PARLIAMENT OF ZIMBABWE

Thursday, 30th July, 2026

The National Assembly met at a Quarter-past Two o'clock p.m.

PRAYERS

(THE HON. DEPUTY. SPEAKER *in the Chair*)

MOTION

2026 MID-TERM FISCAL POLICY REVIEW STATEMENT

THE MINISTER OF FINANCE, ECONOMIC DEVELOPMENT AND INVESTMENT PROMOTION (HON. PROF. M. NCUBE): Madam Speaker, I move that leave be granted to present the 2026 Mid-Term Budget and Economic Review. This is in line with the prescribed budget process calendar as outlined in the Public Finance Management General Regulations of 2019 published in Statutory Instrument 135 of 2019. As read in the Public Finance Management General Amendment Regulations published in 2021 and the Statutory Instrument 127 (a) of 2021, these regulations require the Minister responsible for Finance, Economic Development and Investment Promotion to provide the Mid-Term Fiscal Review no later than the 31st July. I thank you.

THE HON. DEPUTY SPEAKER: Please proceed, Hon. Minister. May the Hon. Minister be heard in silence please!

THE MINISTER OF FINANCE, ECONOMIC DEVELOPMENT AND INVESTMENT PROMOTION (HON. PROF. M. NCUBE):

INTRODUCTION

1. Mr. Speaker Sir, today I present to you the 2026 Mid-Term Budget and Economic Review. The Review provides an update on fiscal and economic developments during the first half of the year, as well as progress on implementation of the 2026 National Budget, which is anchored on the theme "*Enhancing Drivers of Economic Growth and Transformation Towards Vision 2030*".

2. Mr. Speaker Sir, notwithstanding the volatile global economic environment compounded by conflict in the Middle East and the periodic outbreaks of diseases such as Ebola viruses, negatively impacting tourism and hospitality industries, the domestic economy continued to show remarkable resilience during the first half of the year.

3. This resilience was underpinned by strong fiscal revenue performance and macroeconomic stability, particularly currency, exchange rate and price stability.

4. Significantly, the annual headline inflation decelerated progressively from a peak of 95.8% in July 2025 to 15% by December 2025. During the first seven months of 2026, annual inflation averaged 4.2%, the first time in over three decades the country has attained a single digit inflation, a testament to the congruency, efficacy and effectiveness of our macroeconomic policy management.

5. Mr. Speaker Sir, GDP growth in 2026 is projected to moderate at 5%, following a strong performance of 8.3% growth in 2025. The 2026 growth reflects buoyant mineral commodity prices, a favourable agriculture season and the positive impact of the ease of doing business reforms through the review and rationalisation of regulatory and compliance fees, licence and permits.

6. Going forward, we anticipate sustained economic growth due to increased investment in both public and private sector,

notably in value addition and beneficiation, in line with Government strategy under NDS2 to reduce dependence on primary commodity exports.

7. Significantly, Zimbabwe is now one of the countries with a distinctly favourable macroeconomic environment, characterised by low and stable inflation, currency and exchange rate stability. Zimbabwe is also among the countries with highest GDP growth rate on the African continent. As a result, the country is becoming more attractive for foreign direct investment, particularly in the mining and manufacturing sectors.

8. This, together with the engagement and re-engagement efforts, enabled the country to make international diplomatic gains leading to the election of Zimbabwe, as a non-permanent member of the United Nations Security Council (UNSC) in June 2026 and the acceptance of membership into the New Development Bank in July 2026.

Budget Transparency

12. The country has sustained progress on enhancing budget transparency, remaining among the top performers in the Sub Saharan Africa. Among regional peers, the country ranks third in Sub-Saharan Africa after South Africa and Benin, the only three countries in the region that meet the global minimum standards score benchmark of 61 out of 100. ***(Slide 2&3)***

Global Economy

13. Turning to the global economy, the IMF through the World Economic Outlook (WEO, July 2026) revised downward the world economic growth projection for 2026 from an initial estimate of 3.3% to 3.0%. This revision was on account of increasing global risks. ***(Slide 4)***

14. Mr. Speaker Sir, the Sub-Saharan region is also impacted, with regional growth expected to slightly moderate from 4.5% in 2025 to 4.3% in 2026. The region remains exposed to external shocks due to over-dependence on commodity exports and imports, particularly for essential goods and services, such as fuel and fertilizer. ***(Slide 5, 6, 7, 8, 9, 10 & 11)***

Domestic Economic Developments and Outlook

15. Zimbabwe experienced robust economic growth in 2025, with the economy expanding by 8.3%, which was higher than the initial projection of 6.6%. This was the result of stable macroeconomic conditions, recovery in agriculture following the drought in 2024, improved energy supply and strong exports growth. In addition, FDI grew substantially to US$965 million in 2025 from US$597 million recorded in 2024, the highest in several decades. ***(Slide 12)***

16. Mr. Speaker Sir, the high growth rate recorded in 2025 places our country among the few top African countries that recorded high growth rates in 2025. ***(Slide 13)***

17. In terms of sectors, agriculture recorded one of the highest growth of 27.9% in 2025, and is projected to grow by 6.9% in 2026. The 2026 Second Round of Crop, Livestock and Fisheries Assessment Report (CLAFA-2) projects a total grain output of 2.4 million metric tonnes (MT). In addition, the dairy sector is also recording high growth rates. ***(Slide 14, 15 & 16)***

18. Mining is one of the fastest growing sectors in Zimbabwe, growing by 10.4% in 2025. Mining growth is projected at 5.6% in 2026. The major driver being gold, which is expected to reach 55.6 tonnes in 2026, from 50 tonnes achieved in 2025.
19. The sector is expected to further increase its contribution to GDP, foreign currency generation and employment, owing to the Government`s thrust for mineral beneficiation and value addition. Already, export earnings of lithium products grew substantially by 229.8% to US$782.2 million during the first half of 2026, from US$237.2 million in the first half of 2025. ***(Slide 17)***
20. The manufacturing sector continues on a growth path projected at 5.2% in 2026, reflecting increasing investment and improving capacity utilisation. Capacity utilisation in the sector improved from about 52.2% in 2024, to 61.2% in 2025 for large scale enterprises and projected to increase to 63.5% in 2026. ***(Slide 18)***
21. The sector is also benefiting from the Industrial Development Fund, with ZiG85 million having been approved for 15

companies, of which ZiG33.1 million (40%) has already been disbursed during the first half of 2026 out of the budgeted ZiG101 million. ***(Slide 19 & 20)***

22. As a result, the economy recorded an annualised quarterly GDP growth rate of 6.8% during the first quarter of 2026. On current trends, barring any new shocks (renewed war), the real GDP growth forecast of 5% in 2026 is attainable. ***(Slide 21 & 22)***

GNI Per Capita Trajectory to Vision 2030 Target

23. Since the implementation of National Development Strategy 1 (NDS1), Gross National Income (GNI) per capita has grown by 84% from about US$1 700 in 2021 to about US$3 200 in 2025. To achieve upper middle-income status of between US$4 636 and US$14 375, the country requires an additional minimum per capita of US$1 400 between 2026 and 2030. ***(Slide 23)***

24. While Government has made commendable progress towards the realisation of Vision 2030, there is need to accelerate the implementation of strategies and policy reforms in the medium term to ensure Vision 2030 attainment.

Inflation Developments and Outlook

25. Inflation developments during the first six months of 2026 reflected a stable and predictable macroeconomic environment, devoid of any inflationary pressures, anchored on prudent macroeconomic management and growing confidence in the local currency, the ZiG.

26. As a result, month-on-month ZiG inflation remained low and stable, well below 0.5%, with the notable exception of a temporary increase in April 2026, due to the effects of the Middle East war on international oil prices and subsequent increases in domestic fuel prices. ***(Slide 24)***

27. Similarly, annual ZiG inflation remained firmly within single digit levels during the review period, averaging 4.4% between January and June 2026. In the month of July 2026, annual ZiG inflation is at 3.2%. ***(Slide 25 & 26)***

28. These developments show that the underlying inflationary pressures have remained contained and that inflation expectations continued to be well anchored.

Balance of Payments Development and Outlook

29. Mr. Speaker Sir, despite the geopolitical tensions and international trade disruptions, the country's external sector position has demonstrated remarkable resilience.

30. This is evidenced by the significant increase in foreign currency receipts, which rose by 47.8% to US$10.7 billion for the period from January to June 2026, compared to US$7.3 billion received during the same period in 2025. ***(Slide 27)***

31. Similarly, the current account registered a surplus of US$616.3 million during the first quarter of 2026, from a deficit of US$22.5 million recorded in the same period last year. ***(Slide 28)***

32. This turnaround was mainly due to resilient remittances, which continue to be a stable source of foreign currency despite global headwinds. The current account is projected to improve further, reaching a surplus of US$2.6 billion by year end, reflecting stronger exports and remittances.

33. During the first five-months of 2026, merchandise exports are estimated to have increased by 41.6% to US$4.5 billion relative to the same period in 2025. ***(Slide 29)***

34. Similarly, merchandise imports rose by 28.6% to US$4.9 billion, from US$3.8 billion in the corresponding period in 2025. ***(Slide 30)***

35. Consequently, usable reserves stood at US$1.6 billion as at end of June 2026, equivalent to about 1.6 months of import cover. ***(Slide 31)***

Monetary Developments

36. Monetary stability has been maintained with the reserve money expanding steadily by about 20%, while broad money grew by 30.6% from ZiG108.1 billion in December 2025. ***(Slide 32)***

37. While the local currency component of reserve money grew by 30.4% from ZiG5.3 billion to ZiG6.9 billion over the period, the growth is within the reserve monetary targets for the second quarter. ***(Slide 33)***

38. The restraint growth in monetary aggregates ensures that exchange rate and inflationary pressures are contained in line with GDP growth and targeted inflation.

Banking Sector and Capital Markets

39. As of 31 March 2026, the banking sector was comprised of 382 banking and non-bank financial institutions. ***(Slide 34)***

40. The banking sector is *safe and sound*, with non-performing loans to total loans ratio (NPLs) below the global benchmark of 5%. ***(Slide 35)***

41. The aggregate banking sector loans and advances amounted to about ZiG85 billion at end of June 2026. ***(Slide 36)***

42. The two local bourses, the Zimbabwe Stock Exchange (ZSE) and the Victoria Falls Stock Exchange, traded actively for the first six months of the year as evidenced by growth in market capitalisation of the two markets. ***(Slide 37 & 38)***

THE 2026 NATIONAL BUDGET PERFORMANCE

43. Mr. Speaker Sir, allow me to turn to Government finances. The approved 2026 National Budget by Parliament is anchored on projected revenues of ZiG288 billion (16.9% of GDP), against

expenditures of ZiG290.9 billion, equivalent to 17.1% of GDP and a budget deficit of ZiG3.2 billion. ***(Slide 39)***

44. In terms of Budget performance during the first six months, a total of ZiG137.8 billion was collected, whilst expenditures amounted to ZiG123.6 billion. This resulted in savings which went towards servicing of public debt and arrears to service providers. ***(Slide 40)***

45. The composition of collected revenue was as follows: Value Added Tax (VAT) remained the largest contributor to total revenue collections, accounting for 28.3% of total revenues. This was followed by Personal Income Tax (PIT) at 16.6%, Corporate Income Tax (CIT) at 13.8% and Excise Duty at 8.5%. ***(Slide 41)***

46. Expenditure during this period was aligned with budget expectations, with MDAs utilising approximately 42.5% of the allocated budget, an indication that the approved budget by Parliament remains adequate to support our planned programmes and projects. ***(Slide 42, 43 & 44)***

Development Partner Support

47. The country is expected to receive US$350 million in 2026, representing a 30% reduction from the US$500 million projected for 2025. So far, during the first half of 2026, the country has received about US$144.4 million. ***(Slide 45)***

SOCIAL SERVICES

48. During the first six months of the year, a total of ZiG27.2 billion was expended towards the provision of social services as follows; ***(Slide 46)***

- Health ZiG9.5 billion;
- Education ZiG16.9 billion; and
- Social Protection ZiG832 million.

49. During the second half of the year, Government will accelerate disbursements towards social services in line with the approved budget and to meet the SMP social protection quantitative target. **Education**

50. Interventions towards the education sector during the first six months of the year amounted to ZiG16.9 billion and were focused on enhancing the country's human capital base from early childhood development to tertiary education. ***(Slide 47)***

51. In this regard, Government expended ZiG13.6 billion on Primary and Secondary Education during the first five months of 2026, with the bulk of resources directed towards compensation of employees. The remainder supported tuition requirements and the provision of essential teaching and learning materials, as well as infrastructure projects in the sector.

52. The Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development spent ZiG3.3 billion during the first six months of the year to advance the Education 5.0 framework, focusing on innovation, industrialisation and human capital development. ***(Slide 48)***

53. The resources also supported the provision of teaching and learning facilities as well as decent accommodation at institutions of higher learning.

Health

54. Mr. Speaker Sir, the Ministry of Health and Child Care was allocated ZiG28.9 billion through the 2026 National Budget to fulfil Government's commitment towards Universal Health

Coverage (UHC). ***(Slide 49)***

55. In this regard, ZiG9.5 billion was utilised towards compensation of employees, procurement of medical supplies and health services, as well as capital expenditure for the rehabilitation, upgrading and equipping of health infrastructure.

56. In addition, Government spent US$27.3 million from the sugar tax collection towards the procurement of 2 high-energy radiotherapy cancer treatment machines and 2 Low Energy for Parirenyatwa Group of Hospitals and Mpilo Central Hospital as at June 2026.

Social Protection

57. During the period January to June 2026, Treasury disbursed a total of ZiG832 million towards programmes supporting vulnerable households, children, persons with disabilities, the elderly, and other disadvantaged groups.

58. Of this, ZiG85 million went towards the BEAM programme, primarily to clear some of the outstanding school fee obligations for vulnerable learners in mainstream and special

schools. An additional ZiG10 million was provided to ZIMSEC to reduce examination fee arrears.

Support to Returnees

59. Government is implementing a returnee reintegration and economic empowerment programme, aimed at facilitating the orderly reintegration of returnees into their communities, while leveraging their skills, experience and entrepreneurial capabilities to drive inclusive economic growth.

60. So far, Government has responded by availing US$4.8 million towards the humanitarian operations to facilitate the safe and dignified return of affected citizens.

Drug and Substance Abuse

61. Government is making progress in the fight against drug and substance abuse through the implementation of multi-sectoral responses coordinated under the National Committee on Drug and Substance Abuse. In addition to law enforcement operations, Government is establishing additional rehabilitation centres such as Marondera, Gwanda, Mangwende and Sakubva Rehabilitation Centres.

Veterans of the Liberation Struggle

62. Treasury expended ZiG205 million during the period January to June 2026 towards education, medical, and funeral assistance programmes. This support contributed to the reduction of education-related arrears, while medical and funeral assistance programmes remained largely current.

63. In addition, Government will support the national memorialisation programme through the Heritage Fund. This will include the identification, documentation, preservation, and promoting collection of historical records and narratives, as well as the construction of liberation war monuments.

INFRASTRUCTURE DEVELOPMENT AND HOUSING

64. Mr. Speaker Sir, the approved budget has an appropriation of ZiG13.4 billion for infrastructure rehabilitation and development. In this regard, an amount of ZiG11.8 billion was spent on infrastructure from the fiscus towards the following sectors:

(Slide 50)

- Transport ZiG3.9 billion;

- Water and Sanitation ZiG4.9 billion;
- ICT ZiG506.7 million;
- Health ZiG679.5 million; and
- Housing and Social Amenities ZiG1.6 billion.

65. Going forward, in order to ease pressure on public finances, Government is working on establishing the Infrastructure Development Fund (IDF) which will leverage additional resources from local, regional and international institutions, against identified revenue streams, towards infrastructure, rehabilitation and development targeting energy, irrigation, schools, hospitals, rail and road sectors.

66. As part of this initiative, an arrangement has been made with local financial institutions to mobilise US$400 million loan towards completion of the remaining 33km on the Harare-Beitbridge Road, construction, rehabilitation and maintenance of the Harare-Chirundu Road and Bulawayo-Victoria Falls Road, among other high priority road projects.

67. Already, US$100 million has been secured and awaiting fulfilment of conditions precedent. The repayments of loans will be ringfenced from collections from ZINARA.

Transport

68. In the transport sector, recognising its vital role in fostering trade, industrial growth, and regional connectivity, Treasury expended ZiG3.9 billion towards the sector during the first six months of the year, mainly targeting the Road Development Program. ***(Slide 51)***

69. Significant progress was made on completion of the Harare-Masvingo-Beitbridge Road, rehabilitation and widening of the Bulawayo-Victoria Falls Road, with 57.2km out of 440.4km having been opened to traffic.

70. Notable progress was also realised on the implementation of the Harare-Kanyemba Road project with 18.3km of the dualised Harare–Mazowe section now complete and open to traffic.

Information, Communication and Technology

71. An amount of ZiG506.7 million was spent from the Budget during the period under review, towards digital infrastructure for various projects, bridging the urban-rural divide and driving innovation across many sectors including health, education and agriculture.

Water and Sanitation

72. To support water and sanitation programmes, ZiG4.9 billion was disbursed during the first six months of 2026, covering dam construction and the Presidential Borehole Drilling Programme. ***(Slide 52)***

73. In addition, a total of 526 boreholes were drilled during the first half of the year under the Presidential Rural Development Programme, bringing the cumulative total number to 5 395 boreholes drilled country wide.

Sporting and Culture Facilities

74. The upgrading and refurbishment of the National Sports Stadium to meet FIFA and CAF international standards is almost complete.

Already, a test match to assess the readiness of National Sports Stadium inspection by FIFA and CAF was played on 31 May 2026 between PSL teams CAPS United and Scottland FC. ***(Slide 53)***

75. In addition, the construction of a multi-purpose 10 000 seat Mosioa-Tunya International Cricket Stadium is progressing well with a target for completion by December 2026. ***(Slide 54)***

76. Furthermore, Government completed the construction of Shangwe/Tonga Culture Centre in Gokwe. The Isizinda Cultural Centre in Maphisa was officially opened by the First Lady of the Republic of Zimbabwe and Cultural Ambassador, Her Excellency,

    Amai Dr. Auxillia Mnangagwa. ***(Slide 55)***

Housing Development and Public Works

77. During the period January to June 2026, Government continued to support the provision of decent accommodation. ***(Slide 56)***

78. In this regard, a total of ZiG1.6 billion was spent to develop, rehabilitate and upgrade public properties, which will go a long way in improving the ambience of Government office

accommodation and increase the stock of office space, especially in the context of the devolved functions of Ministries, Departments and Agencies of the State.

79. Government also made progress in the construction and upgrading of Government facilities abroad. In this regard, significant progress was made on the construction of a three storey chancery building, Ambassador's official residence as well as three duplex apartment blocks intended for staff accommodation in Abuja, Nigeria. ***(Slide 57)***

80. In order to bring justice closer to our citizens, Government availed resources towards ongoing court construction works at the Gwanda, Kwekwe, Mabvuku-Tafara, Cowdray Park and Brunaberg Magistrate Courts, among other projects.

81. A total of ZiG25.3 million was availed towards the construction of several housing units ranging from 2 roomed low-cost houses to F15 houses which are now at different stages of completion.

82. Government has disbursed ZiG68 million in support of the construction works at Manyame Referral Hospital which is now

nearing completion. The superstructure and roof covering for the VIP Officers Mess has been completed, with all the remaining works expected to be completed during the second half of 2026.

Energy

83. The energy sector recorded strong performance during the period January to June 2026, with significant improvements in electricity supply, generation and energy availability.

84. As a result, cumulative Energy Sent Out reached 4 774.2 GWh against a target of 4 430.1 GWh, representing performance of 7.8% above target. The improved performance resulted in a significant reduction in load shedding, with the country experiencing extended periods of uninterrupted electricity supply.

85. In addition, the Rural Electrification Agency spent US$13.8 million towards electrification, solarisation and construction of biogas digesters in rural areas. This enables the completion of 264 grid-energised projects across 8 provinces, benefiting 88

primary schools, 55 secondary schools and 63 rural health centres, among other projects. ***(Slide 58)***

Public Debt

86. The level of the country`s Public and Publicly Guaranteed (PPG) increased to ZiG580.9 billion (US$21.7 billion) as at end June 2026, from ZiG566.8 billion (US$21.8 billion) as at end December 2025. ***(Slide 59)***

87. Government external debt service payments amounted to US$170 million during the period January to June 2026 towards servicing of the active loan portfolio, legacy debt and token payments. In addition, domestic debt service payments totalled

    ZiG15.3 billion. ***(Slide 60)***

88. Treasury also mobilised ZiG6.7 billion through Treasury bills and domestic loans. ***(Slide 61)***

OUTLOOK TO YEAR END

89. The performance of the Budget during the first half of 2026 has been within the approved targets, with budget utilisation at around 42.5%. This reassures us that the current approved

budget remains adequate to cover planned programs and projects through to the year's close, without the need for a Supplementary Budget. ***(Slide 62)***

90. Though the domestic economy faced challenges such as the Middle East War, which led to some deferment of fuel taxes and revenue losses exceeding US$74 million, Government is prepared to make strategic adjustments where needed, including realigning expenditures in preparation for the forthcoming drought season.

Preparations for the 2026/27 Farming Season

91. Preparations for the 2026/27 agricultural season are already underway following Government approval of the 2026/27 Summer Crops, Horticulture, Fisheries and Livestock Production Plan by Cabinet.

92. In response to the expected El Niño conditions during the forthcoming season, Government has adopted a comprehensive preparedness framework aimed at safeguarding agricultural production, food security and rural livelihoods. The Framework will be anchored on the following six strategic pillars:

- Enhanced Strategic Grain Reserves;
- Accelerated Climate-Smart Production;
- Integrated Financing Architecture;
- Livestock Drought Mitigation;
- Enhanced Imports; and
- Coordination, Early Warning Systems and Capacity Building Support.

UPDATE ON SMP IMPLEMENTATION

93. Mr. Speaker Sir, before I conclude, as you may be aware, Government and the IMF, signed off a 10-month Staff Monitored Programme (SMP) in April 2026. I am pleased to report that as of the latest assessment, we have met all except one of the SMP quantitative targets during the first quarter review. ***(Slide 63, 64 & 65)***

94. Going forward, Government is making progress toward meeting the end-June and end-September quantitative and structural benchmarks.

95. This process is very critical in our endeavour to address our debt overhang situation, paving way for access to concessionary funding on the international market.

CONCLUSION

96. Mr. Speaker Sir, Government will *stay the course* in implementing macroeconomic policy measures designed to safeguard macroeconomic stability, promoting sustainable economic growth and maintaining a conducive environment for investment during the remainder of the year. ***(Slide 66)***

97. In line with the principle of *leaving no one and no place behind*, Government will intensify efforts to strengthen social protection programmes, including support for vulnerable households and enhanced access to essential social services, thereby promoting inclusive and equitable development.

98. As we move into the second half of the year, I am confident that we will galvanise the collective energies of all Zimbabweans towards the realisation of **Vision 2030,** "**Towards a prosperous and empowered upper middle-income society**".

99. Mr. Speaker Sir, I now commend the 2026 Mid-Term Budget and Economic Review to this august House in compliance with the law and it is accompanied by the following documents:

- The 2026 Mid-Term Budget and Economic Review Statement;
- The 2027 Budget Strategy Paper;
- The 2026 Mid-Term Budget and Economic Review Statement Citizen Document;
- 2025 Public Debt Bulletin;
- Report to Parliament on Public Debt; and
- Booklet, Second Edition on Zimbabwe's Structured Dialogue Platform, Arrears Clearance and Debt Resolution Process.

THE HON. SPEAKER: Is there any debate?

HON. MUSHORIWA: Yes, there is a debate.

HON. C. MOYO: There is no debate Madam Speaker.

THE HON. DEPUTY SPEAKER: Order!

The Hon. Deputy Speaker having recognised Hon. Kambuzuma.

HON. MUSHORIWA: But you asked if there is any debate.

THE HON. DEPUTY SPEAKER: Hon. Kambuzuma, may you please adjourn the debate.

HON. KAMBUZUMA: I move that the debate do now adjourn.

HON. C. MOYO: I second.

Motion put and agreed to.

Debate to resume: Tuesday, 18th August, 2026.

On the motion of **HON. KAMBUZUMA** *seconded by* **HON. C. MOYO,** *the House adjourned at Quarter past Three o`clock p.m. until Tuesday, 18th August, 2026.*