	1.2
Excise	1.5	1.6	1.6	2.1	1.8	1.5	1.5	1.5	1.5	1.6	1.6
VAT	3.5	3.7	3.5	4.2	4.0	4.5	4.6	4.6	4.7	4.8	4.8
Other indirect taxes	2.0	3.1	2.9	3.6	3.3	3.0	3.1	3.1	3.1	3.1	3.1
Non-tax revenue	0.4	1.0	0.6	0.4	0.4	0.7	0.7	0.7	0.7	0.7	0.7
Cash expenditure, total	18.8	12.9	14.2	17.0	15.9	14.8	15.4	15.8	15.9	16.2	16.4
Current expenditure	10.5	10.8	11.0	14.6	13.8	13.0	13.2	13.2	13.3	13.3	13.0
Employment costs	5.6	6.4	6.6	8.9	8.8	7.7	7.8	7.8	7.8	7.8	7.8
Interest payments (committed)	0.3	0.6	0.5	0.5	1.2	1.0	1.0	0.9	0.9	0.8	0.8
Foreign	0.3	0.3	0.2	...	0.8	0.7	0.7	0.6	0.6	0.5	0.5
Domestic	0.0	0.3	0.3	...	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Interest payments (paid)	0.2	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.3
Goods & services	2.9	2.2	2.6	2.8	3.1	2.7	2.5	2.5	2.4	2.4	2.4
Subsidies and current transfers	1.8	1.9	1.2	2.4	1.4	2.1	2.4	2.5	2.6	2.7	2.5
Capital expenditure and net lending	8.6	3.3	3.2	2.4	2.1	1.8	2.3	2.6	2.7	2.8	3.4
o/w: Capital transfer: Transfer to Mutapa 1/	6.4										
Overall balance	-6.7	1.5	0.1	-0.2	0.0	1.2	0.9	0.7	0.8	0.7	0.7
Primary balance 2/	-6.5	1.8	0.6	0.3	0.5	1.7	1.4	1.1	1.2	1.1	1.0
Financing	7.9	-1.1	0.0	...	0.0	-1.2	-0.9	-0.7	-0.8	-0.7	-0.7
Domestic financing (net)	6.8	-0.5	0.2	...	0.0	-1.1	0.0	-0.2	-0.1	-0.2	-0.3
RBZ	0.8	0.0	0.4	...	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Banks	0.8	-0.5	-0.1	...	-0.1	-0.5	0.3	0.1	0.2	0.2	0.2
Non-banks	5.2	0.0	-0.1	...	0.2	-0.6	-0.3	-0.2	-0.4	-0.4	-0.5
Foreign financing (net)	1.1	-0.6	-0.2	...	0.0	-0.1	-0.9	-0.5	-0.7	-0.5	-0.3
Disbursements	1.1	0.1	0.1	...	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Amortization	0.1	0.6	0.3	...	0.1	0.1	0.9	0.5	0.7	0.5	0.4
Statistical discrepancies / Financing gap 3/	-1.2	-0.4	-0.1	...	...	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:											
Expenditure arrears (- payment) 4/	0.9	1.7	0.0	...	0.6	0.3	-0.1	-0.1	-0.1	0.0	0.5
Primary expenditure	0.6	1.4	0.0	...	-0.1	-0.2	-0.6	-0.6	-0.5	16.9	0.0
Interest	0.3	0.3	0.0	...	0.7	0.5	0.5	0.5	0.5	16.2	0.5
External	0.3	0.1	0.0	...	0.6	0.5	0.5	0.5	0.5	3.0	0.5
Domestic	0.0	0.3	0.0	...	0.1	0.0	0.0	0.0	0.0	2.0	0.0
Overall balance (commitment)	-7.6	-0.2	0.1	...	-0.6	1.0	0.9	0.8	0.9	1.2	0.2
Primary balance (commitment)	-7.3	0.4	0.6	...	0.6	1.9	1.9	1.7	1.7	1.6	1.0
Overdue principal repayments	1.0	1.1	1.4	...	1.0	0.2	-0.2	0.2	0.2	3.1	0.2
External	1.0	0.5	0.6	...	0.7	0.6	0.1	0.2	0.2	0.7	0.2
Domestic	0.0	0.6	0.8	...	0.3	-0.4	-0.3	0.0	0.0	0.0	0.0
Nominal GDP (UDS, millions)	44,447	45,719	58,290	55,977	56,713	64,235	66,080	68,138	70,224	72,389	74,685

Sources: Zimbabwean authorities; and IMF staff estimates and projections.

1/ On-lending to Mutapa for equity purchase and transfer to the RBZ to settle some past US$ commitments.

2/ Staff estimates. Arrears accumulation excludes farmers' compensation.

3/ A negative (positive) number means that financing is lower (higher) than the overall balance. The projected figures from 2026 onward represent financing gaps.

4/ Accumulated arrears on foreign debt do not include valuation adjustment. The stock of arrears could differ from that in the balance of payments table.

Table 4a. Zimbabwe: Balance of Payments, 2023–31
(US dollars)

	2023	2024	2025	2026		2027	2028	2029	2030	2031
		Act.		SMP req.	Proj.			Proj.		
				(US$ millions, unless otherwise indicated)						
Current Account	135	501	2,126	2,120	2,079	1,793	1,637	1,351	1,045	841
Balance on goods	-1,453	-1,262	960	1,703	1,376	1,238	1,102	830	547	366
Exports of goods	7,204	7,795	10,474	13,287	12,667	13,260	13,683	14,237	14,848	15,485
Imports of goods	8,656	9,057	9,514	11,584	11,291	12,021	12,581	13,407	14,301	15,118
Balance on services	-1,237	-1,202	-1,515	-1,705	-1,790	-1,968	-2,061	-2,157	-2,258	-2,365
Primary income (net)	-434	-478	-610	-1,081	-1,055	-1,048	-999	-942	-889	-830
Secondary income (net)	3,260	3,443	3,291	3,204	3,548	3,571	3,595	3,620	3,645	3,670
of which: Workers' Remittances	2,162	2,575	2,821	2,849	3,120	3,151	3,183	3,214	3,247	3,279
Capital Account	220	206	140	167	105	105	114	119	124	129
Financial Account	-686	-245	1,921	2,654	2,132	1,777	1,702	1,440	1,087	968
Direct investment	-604	-465	-959	-966	-986	-1,061	-1,154	-1,246	-1,346	-1,389
Portfolio investment	23	91	13	41	65	65	64	64	62	62
Other investment	-105	130	2,867	3,579	3,054	2,773	2,791	2,622	2,371	2,295
Currency and Deposit (net)	-62	-367	103	93	252	-14	-10	-10	-10	-10
Loans (net)	-43	497	446	578	600	1,156	1,019	1,272	1,093	1,070
Central bank	193	295	234	0	0	0	0	0	0	0
General government	-109	233	156	392	454	640	491	632	465	421
Other sectors/ (NFCs, HH, NPISHs)	-127	-31	56	186	145	516	529	641	629	649
Unidentified capital and other flows [1/]			2,317	2,908	2,202	1,632	1,781	1,360	1,288	1,235
Errors and Omissions	-1,755	-729	…	…	…	…	…	…	…	…
Overall Balance	-713	223	345	-367	52	122	49	29	82	2
Financing	713	-223	-345	367	-52	-122	-49	-29	-82	-2
Exceptional Financing	226	151	352	723	701	396	468	488	436	516
Reserve accumulation (minus = increase)	487	-374	-697	-356	-753	-518	-518	-518	-518	-518
Memorandum:										
Reserve assets	110	484	1,181	1,537	1,934	2,452	2,969	3,487	4,004	4,522
Months of import cover	*0.1*	*0.5*	*1.2*	*1.3*	*1.7*	*2.0*	*2.3*	*2.6*	*2.8*	*3.0*
					(percent of GDP)					
Current account	0.3	1.1	3.6	3.7	3.2	2.7	2.4	1.9	1.4	1.1
Exports of goods and services	17.1	18.0	18.9	24.4	20.6	20.9	20.9	21.1	21.3	21.5
Imports of goods and services	23.2	23.4	19.8	24.4	21.2	22.0	22.3	23.0	23.7	24.2
					(annual percentage change)					
Exports of goods and services	2.0	8.5	33.3	25.7	20.0	4.6	3.2	4.0	4.2	4.2
Imports of goods and services	7.6	4.1	7.8	19.7	17.9	6.8	4.6	6.2	6.2	5.5

Sources: Zimbabwean authorities; IMF staff estimates and projections.

[1/] Unidentified capital and other flows work as the error and omission term for the projection periods.

Table 4b. Zimbabwe: Balance of Payments, 2023–31
(Percent of GDP)

	2023	2024	2025	2026		2027	2028	2029	2030	2031
		Act.		SMP req.	Proj.			Proj.		
					(percent of GDP)					
Current Account	0.3	1.1	3.6	3.7	3.2	2.7	2.4	1.9	1.4	1.1
Balance on goods	-3.3	-2.8	1.6	3.0	2.1	1.9	1.6	1.2	0.8	0.5
Exports of goods	16.2	17.0	18.0	23.4	19.7	20.1	20.1	20.3	20.5	20.7
Imports of goods	19.5	19.8	16.3	20.4	17.6	18.2	18.5	19.1	19.8	20.2
Balance on services	-2.8	-2.6	-2.6	-3.0	-2.8	-3.0	-3.0	-3.1	-3.1	-3.2
Primary income (net)	-1.0	-1.0	-1.0	-1.9	-1.6	-1.6	-1.5	-1.3	-1.2	-1.1
Secondary income (net)	7.3	7.5	5.6	5.6	5.5	5.4	5.3	5.2	5.0	4.9
of which: Workers' Remittances	4.9	5.6	4.8	5.0	4.9	4.8	4.7	4.6	4.5	4.4
Capital Account	0.5	0.5	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Financial Account	-1.5	-0.5	3.3	4.7	3.3	2.7	2.5	2.1	1.5	1.3
Direct investment	-1.4	-1.0	-1.6	-1.7	-1.5	-1.6	-1.7	-1.8	-1.9	-1.9
Portfolio investment	0.1	0.2	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other investment	-0.2	0.3	4.9	6.3	4.8	4.2	4.1	3.7	3.3	3.1
Currency and Deposit (net)	-0.1	-0.8	0.2	0.2	0.4	0.0	0.0	0.0	0.0	0.0
Loans (net)	-0.1	1.1	0.8	1.0	0.9	1.7	1.5	1.8	1.5	1.4
Central bank	0.4	0.6	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General government	-0.2	0.5	0.3	0.7	0.7	1.0	0.7	0.9	0.6	0.6
Other sectors/ (NFCs, HH, NPISHs)	-0.3	-0.1	0.1	0.3	0.2	0.8	0.8	0.9	0.9	0.9
Unidentified capital and other flows [1/]			4.0	5.1	3.4	2.5	2.6	1.9	1.8	1.7
Errors and Omissions	-3.9	-1.6	...	...	...	...	...	...	...	
Overall Balance	-1.6	0.5	0.6	-0.6	0.1	0.2	0.1	0.0	0.1	0.0
Financing	1.6	-0.5	-0.6	0.6	-0.1	-0.2	-0.1	0.0	-0.1	0.0
Exceptional Financing	0.5	0.3	0.6	1.3	1.1	0.6	0.7	0.7	0.6	0.7
Reserve accumulation (minus = increase)	1.1	-0.8	-1.2	-0.6	-1.2	-0.8	-0.8	-0.7	-0.7	-0.7
Memorandum:										
					(US$ millions)					
Reserve assets	110	484	1,181	1,537	1,934	2,452	2,969	3,487	4,004	4,522
Months of import cover	*0.1*	*0.5*	*1.2*	*1.3*	*1.7*	*2.0*	*2.3*	*2.6*	*2.8*	*3.0*
					(annual percentage change)					
Exports of goods and services	2.0	8.5	33.3	25.7	20.0	4.6	3.2	4.0	4.2	4.2
Imports of goods and services	7.6	4.1	7.8	19.7	17.9	6.8	4.6	6.2	6.2	5.5

Sources: Zimbabwean authorities; IMF staff estimates and projections.

[1/] Unidentified capital and other flows work as the error and omission term for the projection periods.

Table 5. Zimbabwe: External Financing Table, 2025–31
(Percent of GDP)

	2025	2026		2027	2028	2029	2030	2031
	Est.	SMP req.	Proj.			Proj.		
I. Total Requirement	2.4	3.0	2.5	1.5	1.7	1.6	1.7	1.8
Current Account Deficit	-3.6	-3.7	-3.2	-2.7	-2.4	-1.9	-1.4	-1.1
Public Sector Debt Amortization	0.9	0.8	0.7	1.0	0.7	0.9	0.7	0.6
Gross Reserves Accumulation	1.2	0.6	1.2	0.8	0.8	0.7	0.7	0.7
Other Capital Flows 1/	4.0	5.3	3.8	2.4	2.6	1.9	1.8	1.6
II. Total Sources	1.8	1.7	1.4	0.9	1.0	1.0	1.1	1.1
Capital account surplus	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Foreign Direct Investment, net	1.6	1.7	1.5	1.6	1.7	1.8	1.9	1.9
Private Sector Loans, net	-0.1	-0.3	-0.2	-0.8	-0.8	-0.9	-0.9	-0.9
Loan Disbursements to Public Sector	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Portfolio Investment, net	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
III. Financing Gap (I-II)	0.6	1.3	1.1	0.6	0.7	0.7	0.6	0.7
IV. Expected Sources of Financing								
Exceptional Financing (Accumulation of arrears)	0.6	1.3	1.1	0.6	0.7	0.7	0.6	0.7

1/ Other investment excludes the private sector loans (net) and general government loans (net).

Table 6. Zimbabwe: Financial Soundness Indicators, December 2019—December 2025

Financial Soundness Indicators[1/]	Dec-2019	Dec-2020	Dec-2021	Dec-2022	Dec-2023	Dec-2024	Dec-2025
Capital Adequacy							
Regulatory capital to risk-weighted assets	33.4	29.8	26.3	30.2	29.6	29.4	27.7
Percentage of banks greater or equal to 10 percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percentage of banks below 10 and above 6 percent minimum	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Percentage of banks below 6 percent minimum	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital to assets	12.4	11.8	12.7	15.1	18.4	20.7	17.1
Asset Quality							
Foreign exchange loans to total loans	0.8	0.5	0.4	2.3	2.5	1.7	1.0
Past-due loans to gross loans[2/]	18.3	33.8	41.6	38.3	35.9	32.5	29.7
Nonperforming loans (past due > 90 days)[3/]	1.8	0.3	0.9	1.7	2.1	3.4	3.5
Watch-listed loans (past due < 90 days)[4/]	16.6	33.5	40.7	36.6	33.8	29.1	26.3
Provisions as percent of past-due loans	18.0	9.3	11.6	11.5	12.6	13.9	12.8
Earnings and Profitability							
Net profit (before tax and extraordinary items)/net income	120.6	120.0	117.8	120.6	115.6	114.6	140.3
Return on assets	12.8	10.1	9.6	15.1	19.4	19.0	5.9
Return on equity	62.9	53.0	50.0	68.5	75.8	69.0	20.5
Expenses/income	29.5	39.9	42.7	27.7	14.8	11.8	64.2
Liquidity							
Liquid assets/total assets	51.7	53.0	44.6	44.7	41.1	33.7	35.2
Liquid assets/short-term liabilities	67.2	68.0	57.3	58.0	54.6	46.3	46.2
Loans/deposits	38.4	40.4	49.1	54.4	59.4	65.0	62.6
Liquid assets/total deposits	92.8	88.2	71.5	71.8	73.4	62.6	60.2
Foreign exchange liabilities/total liabilities	21.5	35.1	33.8	43.0	74.3	82.6	79.0
Excess Reserves to Broad Money	21.2	6.9	0.2	0.0	0.2	4.0	4.0
Sensitivity to market risk							
Net foreign exchange assets (liabilities) to shareholders' funds	-49.34	-141.44	-132.83	-134.48	-145.14	57.97	-0.01

Source: Reserve Bank of Zimbabwe.

[1/] Based on all banks.

[2/] Past due loans are defined as the aggregate of special mention, substandard, doubtful, and loss loans.

[3/] Non-perfoming loans are defined as the aggregate of substandard, doubtful, and loss loans.

[4/] Watch-listed loans are the same as special mention loans.

Annex I. Risk Assessment Matrix [1]

Source of Risk	Likelihood	Expected Impact	Policy Response
Conjunctural Risks			
Geopolitical Tensions and Intensification of Conflicts. Rising geopolitical tensions and a weakening of multilateralism raise the risk of an escalation in military conflicts, with damage to physical and financial infrastructure, disruptions to major transit routes and supply chains, higher migration pressures, and financial market volatility.	High	Medium. Zimbabwe's limited direct trade with conflict zones contains the impact, but higher global trade and shipping costs, supply-chain disruptions, and any interference with gold export and refining channels would raise import costs, compress export receipts, and generate reserve pressures.	Diversify trade routes and partners and deepen regional integration, including through AfCFTA implementation. Advance business-environment reforms, improve logistics resilience, and rebuild fiscal and external buffers.
Commodity Price Volatility. Supply and demand imbalances—triggered by geopolitical tensions, coordinated production decisions, shifts in investor preferences, or structural changes in demand—fuel commodity price swings, amplifying external and fiscal pressures, social unrest, and macroeconomic instability.	High	High. Gold and other minerals dominate exports; a sustained decline in gold prices would markedly weaken export earnings, fiscal revenue, reserves, and growth. The impact would be deepened by any concurrent rise in oil and other import prices, widening the trade deficit.	Rebuild fiscal and reserve buffers while prices are favorable; allow exchange-rate flexibility and adjust monetary policy if pressures intensify. Protect priority social spending, strengthen revenue mobilization, and advance export diversification.
Trade-related Risks. Protectionism and Trade Disruptions: Tariff and nontariff measures disrupt global supply chains, weighing on activity while increasing inflation. Trade diversion triggers broader protectionism. New Trade Agreements: Tangible progress in trade talks reduces uncertainty and trade barriers. Wider cooperation on services, FDI, and taxation boosts investment and bolsters public finances.	High	Medium. As a small, relatively closed economy, Zimbabwe is only modestly exposed to direct tariff effects, but trade diversion could still impact mineral and agriculture exports and raise input costs. Conversely, deeper regional integration and trade realignment offer opportunities to expand exports and attract relocating investment.	Diversify export markets and deepen regional integration, including AfCFTA implementation. Improve the business environment, reduce trade costs, and strengthen competitiveness to attract FDI and seize trade-diversion opportunities.

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. The conjunctural shocks and scenarios highlight risks that may materialize over a shorter horizon (between 12 to 18 months) given the current baseline. Structural risks are those that are likely to remain salient over a longer horizon.

Social Discontent. Persistently high living costs, youth unemployment, and inequality—amid an erosion in governance standards and pressures from geoeconomic realignments—trigger social unrest, political repression, and instability, affecting countries' capacity to pursue economic reforms.	Medium	Medium. Recent stabilization has eased near-term social pressures, but very high youth unemployment, a large informal sector, and still-elevated living costs remain vulnerabilities if growth disappoints.	Protect priority social spending and improve delivery of social programs. Advance inclusive labor-market and governance reforms to support jobs, strengthen trust, and sustain reform ownership.
Structural Risks			
Labor Shortages and Remittances. Tighter immigration policies exacerbate labor shortages in aging destination economies, reducing potential output and straining their fiscal balances. Origin countries see depressed remittances and incomes and weaker external balances, though a larger labor force could partly offset the remittance decline over the medium term.	High	Medium. Remittances are a large and stable source of foreign exchange and household income. Inflows have held up so far, but tighter immigration policies and periodic tensions with neighboring countries hosting Zimbabwean migrants could reduce remittances, while returning migrants could add to domestic labor-market pressures.	Lower remittance costs, deepen financial inclusion, and engage regionally on labor migration arrangements. Advance job-creating private-sector reforms, support skills retention and reintegration, and maintain reserve buffers.
Climate Change. Extreme climate events and rising temperatures could cause loss of life, damage to infrastructure, food insecurity, supply disruptions, and heightened economic and financial instability.	Medium	High. Agriculture is central to output, employment, and exports, and the economy is highly vulnerable to droughts and floods. A renewed El Niño–driven drought would lower agricultural output and hydropower generation, worsen food insecurity, raise import needs, and add to fiscal and external pressures.	Protect vulnerable groups and priority spending, create fiscal space for grain imports, and seek humanitarian support if needed. Invest in climate resilience, irrigation, drought preparedness, and energy diversification.
Domestic Risks			
Fiscal policy slippages.	High	High. Lack of adjustment to financing gaps and limited additional financing options result in recourse to monetary financing, triggering FX pressures and threatening price and financial sector stability.	Close financing gaps upfront, save revenue overperformance, and prepare contingency measures for shortfalls. Strengthen revenue collection, prioritize spending, and avoid monetary financing.
Slow reengagement from delays in advancing reforms.	High	High. Delays in advancing reforms and garnering support from the international community would maintain the status quo, exacerbating economic imbalances and worsening policy confidence.	Advance SMP and governance reforms to strengthen international support, enable arrears clearance, unlock IFI financing, and gradually restore market access and policy credibility.

Appendix I. Letter of Intent

Harare, Zimbabwe

July 21, 2026

Ms. Kristalina Georgieva

Managing Director

International Monetary Fund

700 19th Street NW

Washington, DC 20431

U.S.A.

Dear Madam Georgieva:

1. Zimbabwe's economy has remained resilient since the approval of the Staff-Monitored Program, notwithstanding a more challenging external environment. Growth rebounded to 8.3 percent in 2025 and is expected to remain robust in 2026 at 5 percent supported by favorable rainfall, strong mining activity, resilient remittances, and continued stabilization gains. Inflation has declined rapidly to single digit and remains contained, while the external position has strengthened on the back of strong mineral exports and favorable terms of trade. At the same time, spillovers from the Middle East conflict, including higher fuel and fertilizer prices and possible supply-chain disruptions, warrant continued vigilance given potential implications for inflation, food security, fiscal space, and reserve accumulation.

2. We have made good progress in implementing policies that preserve macroeconomic stability, strengthen fiscal and monetary discipline, and advance our reform agenda under the SMP. All end-March 2026 quantitative targets were met, with the primary balance above the programmed floor. However, we were not able to observe the indicative target on protected social and priority spending owing to disbursement delays. We will prioritize and reprofile spending to meet the annual target and improve monitoring through the Cash Management Committee. The end-March structural benchmark on taxpayer register quality was met, the continuous structural benchmark on prior Treasury approval for Mutapa borrowing has been observed, and we have also met the end-June benchmarks on the Zimbabwe Social Registry and the Treasury Single Account reform strategy.

3. We remain committed to maintaining prudent macroeconomic policies and building a track record for re-engagement under the SMP. Fiscal policy will continue to be anchored on cash budgeting, disciplined budget execution, and the avoidance of monetary financing. We will preserve fiscal buffers from stronger revenue performance to help manage possible spending pressures, including food-insecurity needs should the El Nino climate-related risks materialize in 2027. The Reserve Bank of Zimbabwe will maintain tight liquidity conditions, contain growth in the ZiG monetary base, and support exchange rate stability.

4. We will continue advancing public financial management, debt management, and governance reforms to safeguard fiscal discipline and reduce fiscal risks. We will operationalize US dollar payments through the PFMS and improve commitment controls, prevent the net

accumulation of new domestic expenditure arrears. We will also ensure that domestic arrears are cleared in line with the Parliament-approved Expenditure Arrears-Clearance Strategy (2026-2030). We will strengthen debt management by reviewing the regulations under the Public Debt Management Act before the second SMP review to clarify the framework for liability-management operations, including early redemptions, and ensure that any such operations are fiscally justified, consistent with the MTDS, transparently recorded, and expected to reduce the present value of public debt and improve the debt-service profile. To enhance transparency, we will continue oversight of Mutapa Investment Fund and its subsidiaries, publish audited IFRS-consistent financial statements of Mutapa subsidiaries, and prepare and publish the successor National Anti-Corruption Strategy with a policy matrix of responsibilities, timelines, and actions.

5. We will contain fiscal risks from the gold incentive scheme and review the scheme in the 2027 Budget. To contain fiscal risks related to gold-price movements and gold deliveries in 2026, Government will limit total spending on the gold incentive scheme through end-2026 to US$300 million. As part of the preparation of the 2027 Budget, Government will also evaluate the continued relevance and fiscal sustainability of the gold incentive scheme, including whether adjustments to its scope are warranted in light of fiscal costs and policy objectives.

6. We request the completion of the first review under the Staff-Monitored Program and modifications of the program targets to reflect the new policy commitments. The requested changes to QTs and ITs are detailed in Tables 1-2 of the Memorandum of Economic and Financial Policies (MEFP) and in the Technical Memorandum of Understanding (TMU) and include the following: a modification of the revenue collection, primary balance, government employment costs, and domestic debt targets to reflect stronger revenue collection; a redefined ceiling on the RBZ government financing; and a new ceiling on gold-incentive payments and a new floor on central government deposits

7. The attached Memorandum of Economic and Financial Policies (MEFP) sets out our commitments for the remainder of the program. The Government of Zimbabwe believes that the measures and policies set forth in the attached MEFP are adequate to achieve the objectives of the program, but stands ready to take additional measures, as necessary, to ensure its success. We will consult the IMF on the adoption of such measures in advance of any revision to our economic and financial policies, in accordance with the IMF's policies on such consultations. The Government authorizes the IMF to publish this letter, the attached MEFP and Technical Memorandum of Understanding (TMU), and the related staff report.

Yours sincerely,

/s/

Hon. Prof. Mthuli Ncube
Minister of Finance Economic
Development and Investment Promotion
Government of Zimbabwe

/s/

Dr. John Mushayavanhu
Governor
Reserve Bank of Zimbabwe

Attachments (2):

I. Memorandum of Economic and Financial Policies (MEFP)

II. Technical Memorandum of Understanding (TMU)

Attachment I. Memorandum of Economic and Financial Policies

I. CONTEXT

1. **Economic performance has remained strong notwithstanding the spillover risk from the Middle East conflict.** Since the approval of the SMP in March 2026, macroeconomic performance has remained robust, supported by continued stabilization gains. However, the Middle East conflict has contributed to higher international fuel and fertilizer prices, with implications for domestic inflation. It has also raised concerns about fuel and transport costs, shipping disruptions, agricultural productivity, and food security. The main macroeconomic risks are higher fuel and fertilizer import costs and possible shipping disruptions, which could reduce the current account surplus and weigh on reserve accumulation. So far, however, the immediate inflationary impact has been contained, with annual inflation easing to 4.4 percent in May after rising to 4.8 percent in April. The attached Memorandum of Economic and Financial Policies (MEFP) has been updated to reflect recent economic developments, external risks, and the Government's policy response.

2. **The Government remains firmly committed to the reform agenda underpinning the SMP despite a more challenging external environment.** The SMP continues to support efforts to preserve macroeconomic stability, strengthen fiscal and monetary discipline, build resilience to external shocks, establish a track record of sound policies and lay firm foundations for re-engagement with the international community under the Structured Dialogue Platform on arrears clearance and debt restructuring. The Government will continue implementing prudent macroeconomic policies and structural reforms to support sustainable and inclusive growth. Successful implementation of the program remains critical for advancing arrears clearance and debt restructuring, improving prospects for concessional development financing from multilateral financial institutions, and supporting the objectives of the second National Development Strategy (NDS2) and Vision 2030: "a Prosperous and Empowered Upper Middle-Income Society by 2030."

II. RECENT ECONOMIC DEVELOPMENTS

3. **Growth rebounded strongly in 2025 and is projected to remain robust in 2026.** Real GDP growth recovered to 8.3 percent in 2025 from 1.7 percent in 2024, supported by agricultural recovery following the El Niño-induced drought, resilient remittances, and record-high international gold prices. In 2026, growth is projected at 5.0 percent, underpinned by strong performance in mining, wholesale and retail trade, manufacturing, finance and insurance, and electricity generation. New investment in mining, including mineral beneficiation, and higher investment in manufacturing are expected to support economic activity and growth.

4. **The Middle East conflict has increased external risks, but the impact on economic activity and inflation has so far been contained.** The conflict has affected the economy mainly through higher international oil prices and supply-chain disruptions. As an import-dependent economy, Zimbabwe is exposed to higher fuel and fertilizer import costs, with domestic fuel prices

rising above US$2 per litre and transport costs increasing. The Government responded by reducing the strategic fuel levy and increasing petrol blending with domestically produced ethanol to cushion consumers and support productive sectors. The Government also recapitalized local fertilizer companies and promoted domestic fertilizer production, complemented by input support schemes and improved planning for agricultural inputs. These measures have helped contain the broader impact on economic activity, inflation, agricultural production, and food security.

5. Inflation has declined rapidly and remains contained despite the recent fuel price shock. ZiG annual inflation eased significantly to 15.0 percent by December 2025 and further declined to 4.1 percent in January 2026. It moderated to 3.8 percent in February before edging up to 4.4 percent in March and 4.8 percent in April, largely reflecting the pass-through effects of higher international oil prices. Inflation subsequently eased to 4.4 percent in May before increasing marginally to 4.7 percent in June 2026. On a month-on-month basis, ZiG inflation remained contained, rising modestly from 0.5 percent in May to 0.6 percent in June. Going forward, ZiG annual inflation is projected to remain in single digits throughout the remainder of 2026, supported by continued fiscal discipline, a tight and appropriately calibrated monetary policy stance and sustained exchange rate stability. US dollar inflation also remained subdued during the period. Month-on-month US dollar inflation stood at 0.1 percent in June 2026, while annual US dollar inflation was 3.1 percent, reflecting continued price stability in the foreign currency segment of the economy.

6. Revenue gains and cash budgeting helped strengthen the fiscal position in 2025. The revenue ratio increased from 14.3 percent of GDP in 2024 to 15.1 percent in 2025, supported by buoyant economic activity, stronger tax administration, anti-smuggling measures, digitalization, and new taxes on fast food and betting. Together with cash budgeting and expenditure prioritization, this helped reduce the budget deficit to 0.4 percent of GDP and achieve a primary surplus of 0.2 percent of GDP. Tight financing constrained the full execution of planned spending, but the Government reduced the accumulation of domestic expenditure arrears and cleared some outstanding obligations.

7. Monetary policy has remained tight and appropriately calibrated, helping sustain exchange rate stability and strengthen confidence in the ZiG. Government has continued financing the budget without recourse to monetary financing, while the Reserve Bank of Zimbabwe has maintained tight liquidity conditions and contained growth in the ZiG monetary base. Strong foreign currency inflows, which exceeded foreign payments during the first five months of 2026, supported reserve accumulation and helped maintain exchange rate stability. Foreign currency reserves backing the ZiG increased from US$1,169 million on 2 January 2026 to over US$1.5 billion by end of May 2026, while the ZiG/US$ exchange rate remained broadly stable at ZiG25–27 per US dollar. The RBZ has also operationalized the ZiG Denominated Term Deposit Facility to strengthen monetary policy operations and transmission. Further, the RBZ reduced the Bank policy rate from 35 percent to 30 percent, consistent with the structural shift to a lower inflation environment. As such, this does not represent a relaxation of the monetary policy stance.

8. The external position continued to strengthen in early 2026, building on the strong export performance recorded in 2025. The current account recorded a surplus of US$616.3 million in the first quarter of 2026, compared with a deficit of US$22.6 million in the first quarter of 2025,

supported by strong mineral exports, resilient remittances, and favorable terms of trade. Gold exports increased to US$1.3 billion in the first quarter of 2026 from US$0.8 billion a year earlier, while PGM exports more than doubled to US$544 million and lithium exports reached US$184 million. The strong performance builds on the marked strengthening of the external sector in 2025, when merchandise exports rose by 34.4 percent to US$10.5 billion, driven by mineral exports, and the current account surplus widened to US$2.1 billion from US$501.2 million in 2024. The enforcement of value addition in the lithium sector is also beginning to support export recovery, with lithium exports resuming in April 2026 at a higher scale. Strong external sector performance is expected to support ZiG stability and reserve buildup.

III. MACROECONOMIC OUTLOOK

9. The outlook for 2026 remains positive, supported by strong domestic fundamentals and continued implementation of prudent policies. Real GDP growth is projected at 5 percent in 2026, supported by favorable rainfall, strong mining output, resilient remittances, and continued activity in services. Inflation is expected to remain in single digits, although higher fuel and food prices could create moderate pressures in the second half of the year. The current account is expected to remain in surplus, supported by mining and agricultural exports and remittances, while higher fuel and other import costs may narrow the surplus relative to 2025.

10. Medium-term prospects remain favorable, anchored by prudent macroeconomic policies, ongoing structural reforms, and continued expansion in key productive sectors. Growth is projected to remain robust over the medium term, averaging slightly above 5 percent during 2027–2030 and strengthening gradually as investment, productivity, and reforms under NDS2 take hold. Medium – term growth prospects will depend on arrears clearance and debt resolution, critical to unlocking new concessional financing, foreign direct investment and a Medium-Term Financing Framework for NDS2. Inflation is expected to remain in single digits, supported by fiscal discipline, tight monetary policy, exchange rate stability, and continued strengthening of monetary policy operations. The current account is expected to remain in surplus, although the surplus may gradually narrow as import demand rises with economic activity and investment. Gross international reserves are expected to continue strengthening in the medium term helping rebuild external buffers and support confidence in the ZiG.

11. The outlook remains subject to downside risks, which the Government will continue to manage through prudent and timely policy responses. A prolonged Middle East conflict could increase fuel and fertilizer prices, disrupt shipping, and renew inflationary pressures. Commodity price volatility, weaker global demand, and climate-related shocks could weigh on exports, fiscal revenues, agricultural production, food security, and reserve buildup. The forecast strong El Nino will be a serious downside risk for the 2026/27 agricultural season. In this regard, Government has developed an early warning and early action strategy for the 2026/27 agricultural season. Domestically, higher goods and services costs, priority social spending needs, and arrears-clearance obligations could place pressure on fiscal space. The Government will continue to preserve fiscal and monetary discipline, protect priority spending, and maintain policy consistency during the SMP

period and beyond. On the upside, stronger gold prices, higher mining investment, faster implementation of reforms, and progress on re-engagement could strengthen confidence, support growth, and accelerate reserve buildup.

IV. PROGRAM POLICIES

12. SMP-supported policies remain focused on consolidating macroeconomic stability, supporting investment and structural transformation, and building a track record of implementing credible policies, critical for arrears clearance and debt restructuring. All end-March quantitative targets were met, including those on the primary budget balance, RBZ credit to the nonfinancial public sector, net international reserves, ZiG monetary base, and new non-concessional external borrowing. The cash primary balance exceeded the programmed floor by about 0.5 percentage point of GDP (MEFP, Table 2).

13. Program implementation was also supported by progress on indicative targets and structural reforms. All the indicative targets were met except the floor on protected social and priority spending, which was missed because of delays in disbursements early in the program period. In this regard, The Government will prioritize and accelerate social spending to meet the annual target. Fiscal structural reforms are advancing, with the end-March benchmark on taxpayer register quality met and very good progress toward the end-June benchmarks on the Zimbabwean Social Registry operational Manual and the Treasury Single Account. The continuous structural benchmark requiring prior Treasury approval for borrowing or debt-like obligations by Mutapa Investment Fund and its subsidiaries has also been observed (MEFP, Table 3).

14. The Government remains committed to maintaining macroeconomic stability and advancing structural reforms under the SMP. We will continue financing the budget without recourse to monetary financing, prevent the net accumulation of domestic expenditure arrears, and strengthen fiscal discipline through continued public financial management reforms. The monetary authorities will implement reforms to strengthen the monetary and exchange rate policy framework, including measures to improve the functioning of the interbank foreign exchange market and strengthen monetary policy operations. In parallel, we will continue governance and institutional reforms to mitigate fiscal risks, enhance transparency, and build a credible policy track record for sustainable growth, macroeconomic stability, and external arrears clearance and debt restructuring.

A. Fiscal Policy and Public Financial Management

15. The execution of the 2026 Budget remains central to demonstrating the Government's commitment to sound macroeconomic management. As set out in the 2026 Budget, fiscal policy will continue to support currency, exchange rate, and price stability through cash budgeting, expenditure prioritization, and disciplined budget execution. The Government has identified domestic expenditure arrears as a risk to fiscal sustainability, and the process of identifying, validating, and auditing domestic expenditure arrears initiated in 2025 is ongoing and is adhering to the timelines agreed in the audit terms of reference.

16. The Government will continue implementing prudent fiscal policy, supported by complementary monetary policy, to durably anchor macroeconomic stability. The Government is committed to maintaining expenditures within the ceilings approved in the 2026 Budget, while aligning cash releases with revenue performance and available financing, consistent with cash budgeting. Weekly and monthly expenditure execution is being closely monitored through the Cash Management Committee to ensure consistency with the approved budget and available resources. As of end-March 2026, the floor on the primary budget balance was exceeded by a comfortable margin, reflecting prudent expenditure management and strong revenue performance. The Government will preserve fiscal buffers from stronger revenue performance to help manage potential spending pressures, including food-security needs should El Niño-related risks materialize in 2027. To support this objective, program monitoring will include a floor on central government deposits calibrated to build an adequate buffer by year-end, while allowing for adjustments if revenue performance differs from program projections.

17. Domestic revenue mobilization will remain the main source of budget financing and a key pillar for achieving our development goals. The Domestic Revenue Mobilization Strategy - 2026–2030 focuses on targeted tax policy measures, stronger tax administration, and legislative reforms. Revenue performance remained strong through end-March 2026, with the indicative target on central government revenue collection exceeded by 28.4 percent. The end-March structural benchmark on taxpayer register quality was also met through monitoring and quarterly reporting of the percentage of new VAT and PAYE registrants who file and pay (MEFP Table 3, SB #4). Building on this progress, Government will continue strengthening taxpayer compliance, broadening the effective tax base, implementing a compliance-improvement strategy for large and medium-sized corporate taxpayers, and developing a risk-based tax arrears recovery strategy.

18. The management of the public wage bill will be central to strengthening expenditure policy. Government is managing employment costs to ensure that they remain within the 50 percent of total revenue collections. In the 2026 budget, employment costs are slightly above the 50-percent threshold; however, Government has instituted a set of near term and medium-term policy measures to reduce this ratio to desired levels. These measures include aligning salary adjustments with revenue performance, implementing recommendations from the Job Evaluation Exercise Reports, rationalizing staffing levels based on workload assessments, maintaining a hard freeze on new recruitment except in critical sectors, promoting multitasking, and redeploying staff from MDAs with excess personnel to those with shortages. Additional measures include digitization of human-resource management systems. To further strengthen medium-term wage bill management, Public Service Commission (PSC) and MOFED&IP will develop a medium-term staffing plan with a view to bringing the employment cost to below 50 percent of revenue, ensuring that the total wage bill-to-GDP ratio converges towards 8.5 percent over the medium run (MEFP Table 3, SB #6).

19. Social Spending will be protected. Government remains committed to maintaining the budgeted level of social spending of US$755 million for the following social programs anchored on the Zimbabwe Social Registry developed by Government: (i) the Presidential Input Scheme; (ii) Basic Education Assistance Module (BEAM); (iii) Food Deficit Mitigation; (iv) Harmonized Cash Transfers; (v)

the Social Protection Management Information System; (vi) Education; (vii) Health; (viii) Recurrent spending on teaching and learning materials; spending on the school feeding program; expenditures on the Student Stipend Support portion of the National Education and Training Fund; and (ix) Recurrent spending on preventative health programmes; medical supplies procured for ARVs and TB drugs; co-financing of GAVI programmes; current expenditures for government hospitals and health centres; grant aided institutions Parirenyatwa/Mission Hospitals/Local authorities; and recurrent expenditures on maternal and child health (See Text Table). While the indicative target on protected social and priority spending was missed at end-March due to the late start of disbursements following the staff-level agreement on February 6, most related payments were made in March 2026, and we will reprofile spending to subsequent quarters to ensure that the annual target is met. In coordination with the Ministry of Public Service, Labor and Social Welfare, we have adopted and published a user manual covering all operational modules of the Zimbabwe Social Registry (ZISO), including registration, eligibility determination, updating, and data management (MEFP Table 3, SB #3).

Table 1. Zimbabwe: Social Programs under the SMP

Ministry	Purpose
Lands, Agriculture, Water, Fisheries and Rural Development	Agriculture Productive Scheme (Pfumvudza/Intwasa)
Public Service, Labour and Social Welfare	Basic Education Assistance Module
	Food Deficit Mitigation
	Harmonised Cash Transfer
	Social Protection Management Information System
Primary and Secondary Education	School Feeding
	Recurrent spending on teaching and learning materials
	Expenditures on the Student Stipend Support portion of the National Education and Training Fund
Health and Child Care	Floor on social spending (maternal and child health, Support to Government hospitals and health centres, Co-financing of GAVI programmes)

20. **Government will contain fiscal risks from the gold incentive scheme.** To contain fiscal risks related to gold-price movements and gold deliveries in 2026, Government will, through the Cash Management Committee, limit total spending on the gold incentive through end-2026 to US$300 million. As part of the preparation of the 2027 Budget, Government will also evaluate the continued relevance and fiscal sustainability of the gold incentive scheme, including whether adjustments to its scope are warranted in light of fiscal costs and policy objectives.

21. **Cash management arrangements have been strengthened through the operationalization of the Cash Management Committee.** To strengthen cash management, we issued a revised circular clarifying the mandates and responsibilities of the Cash Management Committee (CMC). The re-established CMC, supported by the Cash Management Secretariat, is now operational and has been holding regular weekly meetings to monitor revenue performance,

expenditure execution, and cash releases. We also finalized a standard monthly cash management template for revenue collections and expenditure management.

22. We will also advance reforms to strengthen cash management and oversight through the adoption of a Treasury Single Account (TSA). An IMF technical assistance mission was conducted during May 5–18, 2026, to support the development of the TSA framework and implementation strategy. Drawing on this support, the Ministry of Finance, Economic Development and Investment Promotion has developed a TSA reform strategy, including a bank account rationalization plan and a phased approach for introducing a core TSA and expanding its coverage (MEFP Table 3, SB #7). Expanding TSA coverage is expected to improve payment efficiency, transparency, and accounting, while supporting more effective cash and liquidity management in coordination with the RBZ.

23. Strengthening PFMS functionality and advancing towards full commitment control will be essential going forward. We have operationalised the US dollar payment functionality in the PFMS and issued a Treasury circular requiring all MDAs to process all USD payment requests through the PFMS, with the Treasury issuing payment instructions exclusively from the PFMS. We will also configure the PFMS to require Funds Reservations for all expenditures, including recurring costs and capital projects, and to record earmarking for multi-year capital projects using Internal Order numbers. (MEFP Table 3, SB #5).

24. Government has adopted a strategy to clear domestic expenditure arrears over a five-year period. The Expenditure Arrears Clearance Strategy 2026–2030, tabled in Parliament on November 27, 2025, provides for validation of the arrears stock, netting out of intra-public-sector obligations, and clearance of the remaining verified stock through annual budget allocations over 2026–2030. Current expenditure arrears are estimated at about US$1.7 billion at end-2025, subject to validation through audits by the Auditor-General's Office. Government is committed to clearing verified arrears in accordance with the Strategy, including through non-tradable five-year securities and voluntary reverse-auction buybacks within the approved budget envelope, with prioritization given to arrears with higher socioeconomic impact. As part of the strategy, Government allocated US$318.6 million in the 2026 National Budget toward expenditure arrears clearance.

25. We will audit the largest categories of existing domestic arrears before clearance. To support this process, the Ministry of Finance, Economic Development and Investment Promotion adopted the Terms of Reference for the Auditor-General's Office of Zimbabwe to conduct independent audits of expenditure arrears across MDAs for end-2024 and end-2025, and agreed an audit workplan with the Auditor-General's Office (MEFP Table 2). The audit will focus on arrears related to dam construction and water supply projects, road development, MoFED&IP expenditure arrears, and the Input Support Scheme, with any remaining categories to be finalized thereafter. In line with the agreed workplan, the first reports covering dam construction, road development, and MoFED&IP expenditure arrears will be completed by July 3, 2026; the Input Support Scheme report by August 8, 2026; and any outstanding categories by August 28, 2026.

26. **Government will strengthen controls to prevent the net accumulation of new domestic expenditure arrears.** Following the issuance of the revised circular to all ministries, departments, and agencies to improve domestic expenditure arrears monitoring, quarterly arrears reporting is now in place. Government produced the first quarterly domestic expenditure arrears report for the first quarter of 2026 on time. The initial focus remains on the Ministry of Finance, Economic Development and Investment Promotion, the Ministry of Agriculture, Mechanisation and Water Resources Development, and the Ministry of Transport and Infrastructure Development. For these three ministries, domestic expenditure arrears recorded a net reduction of US$94.62 million in the first quarter of 2026, compared with the SMP ceiling of zero net accumulation.

27. **Sound debt management is central to strengthening fiscal credibility.** We will continue to develop the domestic debt market to support transparent, predictable, and market-based financing of the budget. Government will operationalize the Medium-Term Debt Strategy through the Annual Borrowing Plan, including by strengthening cost-risk analysis and aligning annual borrowing decisions with the strategy's objectives. Reliance on private placements reflected past economic instability and limited market appetite. Given the current stability, and as announced in the 2026 Budget, Government will gradually move toward a market-based auction model for securities issuance, with auction results published by the RBZ. Government will continue to engage market participants to improve price discovery, broaden investor participation, and support the gradual development of a domestic yield curve.

28. **Government will review the regulations under the Public Debt Management Act to determine the coverage, methodology, approval process, and reporting requirements for liability management operations.** In line with the Act, such operations may include early redemptions of loans and securities but should be undertaken only where they are fiscally justified, transparent, and consistent with the MTDS. The review will be completed prior to the completion of the second SMP review, with a view to strengthening the governance, transparency, and recording of such operations. This includes developing a transparent PDMO technical assessment methodology to assess the gain relative to the original contractual terms and fiscal and cash-flow implications, and establishing criteria for the selection of eligible holders through a transparent, rules-based, or competitive process. The review will also determine whether the Act or its regulations need to be amended to achieve the above objective. Government will consult with IMF staff in advance on any planned liability management operation to ensure that it is expected to reduce the present value of public debt and improve the public debt-service profile.

29. **Timely and comprehensive disclosure will anchor market confidence and accountability.** The domestic debt issuances data is already currently being published in detail in the public debt bulletin in July and November including the borrowing plan. In addition, the PDMO is currently undertaking a domestic debt instruments validation exercise with support from Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) which is expected to be completed by end of July 2026. This validated data will be published on the Treasury website followed by quarterly Treasury securities report that will cover regular issuances, outstanding stock, maturity

profile, and routine refinancing. This will continue to be complemented by the Annual Borrowing Plan and public debt bulletin and explaining any material deviations from the Annual Borrowing Plan.

30. Government will continue enhancing transparency across the operations of Mutapa Investment Fund. Mutapa Investment Fund released its 2025 abridged audited financial results in April 2026, building on the publication of its inaugural financial statement in December 2025. Mutapa has also started publishing financial reports for its portfolio companies, with reports for 14 portfolio companies already published. Mutapa will continue publishing audited IFRS-consistent financial statements for all its subsidiaries, excluding those under Corporate Rescue Proceedings or Administration. This will cover 21 subsidiaries for the 12-month period ending December 31, 2024, and 5 subsidiaries for the period ending December 31, 2023 (MEFP Table 3, SB #9).

31. We will continue reinforcing governance and strengthening fiscal risk management. The continuous structural benchmark requiring the Mutapa Investment Fund and all its subsidiaries (excluding those under Corporate Rescue Proceedings or Administration) to refrain from contracting, guaranteeing, or otherwise assuming any borrowing or debt-like obligation without the prior written approval of the Ministry of Finance, Economic Development and Investment Promotion has been observed (MEFP Table 3, SB #8). To enhance fiscal risk monitoring, MOFED&IP will produce, in consultation with Fund staff, an extended Fiscal Risks Statement for the budget documentation that quantifies and discloses fiscal risks stemming from the financial performance of state-owned enterprises. Building on our commitments under NDS2, we will further strengthen transparency and borrowing procedures by requiring Mutapa and its subsidiaries to publish all contingent liabilities and borrowings, while subjecting any borrowing above specified thresholds to prior Ministerial approval and Parliamentary notification.

B. FX Market and the Monetary Policy Framework

32. We have taken steps to clarify exchange rate policy and enhance transparency in the FX Market. Specific measures include the following:

- We have made progress in stabilizing the FX market and the parallel market premium. Stabilizing the ZiG exchange rate is critical to strengthen confidence and support demand for the local currency. To this end, we have maintained a tight monetary policy stance and conducted regular FX market interventions using proceeds from surrender requirements, which help re-distribute FX proceeds more widely across the system.

- The RBZ and the MOFED&IP have streamlined and consolidated the regulations for FX market operations. Specifically, the RBZ has replaced the existing regulatory framework with a single comprehensive set of operational rules and regulations clarifying and eliminating any legal uncertainty that: (i) banks are now free to determine their exchange rates in the interbank market as well as in transactions with their clients; (ii) all willing sellers of FX are now free to set the price for their FX; and (iii) we have removed any rules or guidance requiring banks to ration or prioritize their FX sales to customers. MOFED&IP has also repealed Statutory Instrument 81A to eliminate any restrictions on the pricing of goods and services based on the prevailing WBWS rate.

- The August 2025 Monetary Policy Statement clarified the monetary policy framework. The statement communicated a hybrid framework with price stability as the primary objective, nominal exchange rate as the intermediate target, and reserve money as the operational target.

- The development of the Foreign Exchange Trading system is now at an advanced stage. RBZ has completed the Pilot User Acceptance Testing (UAT) with five selected banks and is currently incorporating valuable feedback received from the UAT and will be engaging the World Bank for system validation.

33. We are committed to consolidating progress in restoring FX market equilibrium and further improve price signals. We will provide IMF staff with timely information on the parallel market premium and daily positions of uncovered foreign exchange demand to facilitate monitoring of progress toward market clearing (MEFP Table 3, SB #1). We have refined the methodologies for computing reference rate series using a weighted average price of all market transactions.

34. We will also develop a comprehensive strategy to further liberalize the FX market (MEFP Table 3, SB #2). The strategy will support in the long run our intention to transition to a "mono-currency" system and an inflation targeting monetary policy framework. Given complementarities across policies, the strategy will be developed jointly by MOFED&IP and RBZ, requesting technical assistance from the IMF where necessary. The strategy will outline a feasible path designed to address existing rigidities. Specifically:

- Promoting demand for ZiG. We will identify coherent and supportive policy measures-covering changes to economic incentives, fiscal operations (e.g., increasing the share of Treasury's revenues and expenditures in ZiG), public debt management (e.g.: issuance of local currency bonds), financial market development (e.g. development of domestic debt markets), and capital flow management-to encourage broader use of the ZiG.

- Improving monetary policy operations. The strategy will set up steps to strengthen liquidity forecasting and management through market-based open market operations (OMOs) using indirect instruments. It will also include steps to develop analytical toolkits to assess and monitor the relationships between the primary objective, intermediate target, and operational target underpinning the monetary policy framework.

- Enhancing monetary policy effectiveness *and liquidity management*. The Reserve Bank of Zimbabwe has commenced issuance of ZiG Denominated Term Deposit Facility (ZiGDTDF) in June 2026. The ZiGDTDF is a short term tradable and liquid asset instrument with tenor of 30, 60, and 90 days. The instrument qualifies for prescribed asset status and will assist the Central Bank to mop up excess liquidity from the market, as part of the Bank’s transition from direct to indirect monetary policy instruments.

- Enhancing FX market functioning and developing an FX intervention strategy. Accompanying the planned introduction of the new FX trading platform, the strategy will set up a transition path to a competitive and market-clearing mechanism for FX market operations. A complementary FX intervention strategy will align with the RBZ's risk appetite and program targets, aiming to reduce excess exchange rate volatility and gradually limit the RBZ's presence in the market.

- Advancing the World Bank assessment of the FX trading platform. The Reserve Bank of Zimbabwe has held technical engagements with World Bank experts and submitted the relevant documentation on June 30, 2026. The World Bank team will undertake a preliminary assessment and continue interactive engagements with the RBZ in July and August 2026. These engagements will help further refine the foreign exchange trading platform and align it with international standards.

- Finalizing and operationalizing the new FX trading system. The World Bank has proposed a three-day in-person mission in August 2026 to support the finalization of the evaluation. This work will contribute to the preparation and delivery of the final World Bank report by end-August 2026. The RBZ will use the report to support final User Acceptance Tests with all 23 Authorized Dealers and finalize the FX Trading System by end-September 2026, with a view to operationalizing the new system in Q4 2026.

35. We will refrain from further increases in the foreign exchange surrender requirement until the comprehensive strategy to liberalize the FX market is adopted. Temporary and time-bound increases could be justifiable in response to intensification of capital outflows. Any additional surrender requirement will be channelled through the market.

36. To strengthen the RBZ institutionally, we recognize the need to update the RBZ Act to reinforce central bank autonomy and clarify the policy mandate. In particular, under the SMP, the RBZ will not extend credit to the government. With IMF technical assistance, we will continue efforts to address legacy RBZ balance sheet weaknesses and improve monetary and financial reporting. To prepare the groundwork for future cooperation with the Fund, we plan to request a Safeguards Assessment (SA) prior to commencement of a possible IMF financial arrangement. The SA will assist us in assessing RBZ's financial controls and its findings will allow us to institute the necessary corrective measures.

C. Maintaining Financial Sector Stability

37. We will continue to strengthen the financial stability framework. Guided by the recommendations of the 2018 Financial Sector Stability Review (FSSR), we have adopted the Basel III Liquidity Coverage Ratio and are finalizing the Net Stable Funding Ratio guidelines. In addition, we are developing guidelines for the Basel III capital rules with IMF technical assistance. We are improving our supervisory approaches with respect to corporate governance, cybersecurity, payment system oversight, macroprudential, and crisis management and implementing consolidated supervision. We will continue to review the current organizational structures with a view to strengthen macroprudential

regulation, supervision, and crisis management. We will continue to conduct asset quality thematic reviews (AQRs) to validate banks' credit risk management practices and correct anomalies where applicable. In February 2025, we issued a Circular directing banking institutions to comply with the FX net open positions of 10 percent (single currency) and 20 percent (all currencies), respectively. We are consulting the banking industry, reviewing the formula, and planning to take a graduated approach to implementing the new regulation.

D. Governance and Structural Reforms

38. Strengthening economic governance remains key to lifting Zimbabwe's growth prospects. Government successfully introduced the electronic government procurement (E-GP) system and completed development of the National Standard Price List (NSLP), which sets the maximum prices that MDAs must use when procuring various goods and services within the E-GP system, procurement plans, and budget formulation. In addition, Government initiated pooled procurement for selected goods and services-such as uniforms for security services-to optimize economies of scale through bulk purchasing.

39. We will further strengthen our governance framework. In line with our commitment under NDS2 to enhance integrity and accountability across the public sector, we will prepare, in consultation with IMF staff, a comprehensive anti-corruption strategy, accompanied by a policy matrix that sets out clear responsibilities, timelines, and measurable actions (MEFP Table 3, SB #10). The strategy will advance reform priorities in the NDS2, which reflects the recommendations of the IMF's 2020 Governance and Anti-Corruption Assessment. Once finalized, we will publish the strategy to enhance transparency and provide a clear roadmap for implementation.

V. PROGRAM MONITORING

40. The program monitoring will be based on quantitative targets (MEFP Table 2) and structural benchmarks (MEFP Table 3). The quantitative targets and the structural benchmarks are defined in the attached Technical Memorandum of Understanding (TMU). Following the completion of the first review based on the end-March 2026 test date, the remaining test dates under the 10-month SMP are set for end-June and end-September 2026. To support program monitoring, we will continue providing IMF staff with statistical data and other information specified in the TMU, as well as any additional information the IMF staff may request. The program monitoring committee established at the outset of the SMP-including representation from the IMF Resident Representative Office-will continue coordinating the preparation of review missions and the assessment of performance under the program.

Table 2. Zimbabwe: Quantitative Targets (QTs) for March-December 2026
(Cumulative changes unless indicated otherwise) 1/

	2026								
	End-March			End-June		End-Sept.		End-Dec. 2/	
	Prog.	Act.	Status	Prog	Proposed	Prog	Proposed	Prog	Proposed
I. Quantitative Targets									
1. Floor on the primary budget balance of the central government (US$ million) 3/	47	371	Met	136	136	200	899	271	1,094
2. Ceiling on changes in credit to the nonfinancial public sector from the RBZ (US$ million)	0	-40	Met	0	0	0	0	0	0
3. Floor on changes in net official international reserves (US$ million) 4/ 5/	74	107	Met	195	195	291	291	356	356
4. Continuous ceiling on contracting or guaranteeing of new external non-concessional debt by the central government (US$ million) 6/	0	0	Met	0	0	0	0	0	0
5. Ceiling on changes in ZiG monetary base of the RBZ (ZiG million)	602	425	Met	2,023	2,023	2,537	2,537	3,092	3,092
II. Indicative Targets									
1. Floor on central government total revenue collection (US$ million)	1,975	2,533	Met	4,132	4,132	6,385	7,398	9,000	10,303
2. Ceiling on accumulation new (net) domestic expenditure arrears (US$ million) 7/	0	-95	Met	0	0	0		0	0
3. Ceiling on central government employment costs (US$ million) 8/	840	821	Met	2,143	2,143	3,446	2,855	4,976	4,159
4. Floor on protected social and priority spending (US$ million) 9/	190	111	Not met	414	414	603	603	755	755
5. Ceiling on changes in domestic debt (US$ million) 4/	19	-108	Met	8	8	18	12	41	-36
6. Ceiling on central government subsidies related to gold incentives (US$ million)							248		300
7. Floor on central government deposits (US$ million) 10/							306		275
Memorandum items:									
Program exchange rate, WBWS (ZiG / USD) 4/	25.98			25.98	25.98	25.98	25.98	25.98	25.98

1/ For definitions, see Technical Memorandum of Understanding.
2/ The targets for end-December 2026 are all indicative targets (ITs).
3/ An downward adjustor of up $300 million will apply to this floor as specified in the TMU, paragraph 9.
4/ At program exchange rate as specified in the TMU, paragraph 6.
5/ Excluding autonomous changes as specified in the TMU, paragraph 12.
6/ An upward adjustor of up to $300 million will apply as specified in the TMU, paragraph 18.
7/ As defined in the TMU, paragraph 21-23.
8/ As defined in the TMU, paragraph 24.
9/ As defined in the TMU, paragraph 25-26.
10/ Adjusted for cumulative deviations of central government revenue relative to the revenue indicative target as specified in the TMU, paragraph 29.

Table 3. Zimbabwe: Structural Benchmarks (SBs)

Item	Proposed measures	Timing	Objectives	Status
Monetary, FX, and Financial Policies				
1	The RBZ will consolidate progress in restoring FX market equilibrium—assessed by developments in the parallel premium and FX demand pipeline—and start publishing reference exchange rate series calculated as a weighted average of all transaction prices.	To be assessed at each program review.	Improve FX market efficiency	Met (in March and June)
2	The RBZ will develop a comprehensive strategy to further liberalize the foreign exchange market, incorporating measures to strengthen the demand for ZiG, improving monetary policy operations, and reforming the functioning of the FX market and the RBZ FX intervention policy alongside complementary fiscal measures based on inputs from MoFED&IP.	End-September 2026	Promote ZiG demand	
Social programs				
3	The Ministry of Public Service, Labor and Social Welfare adopts and publishes a finalized user manual covering all operational modules of the Zimbabwe Social Registry (ZISO), including registration, eligibility determination, updating, and data management.	End-June 2026	Improve social protection	Met
Tax administration				
4	Improve taxpayer register quality by monitoring and quarterly reporting the percentage of new VAT and PAYE registrants who file and pay.	End-March 2026	Support the 2026 budget revenue target	Met
Public Financial Management				
5	MOFED&IP will (i) operationalize the US dollar payment functionality in the PFMS and issue a Treasury circular requiring all MDAs to process all USD payment requests through the PFMS, with the Treasury issuing payment instructions	End-September 2026	Enhance PFM and monitor arrears.	In progress

Table 3. Zimbabwe: Structural Benchmarks (SBs) (Concluded)

Item	Proposed measures	Timing	Objectives	Status
	exclusively from the PFMS; and (ii) implement full earmarking of funds through Funds Reservations to capture all expenditures (including recurring costs like rents, utilities, salaries and capital projects) and to ensure that no obligations bypass budget controls. Make use of Internal Order numbers to capture earmarking of funds in budget execution for multi-year capital projects.			
Item	Proposed measures	Timing	Objectives	Status
6	MoFED&IP to develop a medium-term staffing plan with a view to bringing the employment cost-to-revenue ratio to below fifty percent in the medium run ensuring that the total wage bill to GDP converges towards 8.5 percent of GDP over the medium term.	End-September 2026	Improve wage bill management and reduce employment in the medium run	In progress
7	MoFED&IP develops a Treasury Single Account (TSA) reform strategy, including bank account rationalization plan and a phased roadmap for introducing a core TSA and expanding its coverage.	End-June 2026	Move to Treasury Single Account (TSA)	Met
Mutapa				
8	Mutapa Investment Fund and all its subsidiaries will continue refraining from contracting, guaranteeing, or otherwise assuming any borrowing or debt-like obligation without the prior written approval of the Ministry of Finance, Economic Development and Investment Promotion.	To be assessed at each program review	Improve fiscal risk management	Met (in March and June)
9	Publish audited IFRS-consistent financial statements of all Mutapa's subsidiaries (excluding those under Corporate Rescue Proceedings or Administration) for 21 of Mutapa's subsidiaries for the 12 month-period ending on 31 December 2024, and for 5 subsidiaries for the period ending on 31 December 2023.	End-September 2026	Improve fiscal risks management	
Governance				
10	Prepare and publish, in consultation with IMF staff, an anti-corruption strategy with policy matrix of responsibilities, timelines and actions (MEFP, Paragraph 39).	End-September 2026	Strengthen economic governance	

Attachment II. Technical Memorandum of Understanding

INTRODUCTION

1. This memorandum sets forth the understandings between the Government of Zimbabwe and the IMF staff regarding the definitions of the quantitative targets, structural benchmarks, and the respective reporting requirements for the Staff-Monitored Program (SMP). The quantitative targets and structural benchmarks are reported in the Government's Memorandum of Economic and Financial Policies (MEFP) Tables 2 and 3.

INSTITUTIONAL DEFINITIONS

2. Central government represents a single institutional unit consolidating all the accounts whose total revenues and expenditures are authorized through the Blue Book (including line ministries, the Parliament of Zimbabwe, the Auditor General's Office, and Vote of Credit). The definition excludes public entities with autonomous legal personae whose own budgets are not included in the central government budget.

3. The general government comprises the central government, extra-budgetary funds, social security, and local governments. The Reserve Bank of Zimbabwe (RBZ) is considered as part of the Public Financial Corporations.

4. The public sector comprises the general government and all state-owned enterprises including Mutapa Investment Fund. The nonfinancial public sector excludes the RBZ and nine other public financial corporations (including AFC, Infrastructure Development Bank of Zimbabwe (IDBZ), CBZ, People's Own Savings Bank, Women's Development Bank, ZAMCO, and the Zimbabwe Reinsurance Corporation).

5. The fiscal year starts on January 1 and ends on December 31.

PROGRAM EXCHANGE RATES

6. The exchange rates for the purposes of the program are specified in Table 1 below.

Table 1. Zimbabwe: Program Exchange Rates
(Rates as of December 31, 2025)

Currency	Zimbabwe Gold (ZiG) per currency unit	Currency units per US Dollar
US Dollar	25.98	1.00
GB Pound	34.98	0.74
Euro	30.49	0.85
Rand	1.56	16.61
SDR	35.61	0.73
Renminbi	3.71	6.99

Source: Reserve Bank of Zimbabwe

QUANTITATIVE TARGETS

7. Test dates: Performance against the quantitative targets under the Staff-Monitored Program will be assessed at the following test dates: end-March 2026, end-June 2026, and end-September 2026. Program reviews will normally be conducted between the respective test dates. Continuous quantitative targets—where applicable—remain in effect at all times throughout the duration of the SMP, including during any delays in completing program reviews.

A. Floor on the Primary Budget Balance of the Central Government

8. The primary fiscal balance is defined, for program monitoring purposes, as central government revenue minus central government expenditure (excluding interest due on public debt).The primary fiscal balance will be monitored on a cash basis, measured on the basis of Treasury data excluding transfers to the RBZ for assumed debt payments and the transfer of in-kind gold royalties to the RBZ. The target will be monitored as cumulative flows in USD equivalent from the beginning of the year. The ZiG component of revenues and expenditures will be converted to the USD using monthly average exchange rates.

Adjustor

9. The floor will be adjusted downward-up to the cumulative cap of $300 million-by the amount of new external debt contracted by the central government to finance critical growth-enhancing projects that can improve the country's capacity to repay. Large projects (above $100 million) will be assessed in consultation with a reputable and independent financial institution, such as the African Development Bank and the World Bank prior to the signing of the loan agreement.

10. The floor on primary fiscal balance will be adjusted downward, by up to a cumulative maximum of US$240 million, to accommodate unbudgeted central government expenditures on the acquisition of strategic grain reserves aimed at safeguarding against disruptions in grain supply from adverse climatic conditions.

B. Ceiling on Changes in Credit to the Nonfinancial Public Sector from the RBZ

11. Changes in credit to the nonfinancial public sector are defined as changes in the total claims of the RBZ on the nonfinancial public sector (as defined above), including all loans, advances, guarantees, Treasury bills and any other obligation. It shall be measured from the Central Bank Survey, IFS S1G submission, by the sum of changes in claims on the central government (code 698122A..J...{M}) excluding accruing interest on government securities, claims on state and local governments (code 69812B...J...{M}) and claims on other nonfinancial public corporations (code 69812C...J...{M}). This quantitative target will be assessed on a cumulative basis starting from end-December 2025, with any ZiG-denominated components valued at the program

exchange rate. The ceiling excludes the recognition of deferred royalties by the Ministry of Finance and Economic Development and Investment Promotion (US$82 million).

C. Floor on the Change in Net Official International Reserves

12. Net official international reserves (NIR) are defined as the difference between the RBZ's liquid, convertible gross official foreign reserve assets and its short-term official foreign reserve liabilities. Gross official reserve assets are external assets that are readily available to and controlled by the RBZ and are liquid and readily marketable. Official reserve liabilities comprise short-term foreign-currency liabilities as defined below. For the purposes of the program, assets and liabilities denominated in SDRs or in currencies other than the U.S. dollar, will be converted into U.S. dollars at the program exchange rates in Table (1). Gold will be valued at US$4341.2 per fine troy ounce.

- Gross official reserve assets of the RBZ are defined as the sum of: (i) Zimbabwe's SDR holdings; (ii) unencumbered and readily marketable monetary gold: (iii) balances with foreign banks; (iv) foreign treasury bills, securities, and investments in convertible foreign currencies, and convertible foreign currency held by the Reserve Bank of Zimbabwe; and (v) Zimbabwe's reserve position in the Fund. Pledged or otherwise encumbered assets, including but not limited to, assets used as collateral or as guarantee for third-party external liabilities are excluded from official reserve assets.

- Short-term official reserve liabilities of the RBZ are defined as short-term foreign currency liabilities to non-residents with original maturity of one year or less. Long-term foreign liabilities, including SDR allocations, are excluded.

13. To assess the RBZ reserve accumulation effort, the quantitative target will be assessed based on the cumulative change in NIR from the end-December 2025 level to each applicable test date (end-March 2026, end-June 2026, and end-September 2026). To measure the reserves accumulation effort, the change will exclude, as per the agreed FX cash flow template, changes in foreign currency required reserves held for domestic banks, as well as other encumbered FX deposits, consisting of non-royalty-related government deposits, Fidelity Gold Refinery (FGR) deposits, and banks' excess reserves.

D. Ceiling on Contracting and Guaranteeing of New External Non-Concessional Borrowing

14. Contracting or guaranteeing new external debt by the central government applies to debt to non-residents with original maturity of one year or more. For program purposes, the definition of debt is set out in paragraph 8(a) of the Guidelines on Public Debt Conditionality in Fund Arrangements attached to Executive Board Decision No. 16919-(20/103), adopted October 28, 2020, attached in Annex I. Debt denominated in currencies other than the U.S. dollar, will be

converted into U.S. dollars at the program exchange rates. This quantitative target will be assessed on a continuous basis starting from the date of program approval (March 27, 2026).

15. For program purposes, debt is concessional if it includes a grant element of at least 35 percent, calculated as follows: the grant element of a debt is the difference between the present value (PV) of debt and its nominal value, expressed as a percentage of the nominal value of the debt. The PV of debt at the time of its contracting is calculated by discounting the future stream of payments of debt service due on this debt. For debts with a grant element equal or below zero, the PV will be set equal to the nominal value of the debt. The discount rate used for this purpose is the unified discount rate of 5 percent set forth in Executive Board Decision No. 15248-(13/97). For debts carrying a variable interest rate in the form of a benchmark interest rate plus a fixed spread, the PV of the debt would be calculated using a program reference rate plus the fixed spread (in basis points) specified in the debt contract. The program reference rate for the six-month USD Secured Overnight Financing Rate (SOFR) and the six-month Euro Interbank Offered Rate (EURIBOR) are, respectively, 2.73 percent and 2.00 percent and will remain fixed for the duration of the program. Where the variable rate is linked to a benchmark interest rate other than the six-month USD SOFR and the six-month EURIBOR, a spread reflecting the difference between the benchmark rate and the six-month USD SOFR will be added.

16. For other (non-debt) forms of financing, including through equity participations and joint ventures, these (i) should be approved by the relevant oversight committee-for instance the PPP Committee Chaired by the Permanent Secretary of MoFED&IP in the case of Public-Private Partnerships-following (ii) a feasibility assessment by a reputable international firm; while (iii) ensuring the ring-fencing of revenue cashflows in an escrow account covering any debt servicing (with up to 1.5 times in debt service coverage).

17. The ceiling for contracting and guaranteeing of new external non-concessional borrowing does not apply for any new external debt contracted by the central government to finance the clearance of external arrears to international financial institutions (African Development Bank, European Investment Bank, and the World Bank). In addition, the ceiling excludes the planned BADEA loan (US$ 42 million, with a grant element of 23 percent) included in the 2026 National Budget borrowing plan.

Adjustor

18. The ceiling will be adjusted upward-up to the cumulative cap of $300 million-by the amount of new external debt contracted by the central government to finance critical growth-enhancing projects that can improve the country's capacity to repay. Large projects (above $100 million) will be assessed in consultation with a reputable and independent financial institution, such as the African Development Bank and the World Bank prior to the signing of the loan agreement.

E. Ceiling on Changes in Zig Monetary Base of the RBZ

19. Quantitative targets apply to the cumulative changes in ZiG component of the monetary base measured from the Central Bank Survey(IFS S1G submission), defined as the difference between the stock at the end of the quarter under review and the stock at end-December 2025. The monetary base is defined as the sum of quasi-currency instruments (bond notes and coins) in circulation, ZiG liabilities of the RBZ to depository and non-depository corporations including required reserves (codes 69814CRN.R...{Z} and 69814CTN.R...{Z}), transferable deposits (code 69814CSN.R...{Z}), other deposits (code 69814CUN.R...{Z}), and securities other than shares (code 69814CWN.R...{Z}), as presented in the Central Bank Survey.

INDICATIVE TARGETS

F. Floor on Central Government Revenue Collection

20. Central government revenues are defined in accordance with the Government Finance Statistics Manual (GFSM 2001) including in-kind royalties transferred to the RBZ for the purpose of FX reserves accumulation. The target will be measured on the basis of Treasury data as provided by the Accountant General and monitored as cumulative flows in the USD equivalent from the beginning of the year. The ZiG component of revenues will be converted to the USD using period average monthly exchange rate.

G. Ceiling on the Accumulation of New Domestic Expenditure Arrears

21. Domestic arrears for the purpose of this quantitative target are overdue domestic payment obligations of the central government incurred by the following ministries and agencies only: the Ministry of Lands, Agriculture, Fisheries, Water and Rural Development (MLAFWRD); the Ministry of Finance, Economic Development and Investment Promotion (MoFED&IP); and the Ministry of Transport and Infrastructural Development (MoTID), whether verified or not, owed to entities legally incorporated in Zimbabwe and residents of Zimbabwe. They include obligations to domestic service providers, agricultural input suppliers, and domestic private sector contractors, but exclude government liabilities to other public sector units. Except in cases where the terms and conditions of the transaction stipulate a longer period, payments are deemed to be in arrears when:

- Debt remains unpaid for more than 30 days after the due date stipulated in the agreement between the parties (creditor/debtor).
- Wages or pensions remain unpaid 90 days after their due date.
- Payments for goods and services rendered received more than 90 days after processing the supporting documents submitted by suppliers.

22. Net arrears are defined as the difference between the US-dollar value of new arrears incurred during the year by the ministries listed above and the US-dollar value of payments made toward previously accumulated domestic arrears of those same ministries. Any non-U.S. dollar denominated component of arrears or related payments shall be converted into U.S. dollars at the program exchange rate for the purpose of program monitoring.

23. For reporting purposes, data on arrears will be limited to the three ministries listed in paragraph 20. The report will be on quarterly basis and reporting will be based on the agreed template consolidated for the MDAs of the listed three ministries.

H. Ceiling on Central Government Employment Costs

24. Ceiling on central government employment costs is measured on a cash basis as the sum of civil service wages and salaries; transfers to grant-aided institutions, public service pension fund, National Social Security Authority (NSSA), Premier Service Medical and society (PSMAS); funeral expenses; and benefits in kind (Condition of Service Fuel, airtime and data). The target will be monitored as cumulative flows in USD from the beginning of the year. The ZiG component of employment costs will be converted to the USD using average monthly exchange rates.

I. Floor on Protected Social and Priority Spending

25. Protected social spending is measured on a cash basis and comprises central government spending in the following areas:

- Education: Recurrent spending on teaching and learning materials; spending on the school feeding program; expenditures on the Student Stipend Support portion of the National Education and Training Fund

- Health: Recurrent spending on preventative health programmes; medicines and medical supplies; co-financing of all Development Partner supported programmes (GAVI, Global Fund); current expenditures for government hospitals and health centres; grant aided institutions Parirenyatwa/Mission Hospitals/Local authorities; and recurrent expenditures on maternal and child health.

- Spending under the following program schemes: (1) Presidential Input Scheme; (2) Basic Education Assistance Module (BEAM); (3) Food Deficit Mitigation; (4) Harmonized Cash Transfers; and (5) Social Protection Management Information System.

26. The target will be monitored as cumulative flows in USD from the beginning of the year. The ZiG component of social spending will be converted to the USD using average monthly exchange rates.

J. Ceiling on Changes in Domestic Debt.

27. Changes in domestic debt are defined as a change in the stock of contracted or guaranteed debt to residents. The definition of the stock of domestic debt excludes any obligations to former farm owners. The definition of changes in domestic debt excludes (i) government securities issued for the compensation of former farm owners and (ii) the accumulation of additional domestic arrears to service providers and mining companies. This quantitative target will be assessed on a cumulative basis starting from end-December 2025, valued at the program exchange rate.

K. Ceiling on Central Government Gold Incentives.

28. Central government gold incentives are defined as Treasury-financed payments under the government's gold incentive policy framework introduced in 2021. Eligible beneficiaries are artisanal and small-scale miners and licensed Gold Buying Agents that meet the prescribed monthly delivery thresholds. Fidelity Gold Refinery (FGR) submits monthly schedules to the Ministry of Finance, Economic Development and Investment Promotion identifying eligible beneficiaries, verified deliveries, and corresponding incentive amounts. Treasury pays eligible beneficiaries on the basis of these schedules, following applicable verification and approval procedures. The indicative target will be monitored on a cash basis as cumulative payments in USD from the beginning of the year, based on Treasury payment records.

L. Floor on Central Government Deposits.

29. Central government deposits are defined as the stock of all deposits held by the central government with the central bank and commercial banks. These include all accounts under the control of the Treasury, including main treasury accounts, line ministry sub-accounts, and any extrabudgetary accounts managed by the central government. For monitoring purposes, changes in deposits will be assessed based on the opening and closing balances of central government bank accounts, on the basis of Treasury data as provided by the Accountant General. This quantitative target will be assessed as the cumulative change in the USD equivalent from end-June 2026, with non-USD FX and ZiG-denominated balances valued at the end-period exchange rate at each test date.

Adjustors

30. The floor on central government deposits will be adjusted upward (downward) by the excess (shortfall) in central government revenue relative to the revenue indicative target, measured cumulatively from end-June 2026. The adjustor will apply one-for-one to deviations of actual revenue from the program baseline.

31. The floor on central government deposits will be adjusted downward , by up to a cumulative maximum of US$240 million, to accommodate unbudgeted central government expenditures on the acquisition of strategic grain reserves aimed at safeguarding against disruptions in grain supply from adverse climatic conditions.

M. Other Definitions

32. For the purpose of monitoring structural benchmarks, the following definitions will be used:

- Foreign exchange parallel market rate: The parallel market exchange rate refers to the retail transaction rate prevailing outside the official interbank market, including rates used by major retailers, wholesalers for cash sales, and foreign exchange bureaus.

- Foreign exchange uncovered demand: FX uncovered demand or foreign exchange pipeline refers to the stock of verified but unsettled foreign-exchange purchase requests from authorized dealers-covering import payments, service payments, and other external obligations-that are awaiting settlement through the WBWS market.

33. With regard to early redemptions and other liability-management operations, the following definitions will be used:

- For program purposes, early redemptions and other liability-management operations are defined as any transaction, instruction, approval, payment, settlement, switch, exchange, discretionary rollover, buyback, prepayment, restructuring, substitution, or operation with similar economic effect that extinguishes, reduces, repurchases, redeems, accelerates, or otherwise alters the contractual cash-flow profile of an outstanding central government debt instrument before its original contractual maturity, redemption date, or payment date.

- Central government debt instruments covered by this definition include Treasury bills, Treasury bonds, blocked-fund instruments, securities issued to settle assumed RBZ liabilities, and any other claim, security, or obligation recorded as central government debt. The definition applies to operations undertaken by central government and to operations undertaken by the RBZ when acting as fiscal, payment, or settlement agent for central government.

- Operations with similar economic effect include, but are not limited to, cash settlements, discounted settlements, exchanges into new instruments, set-offs, netting arrangements, substitutions of instruments or holders, and any other arrangement that changes the timing, amount, holder, or form of payment on an outstanding central government debt obligation before its original contractual terms.

- Regular payments of principal, interest, fees, or other charges made on the original contractual due date do not constitute early redemptions or liability-management operations for purposes of this definition. Regular refinancing of central government debt instruments at or after contractual maturity, at market terms and through the regular issuance calendar, also does not constitute an early redemption or liability-management operation, but will be reported in the monthly Treasury securities report.

DATA REPORTING

34. To facilitate the monitoring of program implementation, the Government of Zimbabwe will prepare and forward to the Fund staff electronically information in accordance with the agreed reporting framework contained in Table 2.

Table 2. Zimbabwe: Data Reporting for Programme Monitoring

Data Description	Reporting Institution	Reporting Frequency	Submission Lag
Monetary and Financial Sector			
Balance Sheet and income statement of the RBZ, including detailed items of NFA, NDA and RBZ's other liabilities to ODCs	RBZ	Monthly	2 weeks
NIR, NFA, CBS 1/	RBZ	Weekly	1 week
ZiG and USD RTGS balances	RBZ	Weekly	1 week
Monetary surveys (CBS 1/, ODCS, DCS)	RBZ	Monthly	2 months
Outstanding NNCDs	RBZ	Daily	1 week
RBZ FX cash flow using the agreed template, including inflows from royalties, inflows from the government to service RBZ's debt assumed by the government, and outflows to service RBZ's debt assumed by the government	RBZ	Monthly	1 month
FX prices and transactions among the RBZ, authorized dealers, and customers by bank	RBZ	Daily	1 week
Inflows from in-kind royalties for the accumulation of FX reserves	RBZ	Monthly	1 month
Uncovered and fulfilled Demand for FX	RBZ	Daily	1 week
Parallel market exchange rates	RBZ	Daily	1 week
Prudential liquid asset ratios and liquidity coverage ratios by bank	RBZ	Monthly	1 month
Balance sheets and income statements for financial institutions (aggregate and by bank)	RBZ	Quarterly	2 months
Net FX open position and its components by bank	RBZ	Quarterly	2 months

Table 2. Zimbabwe: Data Reporting for Programme Monitoring (Continued)

	Data Description	Reporting Institution	Reporting Frequency	Submission Lag
1	Individual bank balance sheets with detailed information on deposits, central bank funding, interbank funding, and debt securities.	RBZ	Monthly	1 month
2	Financial soundness indicators (aggregate and by bank)	RBZ	Quarterly	2 months
3	Bank level lending by sector and loan classification	RBZ	Quarterly	2 months
	Common equity tier 1 capital, additional tier 1 capital, total capital, and risk weighted asset by bank	RBZ	Quarterly	2 months
4	Commercial bank interest rates (deposits and lending)	RBZ	Monthly	1 month
External Sector				
1	RBZ purchases and sales of foreign currency	RBZ	Monthly	1 month
2	Banks' purchases and sales of foreign currency (specified by bank and by type of flow)	RBZ	Monthly	1 month
3	Balance of payments (incl. revised outturn for previous quarters)	RBZ/ZIMSTAT	Quarterly	3 months
4	Import and export data, for aggregated sectors	RBZ/ZIMSTAT	Monthly	1 month
5	Net international reserves (incl. reserve assets/liabilities by currency)	RBZ	Monthly	1 week
6	Foreign exchange flow data (by type of flow)	RBZ	Monthly	1 month
7	Diamond production, exports, and prices	RBZ	Quarterly	1 month
External Debt				
1	External debt stock, disbursements, amortization, interest, other fees and charges, and repayment (by creditor and currency); detailed terms and conditions of all new contracted and government-guaranteed external borrowing (concessional and non-concessional), including the Mutapa Investment Fund; and committed undisbursed balances (by creditor)	MoFED&IP	Monthly	1 month

	Table 2. Zimbabwe: Data Reporting for Programme Monitoring (Continued)			
	Data Description	Reporting Institution	Reporting Frequency	Submission Lag
Fiscal Sector				
1	Central government operations – revenue, expenditure, gold incentive subsidies, and financing, in USD and in ZiG	MoFED&IP	Monthly	6 weeks
2	Detailed data on the execution of the budget (by economic and administrative classification)	MoFED&IP	Monthly	6 weeks
3	Consolidated stock of domestic expenditure arrears for the selected three MDAs (MLAFWRD, MoFED&IP, and MoTID, by expenditure type and by currency) netting out planned domestic arrears	MoFED&IP	Quarterly	Quarterly
4	Stock of domestic debt, disbursements, amortization, interest, and other fees and charges; face value, maturity, interest rate, and payments schedule for new domestic loans and securities by currency (USD and ZiG), reported separately.	MoFED&IP	Monthly	6 weeks
5	Revenue collection by tax head and by currency	MoFED&IP	Quarterly	6 weeks
6	Monthly tax debt by currency (USD and ZiG), by taxpayer group, and by tax head	MoFED&IP	Monthly	6 weeks
7	Mining sector tax by mineral, tax head, and by currency	MoFED&IP	Monthly	6 weeks
8	Mining sector royalties by mineral, by currency (in-cash and in-kind)	MoFED&IP	Monthly	6 weeks
9	On time filing and payment of VAT and PAYE by client office (LCO, MCO, SCO)	MoFED&IP	Monthly	6 weeks
10	Collection of VAT and PAYE by client office (LCO, MCO, SCO)	MoFED&IP	Monthly	6 weeks
11	Detailed data on the budget execution of protected social and priority spending (as defined in this document)	MoFED&IP	Quarterly	6 weeks
12	Detailed data on staff in post including Grant Aided Institutions	MoFED&IP	Monthly	6 weeks
13	Detailed data on employment compensation costs	MoFED&IP	Monthly	6 weeks
14	Details of disbursed external budget support and project grants and loans	MoFED&IP	Monthly	6 weeks
15	Gold incentive subsidies (in USD) to Fidelity Gold Refinery (FGR)	MoFED&IP	Monthly	6 weeks
16	FGR submitted monthly gold incentives schedules to the Ministry of Finance for payment (in USD)	MoFED&IP	Monthly	6 weeks

Table 2. Zimbabwe: Data Reporting for Programme Monitoring (Concluded)

	Data Description	Reporting Institution	Reporting Frequency	Submission Lag
	Zimbabwe Grain Marketing Board (GMB) grain imports (price, quantity, value)	MoFED&IP	Monthly	6 weeks
	Government transfers to GMB for payments to farmers for current grain deliveries	MoFED&IP	Monthly	6 weeks
17	Total volume of Treasury bills issued, including by RBZ, with details on interest rate, maturity, and recipient	MoFED&IP and RBZ	Monthly	6 weeks
18	All guarantees provided by the central government and RBZ, including guarantees to public corporations, RBZ (from central government), and private sector (including agricultural guarantees).	MoFED&IP and RBZ	Quarterly	Quarterly
Mutapa Investment Fund (Mutapa) and its portfolio companies				
1	Opening balance sheet	Mutapa	Quarterly	Quarterly
2	Current balance sheet	Mutapa	Quarterly	Quarterly
3	New borrowing by MIF and its subsidiaries	Mutapa	Quarterly	Quarterly
Real Sector				
1	Consumer Price Index	ZIMSTAT	Monthly	1 month
2	Fuel price indices, including Petrol, Diesel, and Paraffin	ZIMSTAT	Monthly	1 month
3	Producer Price Index; Building Materials Price Index; Poverty Datum Lines; and Civil Engineering Materials Index	ZIMSTAT	Quarterly	6 weeks
4	Agricultural production data (volume/value of major products)	ZIMSTAT	Quarterly	3 months
5	Mining production data (volume/value by minerals), excluding production from sand and stone quarries	ZIMSTAT	Quarterly	3 months
6	National Accounts (breakdowns of production and expenditure side in real and nominal terms)	ZIMSTAT	Quarterly	3 months
7	Quarterly Digest of Statistics	ZIMSTAT	Quarterly	3 months
8	RBZ Monthly Economic Review	RBZ	Monthly	6 weeks
9	Quarterly report on macroeconomic developments	MoFED&IP	Quarterly	3 months
Structural Benchmarks				
1	Update on the status of implementation of the quantitative targets and structural benchmarks specified in Table 2-3 of the MEFP	MoFED&IP and RBZ	Quarterly	4 weeks

Attachment II. Annex I. Public Debt Definition

1. For program purposes, the definition of debt is set out in paragraph 8(a) of the Guidelines on Public Debt Conditionality in Fund Arrangements attached to Executive Board Decision No. 16919-(20/103), adopted October 28, 2020.

2. The term "debt" will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of financial and nonfinancial assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract.

3. Debts can take a number of forms; the primary ones being as follows:

- loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);

- suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and

- leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of the guideline, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair, or maintenance of the property.

4. Under the definition of debt set out above, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.