

Commitment to Reducing Inequality Index



Zimbabwe Country Profile, 2025



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Table of Contents

01

Background: Scale of Inequality & trends in inequality

03

Key Policies to Fight Inequality: Lessons from the CRI Index

04

Public Services Pillar

06

Tax Justice Pillar

09

Labour Rights pillar

11

International pressures exacerbating inequality: debt, aid and austerity

Preface



Rev Wilfred Dimingu

Zimbabwe Council of Churches

Across Zimbabwe, inequality has a human face. It is the mother in Mbare who skips her meals so that her children can eat. It is the young man in Mutare who finishes school, full of dreams, but cannot find a job. It is the farm worker in Mashonaland who toils from dawn to dusk, yet his wages cannot cover rent or school fees. It is the elderly woman in Gokwe who walks long distances to a clinic that has no medicine. It is about the family of 10 people that sleeps in one small room in Mbare when a family of 3 enjoys the luxurious Mansion in Borrowdale. These are not isolated stories; they are the daily experiences of millions of Zimbabweans whose lives speak to the silent pain of inequality.

When we speak about inequality, we are not only speaking about numbers or statistics. We are speaking about dignity, fairness, and justice. A nation that allows its people to live with such disparities in opportunity and wellbeing has drifted from the moral vision of a just society.

As people of faith, we are compelled to see this not just as an economic challenge but as a spiritual and moral crisis. The words of the Gospel remind us that Christ came so that “all may have life, and have it abundantly” (John 10:10). Inequality denies that abundant life to many, and therefore our collective responsibility is to ensure that every Zimbabwean has a fair chance to thrive.

The Commitment to Reducing Inequality Index – Zimbabwe Country Profile (2025) comes at a time when our country continues to wrestle with the effects of economic instability, climate shocks, and shrinking opportunities. Yet, behind these challenges lie choices, choices about how we tax and spend, how we protect workers, and how we deliver public services. This report invites us to reflect on those choices and their consequences. It challenges us to ask: Who benefits from our current socio-economic and political systems, and who bears the greatest burdens?

As the Zimbabwe Council of Churches (ZCC), we believe that our faith must be lived out in ways that transform society. Through our work in governance, economic justice, peacebuilding, and social inclusion, all rooted in dialogue, we have witnessed both the struggles and the remarkable resilience of ordinary Zimbabweans. We have seen women who organize informal savings clubs to support one another, communities that rebuild after disasters, and congregations that share food with neighbours in need. These acts of faith and solidarity remind us that Zimbabwe’s hope lies in its people, and that lasting change begins when we place human dignity at the centre of our nation’s development.

This report is therefore both a mirror and a call to action. It holds up the reality of inequality in our midst but also calls us to imagine a different Zimbabwe, one where fairness guides policy, where taxes are used to serve the common good, and where opportunity is not a privilege for the few but a promise for all. It is an invitation to government, business, civil society, and the Church to work together in reshaping our systems so that they reflect compassion, justice, and accountability. It calls upon government, civil society, and faith actors to collaborate in crafting a National Inequality Reduction Plan, backed by equitable resource allocation, stronger labour protections, and a progressive tax regime that ensures the wealth of the nation benefits all its citizens. It also calls upon the international community to support Zimbabwe through fairer debt arrangements, restored development cooperation, and reforms to global financial systems that disadvantage poorer nations.

As the prophet Amos reminds us, "Let justice roll down like waters, and righteousness like an ever-flowing stream" (Amos 5:24). May this report strengthen our resolve to make justice flow in every part of our society, in our homes, our institutions, and our economy, until every Zimbabwean can truly live in dignity and peace.



Acknowledgements

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Executive Summary

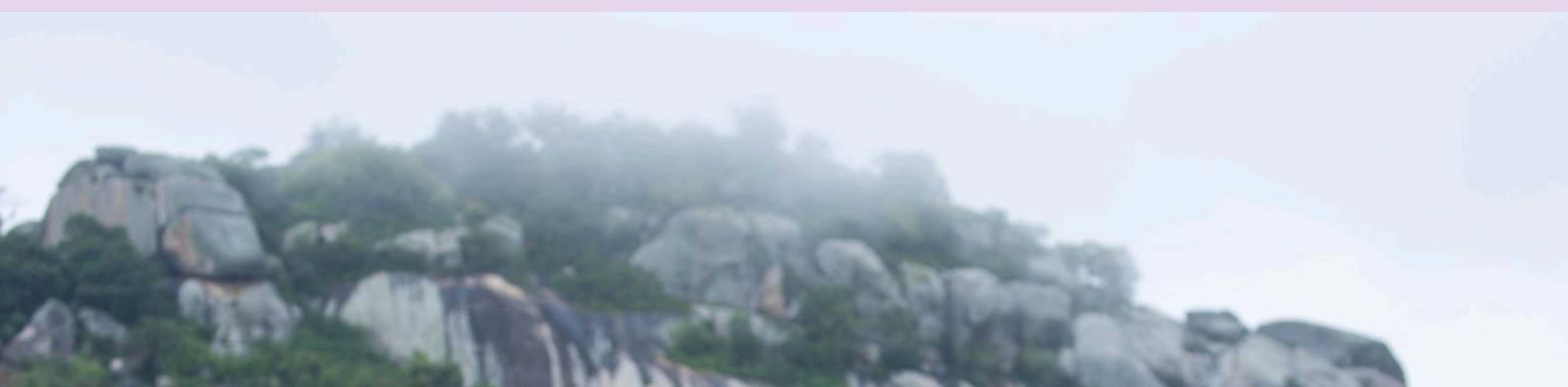
Zimbabwe faces extreme levels of inequality, ranking among the most unequal countries in both sub-Saharan Africa and globally, with a Gini Index exceeding 0.6. Income and wealth are highly concentrated: the top 10% earn over half of all income, while the bottom 50% receive just 12%. Poverty remains deeply entrenched and predominantly rural, with nearly 38% of the population still living in extreme poverty in 2024.

Zimbabwe's performance in tackling inequality through policy is poor and has been in reverse as reflected in the Commitment to Reducing Inequality (CRI) Index. Public service coverage is weak, social protection is limited, and health and education investments fall short of regional and global targets. Zimbabwe's public spending reduces inequality by just 1% one of the lowest reductions globally. Zimbabwe also performs poorly on tax policy, with low tax collection and a regressive system that worsens inequality.

The country ranks last in Southern Africa on labour rights. Sixty-one percent of Zimbabweans are not covered by workers' rights and the country urgently needs to reverse punitive measures restricting workers' right to organise. These gaps are doing far too little to tackle an increasingly high wage Gini coefficient (which exceeds 0.7, placing Zimbabwe among the highest in the world).

Exacerbating the challenge are significant global constraints. Aid to Zimbabwe has declined over the last two decades, with major donors, such as the U.S. and UK, now reducing their contributions further, severely impacting the health sector and HIV/AIDS services. Simultaneously, rising debt mostly external has created a chronic crisis. Debt service in 2025 is equivalent to one and a half times education spending, three times health spending, and four times social protection spending. Delays in debt restructuring and continued arrears to institutions like the IMF and World Bank are blocking access to concessional finance.

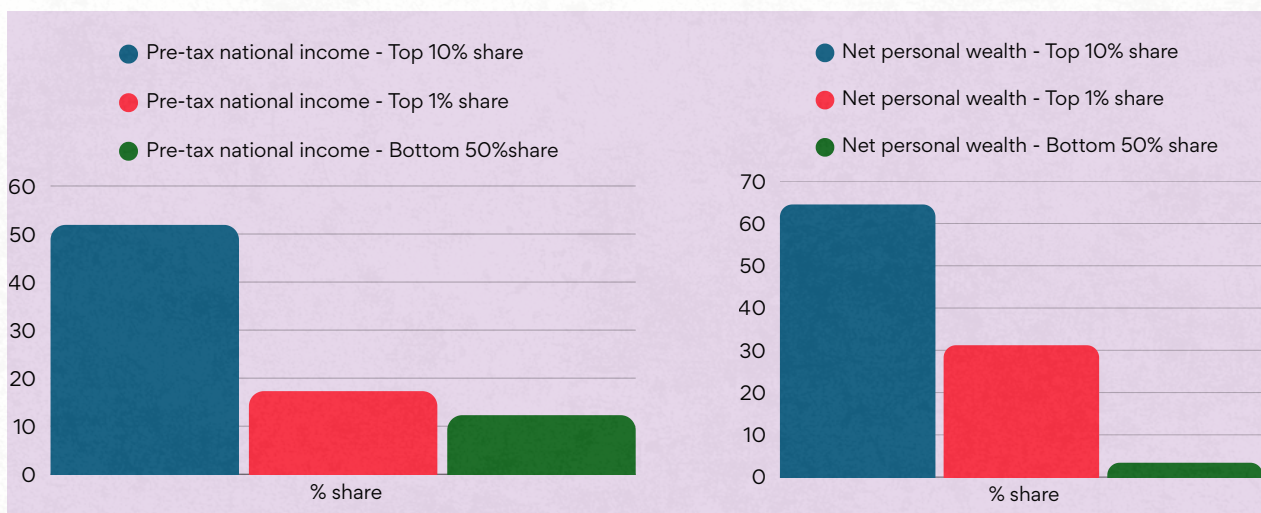
Urgent action is needed. Zimbabwe must implement a national inequality reduction plan, increase investment in public services, collect more progressive income and wealth taxes, and strengthen labour protections. International actors must move ahead on debt cancellation, provide more concessional financing, and advance fairer global tax rules to allow Zimbabwe to collect more taxes. If these measures are taken, Zimbabwe can sharply reduce inequality and poverty and accelerate growth.



1. Background: Scale of Inequality & trends in inequality

The latest UN Sustainable Development Goals (SDG) Progress Report ranks SDG 10: Reducing Inequality as one of the worst-performing goals.^[1] Zimbabwe stands out for its extremely high levels of inequality, both globally and within sub-Saharan Africa, with a Gini Index (**a measure of inequality**) of over 0.6.^[2] According to the World Bank's new Inequality Indicator, this is classified as **"very high"**^[3] making Zimbabwe the third most unequal country in sub-Saharan Africa and globally.

Over the past decade, income and wealth inequality in Zimbabwe have sharply escalated, reaching extreme levels.^[4] Data from the World Inequality Database highlights the concentration of income and wealth: the top 10% of earners receives 52% of national income, while the bottom 50% earn just 12%. Wealth disparities are even more severe nearly one-third of all wealth is held by the top 1%, 56% by the top 10%, while the bottom half holds only 3%.^[5]



High levels of inequality have been shown to hinder poverty reduction, economic growth, and social cohesion.^[6] In Zimbabwe, inequality has prevented the benefits of growth from reaching the poorest, leaving poverty persistently high.^[7] Following a series of economic and climate shocks, extreme poverty surged to nearly 49% of the population in 2020. Although conditions improved slightly by late 2021 extreme poverty still affected 43% of the population.^[8] By 2024, this had fallen back slightly, but still an estimated 38% of Zimbabweans still lived in extreme poverty a stark reversal from earlier declines in the 2010s.^[9] IMF research also suggests that high inequality (a Gini above 0.27) hinders economic growth. and that if Zimbabwe were to bring down its Gini to 0.5 it could accelerate per capita growth by more than 4% a year.^[10]



43%

Although conditions improved slightly by late 2021 extreme poverty still affected 43% of the population

Poverty is also felt very unevenly and is overwhelmingly rural: rural households are four to five times more likely to be poor than their urban counterparts and account for around 90% of all people living in poverty. In communal farming areas, food poverty rates have been recorded at more than ten times those in cities. However, while urban poverty has traditionally been lower, it has risen since 2015, contributing to what observers describe as an “urbanisation of poverty”.^[11]

Key drivers of inequality include repeated climate shocks particularly droughts which have devastated smallholder farmers. Inflation has also been a major force: after spiking above 550% in 2020, prices remained volatile, disproportionately harming low-income household.^[12]

The high level of inequality in Zimbabwe is also bad for social cohesion; diminishing trust, weakening shared identity, and hindering cooperation for collective well-being.^[13] Zimbabwe’s UN common country analysis (2024) underscores the need to strengthen social cohesion through reducing inequalities, which will be essential to rebuild the social contract.^[14]

Although Zimbabwe’s National Development Strategy 1 (2021–2025) emphasises inclusive growth, inequality remains entrenched and rising. In this context Zimbabwe must work much harder to use its policies to fight inequality. The following section examines policy measures that can be taken (on public services, taxation, and labour rights) using the Commitment to Reducing Inequality (CRI) Index data. It then follows this with supportive action required from the international community on debt, aid and tax.

Box 1. About the Commitment to Reducing Inequality (CRI) Index

Development Finance International (DFI) and Oxfam International jointly created the CRI Index to assess government efforts to tackle inequality. Rather than measuring inequality itself, the index evaluates policies that reduce inequality. It has three pillars: 1) Public services (education, healthcare, and social protection); 2) Progressive taxation; 3) Labour rights. Each of these pillars, in turn, has a set of indicators which measure: a) government policies, b) the implementation or coverage of these policies, c) the impact of both on reducing inequality. More information on the index can be found at www.inequalityindex.org. The Methodology Note that accompanies the Index is [here](#).

The index, published every two years, helps track government commitments. Between editions, DFI and Oxfam work with partners to monitor progress and hold governments accountable. Over time, the CRI Index has become a key tool for policymakers, activists, and researchers.

2. Key Policies to Fight Inequality: Lessons from the CRI Index

Zimbabwe ranks at the bottom among Southern African countries on the CRI Index and is near the bottom in sub-Saharan Africa and globally. This is largely due to weak performance on the public services and tax pillars, and especially very weak performance on the labour rights pillar. Zimbabwe has also seen the biggest fall in ranking since the previous CRI in 2022, dropping 21 places globally due to worsening government spending, public services and labour rights amid an economic crisis. In a context of high and spiralling extreme inequality, Zimbabwe can do much more to reduce inequality.

Table 1. Southern Africa CRI Index overall ranks
(with comparisons to sub-Saharan Africa and global ranks)

Country	Southern Africa Rank	Sub-Saharan Africa Rank (of 43)	Global CRI Rank (of 164)	Movement on CRI Index (Global 2022 to 2024 comparison)
South Africa	1	1	33	ê (-6)
Namibia	2	2	49	é (+1)
Seychelles	3	3	52	ê (-9)
Mauritius	4	4	53	é (+2)
Lesotho	5	5	54	é (+3)
Botswana	6	6	82	ê (-9)
Eswatini	7	7	91	é (+31)
Zambia	8	12	113	ê (-4)
Malawi	9	13	117	é (+2)
Angola	10	19	134	ê (-5)
Mozambique	11	22	138	ê (-18)
Congo, Dem. Rep.	12	26	143	ê (-1)
Madagascar	13	30	149	é (+7)
Zimbabwe	14	41	160	ê (-21)



Public Services Pillar

Public Services Pillar: Global, Southern Africa and sub-Saharan Africa (SSA) Rankings		
Southern Africa score (of 14)	SSA score (of 43)	Global score (of 164)
#10	#14	#125

In the public services pillar, Zimbabwe ranks 10th out of 14 countries in Southern Africa, performing poorly compared to many of its immediate neighbours. It is in the top third of sub-Saharan African countries but performs relatively poorly (in the bottom third) worldwide. This weak performance is largely due to very limited access to public services, declining spending levels and the increasingly limited impact of public services on inequality.

Education. In 2024, Zimbabwe allocated 17% of its national budget to education, placing it around the regional average on the CRI Index a level that has continued into 2025.^[15] However, this allocation remains below the 20% benchmark set by both the Dakar Framework for Action and the SDG 4 Education 2030 Framework.^[16] In terms of outcomes, Zimbabwe has a long way to go on equity in educational attainment. According to the CRI Index’s completion indicator, just 1% of children from the poorest income quintile complete secondary education a stark indicator of educational inequality. Alarming, Zimbabwe has regressed on this sub-indicator in recent years.^[17]

Health. Public health spending in Zimbabwe is also low, standing at just 10% of the national budget. While this places the country mid-range among Southern African nations, it remains well below the African Union’s Abuja Declaration target of 15%.^[18] The consequences of underinvestment are severe: 1 in every 10 households faces catastrophic out-of-pocket health spending, pushing many into poverty and deepening inequality. At the same time, nearly half of the population lacks access to essential health services, as defined under SDG target 3.8 on Universal Health Coverage^[19]

Social protection. Zimbabwe allocates very limited resources to social protection, spending just 6% of total government expenditure. Coverage remains extremely low and uneven: only around 20% of older people are covered, primarily through contributory pensions that mainly benefit wealthier groups. Overall, social protection benefits reach just 16% of those who qualify, and alarmingly, only 2% of people identified as vulnerable receive any support a proportion that has declined in recent years.^[20] Due to this limited reach and inadequate targeting, the social protection system fails to meaningfully reduce poverty and inequality.

Impact on Inequality. Public spending on health, education, and social protection in Zimbabwe does little to reduce inequality, as measured by the Gini coefficient. The impact of such spending reduces inequality by just 1% one of the lowest reductions globally, placing Zimbabwe near the bottom on this indicator. This performance has worsened since the previous edition of the index, largely due to spending cuts across key sectors. With increased spending and coverage, public services could be used much more powerfully in the fight against inequality in Zimbabwe.



Tax Justice Pillar

Tax Justice Pillar: Global, Southern Africa and sub-Saharan Africa (SSA) Rankings		
Southern Africa score (of 14)	SSA score (of 43)	Global score (of 164)
#12	#32	#117

Zimbabwe performs poorly on the tax justice pillar—ranking in the bottom quarter both regionally within sub-Saharan Africa and globally. This is primarily due to weak progress on implementing progressive tax policies. While some progressive measures exist **"on paper,"** they are often not enforced in practice, resulting in very low levels of tax collection. Additionally, the tax system does little to reduce inequality, which further lowers Zimbabwe’s ranking. Recent policy changes that have reduced the progressivity of the tax system have also contributed to its decline in global rankings.

Progressive Tax System. Zimbabwe performs poorly on tax justice indicators compared to many of its Southern African neighbours. Zimbabwe has a progressive Personal Income Tax (PIT) system, with a top PIT rate of 40%, which does help to address inequality. However, it has a very low Corporate Income Tax (CIT) rate of 24% (compared to a regional average near 30%). It also fails to take all possible measures to mitigate the regressive impact of Value Added Tax (VAT) on low-income populations. While some exemptions exist (such as for basic foodstuffs), it fails to cushion the impact of VAT more effectively by setting a high registration threshold that exempts small traders, preventing VAT costs from being passed on to low-income consumers.

BOX 2 : MAJOR SCOPE^[21] TO RAISE PROGRESSIVE MINING TAX REVENUE

One particular way in which Zimbabwe could improve its performance in collecting tax revenue progressively is on collecting revenue from the mining sector. Zimbabwe is ranked the 4th most mining-dependent country in the world in terms of the share of mining in its GDP (12-15%) and especially its exports (75-80%).

While government has in the last five years taken some welcome measures to increase minerals tax revenue, much more remains to be done. Though on paper the mining sector is supposed to pay the normal corporate income tax rate, “special mining licences” mean that many companies pay only 15%.^[22] Mining inputs are exempted from VAT, major tax incentive regimes mean that companies can avoid paying tax during up to 20 years of projects, companies with Special Economic Zone status are tax-exempt, and royalty rates are only 1-10%.^[23] All of these aspects remain more generous than most other countries in Africa and across the world.

Other countries are also partly to blame for low revenue levels, by insisting on lower tax rates in tax treaties. In addition, across the world, tax dodging by multinationals is most prevalent in the minerals sector and is certainly present to a high degree in Zimbabwe given all the potential loopholes the tax code provides.^[24]

As a result of all these measures, Zimbabwe has failed over the last few decades to maximise its tax revenue from the mining sector. It is very hard to know exactly how much mining tax revenues represent as a share of GDP, due to a combination of immense volatility in macro-economic aggregates such as GDP and a lack of transparency on mining tax revenues. Earlier estimates by the IMF put them at only 2.5% of GDP and 15% of total tax revenues.^[25]

A 2025 report by the SIVIO Institute^[26] highlights continuing major problems with transparency of accounts and tax revenues in the mining sector and, for the more transparent companies, estimates that they are paying an effective tax rate on gross revenues of only 14% (again much lower than most other countries). It suggests much stronger action by government to increase tax transparency and collection, cooperation between government and civil society to monitor mining company earnings, profits and tax payments more closely, and increasing royalties (taxes on gross revenues which pre-empt tax dodging) on high-value minerals.

With the continuing extraction of major deposits of platinum, diamonds and gold, and increasing focus on very high-value key **“transition minerals”** such as chromium and lithium, it will be vital to have a tougher mining tax regime. This will need to include greater transparency and accountability (including by joining the Extractive Industries Transparency Initiative - EITI), higher royalty rates, clamping down on multinationals’ tax-dodging, eliminating special tax rates and exemptions, sharply reducing other tax incentives, and renegotiating tax treaties, so that Zimbabwe’s citizens can benefit far more from this critical sector in providing future revenue to fund national development.

Zimbabwe stands out in the region for having a very limited **“wealth tax”** – an annual levy on high-value residential property.^[27] However, it lacks a comprehensive regime to tax broader (especially financial) wealth, meaning most wealth remains untaxed and opportunities for tax avoidance are widespread. The Tax Justice Network has estimated that a small but comprehensive wealth tax could raise USD 73 million annually (0.2% of GDP).^[28] Zimbabwe’s capital gains tax is also very low at 20% and could at least be equalised with the CIT/top PIT rates. So too is Zimbabwe’s inheritance tax (also very low at 5%) and it has no tax on gifts, leaving much room for tax dodging in the transfer of wealth.

Tax collection. Zimbabwe is currently collecting less than a third (28%) of its potential tax revenue. In 2024, the country’s tax-to-GDP ratio stood at just 18%, with more than half of its revenue coming from more regressive indirect taxes.^[iii] This signals an urgent need to boost revenue collection, especially of more progressive income and wealth taxes.

Zimbabwe loses an estimated USD 51 million each year to global tax abuse including tax avoidance by multinational companies and evasion by individuals. This is equivalent to 11% of its national health budget, 1.3% of revenue collection and 0.2% of GDP.^[29]

Although no recent comprehensive estimates of tax exemptions/expenditures are available, one study by the MFED put corporate tax expenditures alone at 2% of GDP in 2019.^[30] Zimbabwe must take steps to reduce these revenue losses by reviewing and eliminating ineffective tax exemptions, and by ensuring transparency by publishing a comprehensive annual report on tax expenditures as part of its annual budget process, as many of its neighbours (Mozambique, South Africa, Zambia) are doing.

Zimbabwe also has signed tax treaties with nine countries which prevent it from charging the normal withholding tax rates on dividends, interest and royalties and in some cases reduce capital gains tax to zero. It should renegotiate these treaties to ensure that they comply with statutory national tax rates.^[31]

Impact on inequality. The tax system in Zimbabwe exacerbates inequality, for the reasons discussed above. In fact, taxation increases the Gini coefficient by 2%, indicating a worsening of income inequality. There is significant scope to use taxation much more effectively to combat inequality, especially by strengthening the collection of progressive taxes.



Labour Rights pillar

Labour Rights Pillar: Global, Southern Africa and sub-Saharan Africa (SSA) Rankings		
Southern Africa score (of 14)	SSA score (of 43)	Global score (of 164)
#14	#41	#162

Zimbabwe performs very poorly on the labour rights pillar ranking at the bottom in Southern Africa, and third from the bottom in both sub-Saharan Africa and globally. This weak performance is driven by limited labour protections in law and practice. A significant portion of the population works in the informal economy, where workers are excluded from legal labour protections. In addition, wage inequality remains very high, further contributing to the country's low score.

Labour rights in law and practice. In this indicator, the Index evaluates government policies on labour rights, including respect for union rights, legal protections for women workers, and minimum wage legislation. Zimbabwe scores poorly on the right to unionise and labour rights sub-pillar, due to weak legal protections and frequent violations contribute to its low score. To give the most up-to-date picture this has been cross-referenced with the latest 2025 ITUC Global Rights Index, which gives Zimbabwe the lowest possible rating indicating **“no guarantee of rights.”** This reflects systematic suppression of workers’ rights, including the right to organise, bargain collectively and strike.

At the time of the compilation of the 2024 CRI, Zimbabwe's minimum wage law was very outdated and fragmented, in that it relied only on multiple minimum wages for different sectors, set through collective bargaining or statutory minimum levels, with very low levels for domestic and agricultural workers. In 2024, government took a significant step forward in setting a basic floor wage of USD150 a month: nevertheless, the level of this wage remains very inadequate, failing to address the country's high levels of wage inequality because it is a small fraction of per capita GDP and falls well short of living wages covering necessities. Zimbabwe should increase its minimum wage dramatically to be as close as possible to per capita GDP and a living wage, and update it annually for inflation.

The country performs better in protecting women's rights in the workplace, including provisions for parental leave. However, current maternity leave at 98 days of full pay still falls well short of the International Labour Organization (ILO) benchmark of 18 weeks, suggesting there is room for further improvement. Zimbabwe is also one of the few countries in Southern Africa with no paternity leave and could introduce paternity leave provisions to reduce the burden of unpaid care on Zimbabwean women.

Labour rights implementation. Very few workers in Zimbabwe are covered by formal labour rights or benefit from the legislative commitments outlined above, as 61% of the working population are in **"vulnerable employment"**. This means that six out of every ten workers are excluded from formal labour protections, significantly reducing Zimbabwe's score on this pillar. In addition, companies registered in Special Economic Zones or with other special agreements with the government (including but not limited to some Chinese-owned mining enterprises) are exempted from many labour law provisions, notably on working conditions and health facilities. Finally labour law enforcement has declined in recent years due to government budget cuts.

Impact on wage inequality. Due huge swathes of the population not covered by labour laws or minimum wages (and minimum wage levels that are woefully inadequate for those that are covered), Zimbabwe performs poorly on wage inequality compared to other countries in Southern Africa. The wage Gini coefficient exceeds 0.7, a strikingly high figure even by global standards, making Zimbabwe's wages the third most unequal country in the region and the twelfth most unequal in the world. Only by improving labour rights and extending their coverage can this extreme wage inequality be reduced.

3. International pressures exacerbating inequality: debt, aid and austerity

The above section shows that Zimbabwe is failing to implement the policies necessary to reduce inequality. However, three major global factors the growing debt crisis, increasing austerity measures, and significant aid cuts are already severely limiting the Zimbabwean government's policy choices to fight inequality and poverty in the coming years.

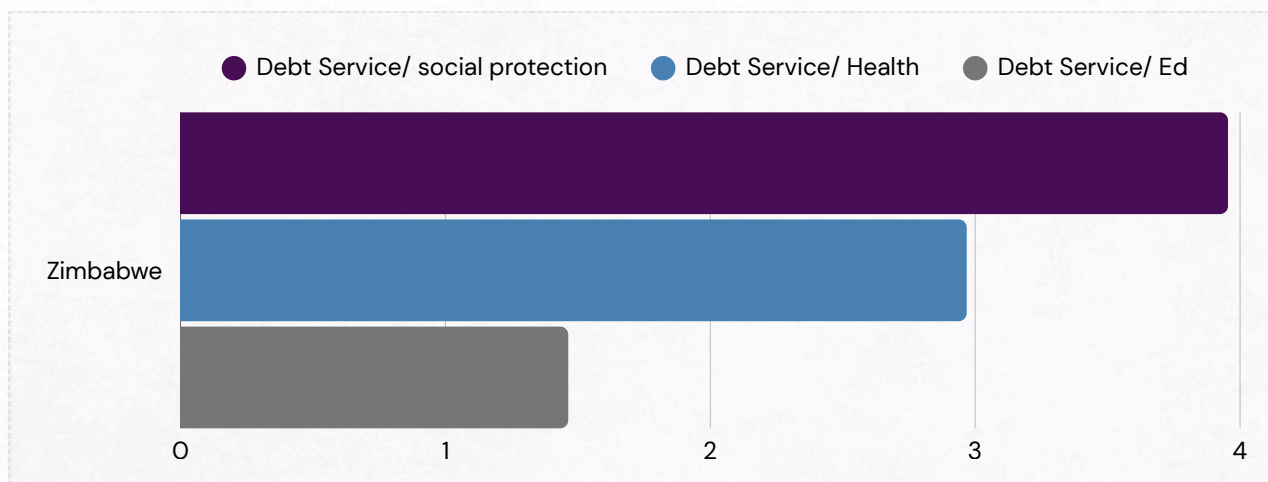
Aid flows have fallen sharply in recent years compared to Zimbabwe's economy: net official development assistance amounted to 2.44% of GNI in 2022, down from around 6.5% in 2012^[32] a significant reduction. Given tensions in OECD donor-government relations and failure to pay debt service on time, there has been a large shift in aid away from development and towards humanitarian support. In addition, due to trends in the OECD donor community and lack of trust in government budget procedures, aid has moved away from coordinated budget support to fragmented small projects, increasing administrative burdens and reducing the impact of aid on cutting inequality. Despite this, donor support remains critical in essential sectors such as health, education, and humanitarian services, and budget support will depend on future governance reforms.

Several of Zimbabwe's major donors are also expected to reduce funding further in the coming years because of global policy decisions. The most notable is the United States, which looks likely to end almost all support for HIV/AIDS services, which have long depended on U.S. support. According to UNAIDS, PEPFAR accounts for 83% of Zimbabwe's HIV/AIDS funding.^[33] The suspension of PEPFAR funds announced early in 2025 has led to clinic closures, loss of healthcare jobs, and interrupted antiretroviral therapy (ART) for approximately 1.2 million people.^[34] In the particular case of Zimbabwe, these effects are exacerbated by geopolitical factors and political conditionality on transparency and governance, leading to bilateral sanctions. The National AIDS Trust Fund, funded by a 3% levy on income and corporate profits, generated only US\$30 million in 2023 far too little to fill the funding gap.^[35]

Meanwhile, a devastating drought has left more than half the population in need of food aid. In May 2024, the Cabinet confirmed that over 7 million people, both rural and urban, require assistance. The retreat of donors, particularly the U.S., has worsened Zimbabwe's humanitarian crisis and increased reliance on UN agencies and the World Food Programme (WFP).^[36]

Prior to its decline in relations with donor countries, the suspension of aid funding and loans from multilateral creditors at the start of the century, Zimbabwe had borrowed extensively from international sources including OECD and non-OECD governments, international organisations and commercial creditors. As of the end of 2024, Zimbabwe’s total public (external and domestic) debt was US\$23.2 billion[37], and the five largest creditors were China, the World Bank, the AfrEximbank, Germany and France. Most of this debt (US\$9.6 billion) is in arrears, with only non-OECD governments like China and India, and regional/commercial institutions such as PTA/TDB and AfrEximbank continuing to disburse funds. Given this situation, Zimbabwe, also increasingly turned to commercial funding through domestic bond markets. Sharp currency devaluations have reduced domestic debt’s share of total debt and debt service while pushing up the burden of external service, leaving 60% of debt owed to external creditors and making the debt burden and its composition very unstable. However, domestic debt has much higher interest rates than external and therefore has accounted for more than half of Zimbabwe’s debt service in recent years.

The heavy debt burden is causing a development crisis in Zimbabwe. According to the DFI Debt Service Watch Database, debt servicing in 2025 (if paid on schedule) would consume around three-quarters of the combined spending on education, health, and social protection, and about a quarter of total government revenues. By sector (as Chart 3 shows), scheduled debt servicing is equivalent to one and a half times education spending, three times health spending, and four times social protection spending.[vii] Actual total public debt servicing (mainly on domestic debt and blocked USD-denominated funds) has averaged only 15% of revenue (14% of spending) in 2023-24, but this still leaves debt service at 78% of the education budget, 160% of the health budget and more than twice the social protection budget). In addition, the accumulation of arrears is stopping Zimbabwe from accessing new financing to increase fiscal space to fund anti-inequality spending.



Recommendations and conclusions

Extreme inequality is undermining development and poverty reduction in Zimbabwe. A perfect storm of inequality drivers including rising debt, the escalating climate crisis, and the soaring cost of living threatens to further deepen disparities in the coming years. Renewed determination to reduce inequality, thereby accelerating growth substantially and cutting poverty, can provide a positive way forward for Zimbabwe.

Urgent action is needed to reverse this trend. Zimbabwe must adopt and implement a robust national inequality reduction plan, underpinned by realistic, time-bound targets. This should include increased investment in universal public services, strengthened progressive tax policies, and enhanced protections for workers.

International actors also have a critical role to play. They must support Zimbabwe through reengagement in its development, providing meaningful debt cancellation, increased concessional financing, and commitment to global tax reforms that curb illicit financial flows and tax avoidance, and avoiding further austerity cuts.

Recommendations to the Zimbabwean Government

Put realistic and timebound National Inequality Reduction Plans (NIRPs) in place, with annual monitoring to check their progress. This should aim to reduce the income Gini coefficient to less than 0.5 by 2030 and 0.3 by 2050.

Invest in universal, high-quality public services to reduce inequality, even amidst aid cuts and austerity pressure

- Prioritise education funding to meet the 20% national budget set by the SDG 4 2030 framework for action. and focus that funding on scaling up education access for all, especially the poorest children, from early childhood education (ECE) to the end of secondary school.
- Prioritise health funding up to the Abuja Declaration's mandate of 15% of national budgets for health; , concerted efforts will be required as aid cuts bite. Utilise this funding to expand universal, accessible, and high-quality primary healthcare, thereby improving coverage. Prevent catastrophic healthcare costs by ensuring free healthcare at the point of use to stop it adding to inequality.
- Increase social protection spending to ensure universal social protection across all life stages (child benefits, maternity cover, disability benefits, unemployment support and pensions).

Take action to enforce the progressive tax policies on paper and sharply increase tax collection.

- Increase Zimbabwe's corporate income tax rate to closer to the regional average of 30%
- Raise VAT registration thresholds for small traders to protect poorer consumers.

- Introduce a more comprehensive Wealth Tax on the wealthiest 1%, increase capital gains and inheritance taxes and introduce a gift tax.
- Enhance tax collection efforts with particular emphasis on large corporations and wealthy individuals.
- Publish a national tax expenditure (exemptions) report annually, showing how much revenue is being lost on all taxes, and sharply reduce tax exemptions and deductions for corporations and wealthy individuals
- Clamp down harder on tax dodging and renegotiate its international tax treaties.

Strengthen Labour Policies to Combat Wage Inequality

- **Protect Trade Union and Worker Rights:** Take urgent action to end trade union suppression, halt mass worker dismissals, and enforce laws protecting collective bargaining.
- **Strengthen Women’s Labour Rights:** Provide at least 18 weeks (126 days) of fully paid maternity leave, per ILO guidelines, and introduce paternity leave to reduce the unpaid care burden on women.
- **Increase Minimum Wages:** Set one national minimum wage which is at least equal to per capita GDP (and is a living wage i.e. covers basic spending needs), ensure that lower wages for domestic and agricultural workers are adjusted upwards to match this wage, and adjust for inflation annually.
- Provide Rights and Protections for Regulate and Protect Informal/Vulnerable Workers, by developing systems to bring informal and vulnerable workers under minimum regulatory protections and integrating them into social protection and insurance schemes.



Recommendations to the international community

- **Support Zimbabwe in designing and implementing a national anti-inequality action plan**, with strong technical inputs and nationwide participatory consultation.
- **Provide debt cancellation on all external debt.** This includes providing comprehensive debt cancellation to Zimbabwe covering all external creditors, with the aim of bringing debt service down to HIPC-style levels of 10% of spending.
- **Include crucial anti-inequality spending** (as specified in the national anti-inequality plan) **in debt sustainability analysis and fiscal frameworks** to ensure that it can be sustainably financed without generating further debt problems.
- **Strengthen parliamentary oversight of loan contraction**, extending approvals to individual loans and to domestic debt ceilings, as well as to the impact of loans on national development.
- **Ensure that Zimbabwe and its creditors adhere to responsible borrowing and lending** principles as defined in the Africa Borrowing Charter.
- **Enhance the independence of the Auditor-General's office** to be able to hold government to account for borrowing and spending in line with the SADC Public Finance Model
- **Redouble efforts to provide more concessional financing.** This should include reversing recent cuts in development assistance, increasing South-South cooperation, issuing more Special Drawing Rights annually, and selling IMF gold reserves, and introducing global **"innovative taxes"**, including on financial transactions, air transport, shipping and fossil fuels/carbon.
- **Advance and implement a UN Tax Convention** to ensure fair taxation of multinationals and the super-rich; through the UN framework create a more inclusive, transparent, and equitable global tax system.
- **To help improve tax collection**, support Zimbabwe through the Addis Tax Initiative (ATI) and Tax Inspectors Without Borders (TIWB) to improve tax administration and enforcement of tax collection. These initiatives provide expertise in auditing multinational corporations, transfer pricing assessments, and tackling tax evasion strategies.

Endnotes

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