

Zimbabwe Country Brief



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AFREXIMBANK

Transforming Africa's Trade

African Export-Import Bank
Banque Africaine d'Import-Export

Zimbabwe

The Republic of Zimbabwe is a landlocked country located in Southern Africa, bordered by Zambia to the north, Mozambique to the east, South Africa to the south, and Botswana to the west. Covering an area of 390,757 square kilometres, Zimbabwe is home to approximately 16.6 million people from various ethnic groups, including the Shona and Ndebele. Harare serves as the political and economic capital.

16.6
million inhabitants

390,757
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US\$2.5
billion gold exports



INTRODUCTION

The Republic of Zimbabwe is a landlocked country located in Southern Africa, bordered by Zambia to the north, Mozambique to the east, South Africa to the south, and Botswana to the west. Covering an area of 390,757 square kilometres, Zimbabwe is home to approximately 16.6 million people from various ethnic groups, including the Shona and Ndebele. Harare serves as the political and economic capital. Bulawayo is the second-largest city and an important industrial hub. English is the official language. Shona and Ndebele also are widely spoken.

Zimbabwe is recognized as one of Africa’s leading mineral-rich economies, boasting vast reserves of gold, platinum, diamonds, lithium, and coal, which makes mining a key driver of the economy. In 2024, mining represented more than 60 percent of Zimbabwe’s total export earnings, with gold, the largest contributor, generating approximately US\$2.5 billion. Platinum production, driven by key players such as Mimosa and Zimplats, accounted for around US\$1.8 billion, while diamond mining, particularly from the Marange fields, generated about US\$420 million. Lithium, an emerging sector in Zimbabwe, saw significant growth, with exports reaching US\$210 million, fuelled by increasing global demand for battery minerals. Coal production, although primarily for domestic use, contributed to the country’s energy security and accounted for approximately US\$150 million in revenue.

In 2024, the country’s GDP was estimated at US\$34.4 billion, with the services sector contributing about 54 percent; industry, 34 percent; and agriculture, 13 percent. While the services sector drives economic growth, agriculture remains the largest employer, engaging more than 50 percent of the workforce and supporting livelihood. Zimbabwe produces more than 200 million kilograms of tobacco annually, making it the largest tobacco producer in Africa (33 percent of total production) and among the top five globally. Maize cultivation is vital for domestic food security, while cotton farming plays a key role in rural livelihoods and textile industry support. Horticulture, including flowers and fresh vegetables, has shown growing export potential, particularly to European markets.

In 2024, gold exports totalled about US\$2.5 billion, remaining Zimbabwe’s major source of foreign exchange earnings and representing a 9 percent increase from 2023 and 15 percent from 2022. The consistent growth highlights the sector’s resilience and importance to external trade performance. Despite its rich resource base, Zimbabwe remains reliant on imports of fuel, machinery, and cereals resulting in a persistent

trade imbalance. In 2024, the country’s trade deficit expanded by 6 percent to approximately US\$2.1 billion, largely driven by high import bills and relatively lower export earnings. This import dependency exposes Zimbabwe to external shocks, including global price fluctuations and supply chain disruptions, which can undermine economic stability. Reducing this reliance through increased local production and export diversification is critical for enhancing long-term resilience from key trading partners, including China and its neighbouring countries.

POLITICAL ENVIRONMENT

Zimbabwe operates under a presidential system, with the president serving as both head of state and head of government. The country gained independence from the United Kingdom in April 1980 under President Robert Mugabe, marking its transition to majority rule. Since then, the Zimbabwe African National Union – Patriotic Front has dominated the country’s political landscape. The political system encompasses the executive, legislative, and judicial branches, aimed at promoting accountability and good governance among all. The president heads the executive branch and is elected through universal suffrage for a five-year term, with a maximum limit of two terms. In the most recent general election in August 2023, President Emmerson Mnangagwa secured a second term. Despite concerns raised by Citizens Coalition for Change—the opposition led by Nelson Chamisa—the Zimbabwe Electoral Commission declared Mnangagwa the winner with 52.6 percent of the vote. The election outcome, although characterized by some disputes, reflected the continued influence of the Zimbabwe African National Union – Patriotic Front, particularly in rural areas. However, it also revealed growing discontent among urban voters, where the opposition made significant inroads. The next general elections are expected in 2028, with the political landscape likely to be shaped by ongoing economic challenges, public sector reforms, and rising demands for greater transparency and accountability.

Post-Election Governance and Policy Direction

President Mnangagwa and his administration have prioritized economic stabilization policies, including currency reforms and efforts to curb inflation. The government has also intensified its re-engagement strategy with international financial institutions such as the International Monetary Fund and World Bank, seeking debt relief and access to concessional financing. However, governance challenges have continued to undermine investor confidence both regionally and internationally.

Geopolitical Alliances and Regional Influence

Zimbabwe maintains strong diplomatic and economic ties with China, Russia, and South Africa, reflecting its shift towards Eastern allies in response to Western sanctions. China has become a key partner, providing significant investments in infrastructure, mining, and energy projects. Zimbabwe is also a member of the Southern African Development Community and African Union, actively participating in regional initiatives focused on trade integration and security cooperation.

Political Risks and Stability Outlook

Zimbabwe’s political environment faces ongoing risks of civil unrest stemming from economic challenges, high inflation, and public discontent over governance issues. While the grip of the Zimbabwe African National Union – Patriotic Front remains strong, rising urban opposition and youth activism could lead to increased political polarization. Moving forward, restoring public trust and investor confidence will depend on the government’s ability to implement credible economic reforms and improve public service delivery.

ECONOMIC OVERVIEW

Macroeconomic Analysis

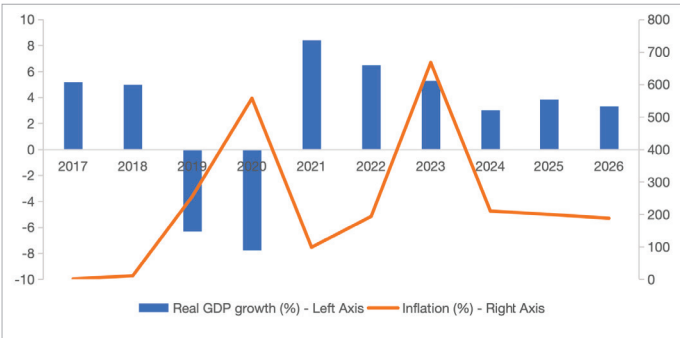
Gross Domestic Product

Despite facing macroeconomic challenges stemming from both global and regional economic headwinds—including macroeconomic instability, currency volatility, inflationary pressures, and concerns over debt sustainability—Zimbabwe has demonstrated remarkable resilience, emerging as one of the fastest-growing economies in Southern Africa. Real GDP growth remained robust, albeit moderating from 6.5 percent in 2022 to 5.3 percent in 2023, before a slowdown to 2.2 percent in 2024 (Figure 1). This deceleration is largely attributable to adverse climatic conditions—including the El Niño-induced drought, floods, and power shortages—which have significantly disrupted agricultural output. Overall, Zimbabwe’s growth performance has been driven by expansions in agriculture, mining activities, and services fuelled by remittances.

Public debt, which stood at approximately 95 percent of GDP in 2024, has further strained the economy, limiting fiscal space for developmental spending. However, output is projected to expand by 3.8 and 3.2 percent in 2025 and 2026, respectively, underpinned by improved agricultural productivity as weather conditions normalize. Additionally, a rebound in tourism receipts and remittance inflows, supported by economic recovery in advanced markets, is likely to support the growth trajectory in the near term. These factors collectively enhance

the country’s medium-term economic outlook, although vulnerabilities remain.

Figure 1. GDP growth and inflation trend (annual change in percent)



Source: Afreximbank research 2025.

Inflation

Zimbabwe has struggled with persistent inflationary pressures, primarily driven by sharp currency depreciation, external commodity price fluctuations, and structural supply-side constraints. The depreciation of the domestic currency against the U.S. dollar both exacerbated import costs and fuelled inflation, which surged from 193.4 percent in 2022 to 667.4 percent in 2023 (Figure 1), largely due to a steep depreciation of the local currency against the U.S. dollar. However, inflation moderated to 210 percent in 2025 and is forecasted to decline further to 199.6 percent in 2025, signalling a gradual stabilization.

This downward trend is attributed to the introduction of the gold-backed currency Zimbabwe Gold (ZiG) by the Reserve Bank of Zimbabwe in April 2024, aimed at restoring confidence and exchange rate stability. Additionally, factors such as greater foreign currency availability, falling oil prices, and increased domestic food production are expected to exert downward pressure on inflation. However, sustaining this trajectory will depend on policy consistency, exchange rate management, and fiscal discipline.

Exchange Rate

The reintroduction of the Zimbabwean dollar (ZWL) in 2019 as the sole legal tender marked an attempt to restore monetary sovereignty. However, the move was met with economic turbulence, as macroeconomic instability and hyperinflation pressures quickly eroded confidence in the currency. By December 2020, the official exchange rate had fallen to approximately 51 ZWL per U.S. dollar, deteriorating further to 375 ZWL per U.S. dollar by December 2022. In 2024, the ZWL experienced an 882 percent depreciation, reaching 3,679 ZWL per U.S. dollar.

To stabilize the exchange rate and control rising inflation, the ZiG was introduced. However, within six months, after an initial improvement in market confidence, the ZiG depreciated by 43 percent, driven by a surge in food imports, declining mineral export earnings, and continued structural economic weaknesses, which strained foreign exchange reserves. As inflationary pressures persist, reserves remain inadequate, and vulnerability to export shock persist, the ZiG is expected to marginally weaken against the U.S. dollar, averaging around 34 ZiG and 39 ZiG per U.S. dollar in 2025 and 2026, respectively.

Fiscal Balance

In recent years, Zimbabwe’s fiscal position has been characterized by persistent deficits, driven by subdued revenue collection due to a narrow tax base, excessive public expenditure on wages and subsidies, and inflationary pressures that have escalated the cost of government operations. In 2020, Zimbabwe achieved a marginal fiscal surplus of 0.8 percent of GDP due to reduced employment costs and an increase in mining revenue. But in 2022, it experienced a deficit equivalent to 6 percent of GDP—a deficit that increased to 7.8 percent of GDP in 2023 (table 1). This deficit was due to several factors, including inflationary pressure which weighed on import bills, despite improvements in revenue mobilization.

In 2024, the fiscal deficit was estimated at 6 percent of GDP, with projections indicating a gradual narrowing to 5.4 percent in 2025 and 5.1 percent in 2026 (table 1). This trend is driven by ongoing fiscal consolidation efforts, including measures to streamline public expenditure and enhance revenue collection mechanisms. However, fiscal risks remain, particularly in the face of external shocks, debt servicing obligations, and potential policy slippages. Strengthening domestic revenue mobilization and expenditure efficiency is critical to achieving a more sustainable fiscal trajectory.

OVERVIEW OF TRADE, RESERVES, AND THE FINANCIAL SECTOR IN ANGOLA

Total Trade

In 2023, Zimbabwe’s export basket remained heavily concentrated in mineral commodities, reflecting the country’s dependence on extractive industries. Key exports included

natural pearls and precious stones (31.2 percent), tobacco products (18.0 percent), nickel (13.7 percent), salt, sulphur, earths, and stone (12.8 percent), as well as ores, slag, and ash (10.2 percent). Collectively, these products accounted for more than 80 percent of total exports, underscoring the structural limitations of Zimbabwe’s export base. The country’s main trading partners included South Africa (30.9 percent), the United Arab Emirates (26.4 percent), and China (18.2 percent), which together represented 75.3 percent of Zimbabwe’s total exports (figure 3). This suggests product dependence as well as limited diversification in export markets, exposing the country to geopolitical and trade relationship vulnerabilities, particularly with reliance on a few trading partners.

On the import side, Zimbabwe remained highly reliant on energy and capital goods in 2023, with mineral fuels and oils (20.2 percent), machinery and mechanical appliances (13.2 percent), vehicles (8.3 percent), electrical equipment (6.4 percent), and cereals (5.0 percent) constituting more than 50 percent of total imports. Major sources of imports included China (21.9 percent), Zambia (4.5 percent), and Mozambique (2.7 percent), demonstrating a deep integration within the regional trade ecosystem. However, Zimbabwe’s heavy reliance on imported capital goods and fuel further underscores its structural vulnerabilities in energy supply and industrial capacity.

With exports totalling US\$7.2 billion and imports reaching US\$7.3 billion, Zimbabwe posted a trade deficit of US\$31.1 million in 2023, marking a significant shift from the trade surplus of US\$90.8 million in 2022 and US\$172.8 million in 2021. The trade balance deterioration is primarily linked to global price fluctuations, lower commodity exports, and higher import bills, which strain the country’s foreign currency reserves.

Intra-African Trade

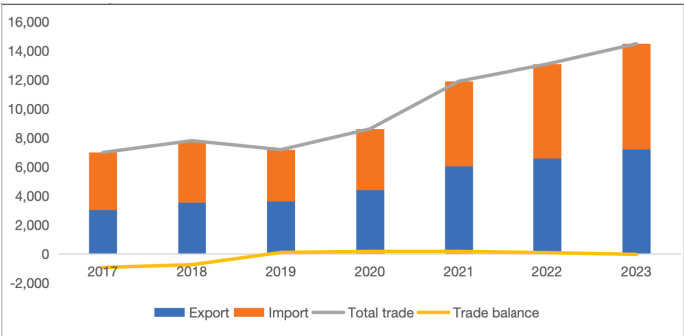
In 2023, Zimbabwe’s Intra-African trade was US\$7.6 billion, accounting for 52.6 percent of its total trade, significantly higher than the regional average of 14.7 percent. Intra-African exports—consisting primarily of nickel (33.9 percent), ores, slag, and ash (23.1 percent), and salt, sulphur, earths, and stone (10.3 percent)—amounted to US\$2.9 billion, with South

Table 1: Zimbabwe’s fiscal position, 2017–2026

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
General government revenue (% of GDP)	17.6	14.8	10.8	13.3	15.3	16.6	16.5	19.6	19.4	19.7
General government expenditure (% of GDP)	27.9	20.2	11.7	12.5	17.5	22.6	24.3	25.5	24.8	24.8
Fiscal balance (% of GDP)		-5.4	-0.9	0.8	-2.2	-6.0	-7.8	-6.0	-5.4	-5.1

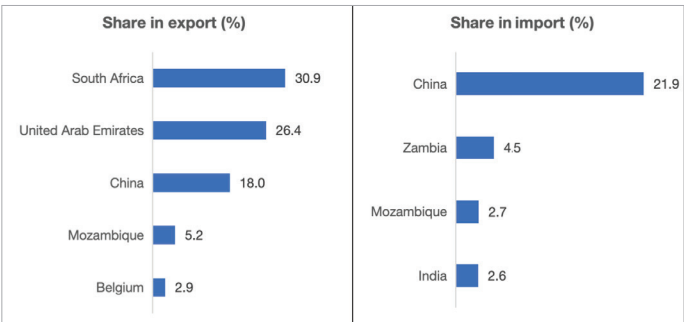
Source: Afreximbank Research 2025.

Figure 2. Trade accounts, exports, imports, total trade, and trade balance (US\$ millions), 2017–2023



Sources: Afreximbank research; IMF Direction of Trade and Statistics

Figure 3. Zimbabwe’s top five trade partners (percent), 2023



Sources: Afreximbank research; International Monetary Fund Direction of Trade Statistics

Africa accounting for 77 percent of its total regional exports. Zimbabwe’s intra-African imports totalled US\$4.7 billion—with goods from South Africa accounting for more than 80 percent of this total—including machinery and mechanical appliances (12.5 percent), mineral fuels and oils (11.6 percent), cereals (6 percent), and fertilizers (5.65 percent). Despite the high share of intra-African trade, Zimbabwe’s trade patterns remain undiversified, exposing the country to commodity price fluctuations and external shocks. Expanding regional trade partnerships and promoting value-added exports is critical to enhancing economic resilience and long-term trade stability.

Reserves

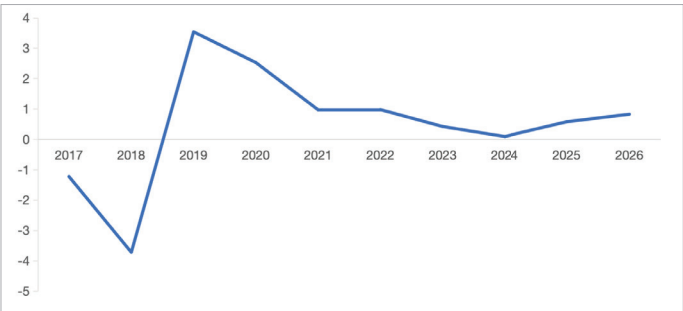
After peaking at around US\$836.7 million in 2021—primarily due to the International Monetary Fund’s general allocation of special drawing rights—Zimbabwe’s foreign reserves trended downward to US\$73.9 million in 2023, representing about 0.2 months of imports cover, which is far below the recommended three months benchmark. Although the country’s reserves improved in 2024 to US\$134.8 million, due mainly to increased export earnings and diaspora

remittances, this level remains insufficient to meet the minimum import cover ratio. Zimbabwe’s reserves are expected to strengthen as ongoing reforms boost export revenues and the ZiG currency enhances investor confidence. However, reserve accumulation remains vulnerable due to structural trade imbalances and persistent capital outflows. Sustained reserve adequacy will hinge on greater export diversification, increased foreign direct investment, and continued efforts to stabilize the domestic currency. While the ZiG aims to restore trust in the financial system, its success will depend on the credibility of monetary policies and fiscal discipline, both of which are crucial in mitigating economic volatility and fostering long-term stability.

Current Account Balance

Zimbabwe’s current account surplus, which peaked at 3.5 percent of GDP in 2019, supported by high global metal prices, has declined to 0.01 percent in 2024, from a surplus of 0.4 percent in 2023. The decline in the current account surplus is attributed to fiscal deficits, exchange rate depreciation, and adverse weather conditions affecting agricultural output. The current account surplus is projected to recover to 0.6 percent in 2025 and 0.8 percent in 2026, driven by anticipated improvements in export performance, remittance inflows, and controlled import growth. However, external vulnerabilities, currency volatility, and weak global demand for commodities remain key risks.

Figure 4. Current account balance (percent of GDP), 2017–2026



Source: Afreximbank research 2025.

Financial Sector

Zimbabwe’s financial sector remains moderately diversified, comprising 14 commercial banks, 4 building societies, 1 savings bank, 253 microfinance institutions, and 4 development finance institutions. The Zimbabwe Stock Exchange and Financial Securities Exchange anchor the sector through investment activities.

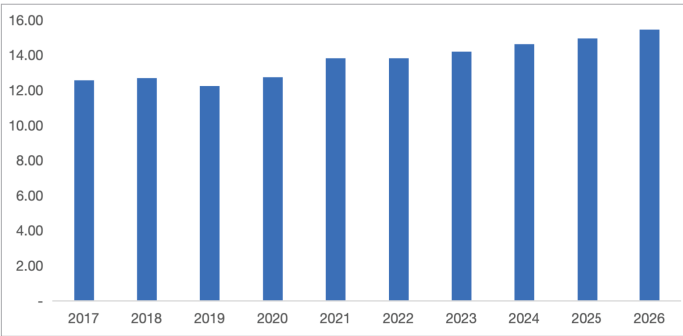
The banking sector dominates, holding 70 percent of financial sector assets, with the top five banks—CBZ Bank Limited, Stanbic, Ecobank, CABS, and FBC Bank Limited—controlling more than 60 percent of total assets. As of December 2023, total banking sector assets surged by 802 percent, reaching 34,412.2 billion ZWL, driven by strong credit growth and revaluation of foreign currency deposits.

Despite ongoing economic challenges, the sector remained resilient, with non-performing loans at 2.09 percent, well below the 5 percent benchmark. Liquidity and capital adequacy ratios stood at 60.5 percent and 37.34 percent, exceeding minimum requirements. Profitability remained strong, with return on equity (69 percent) and return on assets (24 percent) reflecting robust financial performance. Recent reforms—including higher capital requirements, digital banking initiatives, and the adoption of Basel III liquidity standards—are expected to enhance the sector’s long-term stability.

Debt Sustainability

Zimbabwe’s external debt has risen significantly in recent years. As of 2024, the total external debt was \$14.6 billion, a marginal increase from \$14.2 billion in 2023 (figure 5). Significant macroeconomic challenges including budget deficits, currency volatility, and limited access to international credit markets—largely resulting from a build-up of external arrears—have contributed to external debt accumulation. Projections indicate that external debt obligations will reach approximately US\$14.9 billion in 2025 and US\$15.5 billion in 2026 (figure 5), raising concerns about the management of external debt and sustainability of public debt.

Figure 5. Zimbabwe’s total external debt (US\$ billions), 2017–2026



Sources: Afreximbank research; Economic Intelligence Unit

External Debt/GDP

Zimbabwe’s external debt-to-GDP ratio was estimated at 61 percent in 2024 and is projected to rise to 67 percent in 2025

and 72 percent in 2026, remaining above the 50 percent threshold. This increase is mainly due to macroeconomic challenges and the ongoing accumulation of external obligations. However, debt relief negotiations, economic reforms, and improved efforts to mobilize revenue are expected to help reduce the debt burden in the medium term.

External Debt/Exports

The external debt-to-exports ratio has remained high, indicating structural weaknesses in the export sector and a heavy reliance on commodity exports. In 2024, this ratio was estimated at 185.3 percent, which is significantly above the sustainable threshold of 180 percent. A moderate improvement is anticipated in the near term, with the ratio expected to decline to 176.1 percent in 2025 and further to 178 percent in 2026. Government initiatives aimed at increasing value addition in the mining and agriculture sectors will support this reduction. However, risks such as commodity price volatility and structural bottlenecks continue to pose challenges to maintaining a sustainable ratio.

External Debt Service/Exports

Zimbabwe’s external debt service-to-exports ratio has been fluctuating due to its reliance on commodity exports. The ratio decreased from 55.4 percent in 2023 to 17.2 percent in 2024, primarily due to an increase in export earnings. With the implementation of debt restructuring measures and enhanced export diversification strategies, the ration is expected to further decline, reaching 15.6 percent in 2025 and 15.5 percent in 2026. However, the country remains vulnerable to climate shocks and currency volatility, which could undermine its ability to maintain the ratio within the 20 percent threshold.

External Debt Service/Revenue

Zimbabwe’s external debt service-to-revenue ratio, which surged from 23.7 percent in 2023 to 53.4 percent in 2024, remains a major fiscal constraint. This figure is well above the sustainable threshold of 18 percent, indicating significant fiscal constraints. Due to domestic revenue mobilization limitations and substantial external arrears, the ratio is projected to remain high in 2025 at 52.2 percent and could reach 54.4 percent in 2026. However, initiatives aimed at improving revenue mobilization—such as tax policy reforms and enhanced public financial management—could lead to a gradual improvement in the ratio over the medium term.

The overall assessment of external debt using the above-mentioned debt sustainability indicators suggests that the country is in debt distress necessitating enhanced fiscal discipline, debt restructuring efforts, and strengthened

revenue mobilization. Although ongoing fiscal reforms, debt restructuring initiatives, and economic diversification strategies under IMF programs could offer opportunities for achieving long-term debt sustainability, several factors,

such as global economic shocks, currency volatility, and rising uncertainties in the global financial markets represent significant downside risks.

Appendix

Table A1. Zimbabwe selected macroeconomic and financial indicators, 2017–2026

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Real GDP (%)	5.2	5.0	-6.3	-7.8	8.4	6.5	5.3	3.0	3.8	3.3
Inflation, annual average (%)	0.9	10.6	255.3	557.2	98.5	193.4	667.4	210.0	199.6	187.6
Exports of goods and services (% y/y)	-28.2	3.9	-3.0	-26.3	21.6	8.2	33.3	4.3	-2.2	5.0
Current account (% of GDP)	-1.2	-3.7	3.5	2.5	1.0	1.0	0.4	0.1	0.6	0.8
International reserves (US\$ millions)	292.1	86.4	150.6	31.9	836.7	588.8	73.9	134.8	123.8	116.5
Gross reserves (months of imports)	0.5	0.1	0.3	0.1	1.2	0.7	0.2	0.2	0.2	0.2

Sources: Afreximbank research; International Monetary Fund; EIU

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