



**ZIMCODD**

# WEEKEND READER

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"Your Weekly Read on Debt, Development & Socio-Economic Justice"

## Unpacking the 2026 National Budget: Economic Growth or Social Regression?



Picture source: ZBC

Themed **“Consolidating Economic Transformation,”** the 2026 National Budget presents an optimistic projection of 5% economic growth, underpinned by anticipated gains in agriculture, mining, manufacturing, wholesale and retail. While agriculture was the major driver of economic activity in 2025 contributing 2.2% to overall GDP growth followed by the mining sector contributing 1%, in 2026 the mining sector is expected to be the largest contributor to GDP growth accounting for 0.9% of the projected 5% growth. With total expenditures projected at ZiG290.9 billion (approximately US\$9.5 billion) against projected revenues of ZiG288 billion (approximately US\$9.4 billion), the 2026 budget outlines a modest fiscal deficit of ZiG3.2 billion (0.2% of GDP) a gap that, while narrow, raises critical questions about fiscal sustainability, prioritisation of public resources and the government’s commitment to social and economic justice.

The government frames the budget as a continuation of macroeconomic stability and recovery, built on bold revenue mobilisation strategies, enhanced tax compliance and sustained expenditure controls. However, from our perspective, behind the headline growth and fiscal prudence narrative lies chronic underfunding of essential social sectors, an increasingly regressive tax structure and missed opportunities for progressive fiscal reform. The 2026 National budget in fact reflects a recurring trend in Zimbabwe’s fiscal policy i.e. growth without redistribution, investment without inclusion and debt servicing at the expense of social development. While macroeconomic indicators show signs of recovery, the lived realities of the majority of citizens and in particular women, youth, informal traders, persons with disabilities and those in rural and mining-affected communities remain precarious.

The key question is: does the 2026 national budget advance a people’s agenda that protects rights, strengthens public service delivery and redistributes wealth or does it deepen structural inequalities under the guise of transformation? Guided by this question, we take a social justice audit by examining whether the proposed budget:

- Meets constitutional obligations and international benchmarks on health, education and social protection;
- Mobilises revenue in a fair and equitable manner;
- Prioritises the needs of the poor and marginalised;
- Advances transparency, accountability and citizen agency in fiscal governance.

On this basis, we interrogate two important issues emerging from the budget:

### **I. Revenue Mobilisation and Tax Justice**

The 2026 National Budget projects total revenues of ZiG288 billion (approximately US\$9.4 billion), representing 16.9% of GDP. Of this, ZiG281.5 billion is expected from tax revenues, and ZiG6.1 billion from non-tax sources. These targets are underpinned by the government’s commitment to enhanced tax compliance, administrative efficiencies and improved enforcement mechanisms, intended to finance an expenditure envelope of ZiG290.9 billion. While this revenue strategy is framed as a sign of fiscal prudence and macroeconomic recovery, ZIMCodd is concerned about the deepening inequality, regressive tax policy and missed opportunities for progressive reform.

Despite projections of increased tax collections, the 2026 national budget continues on a regressive tax structure that burdens the poor. This is because of its heavy reliance on indirect taxes such as VAT, fuel levies and presumptive taxes. These forms of taxation disproportionately impacts low-income households who spend a larger share of their earnings on consumables and transport. The table below interrogates the proposed measures:

**Table 1: Proposed Tax Policy Changes**

| Tax Policy                       | Proposed Change in 2026                              | Comments   |
|----------------------------------|--|--|
| Tax-Free Threshold               | Increased from ZiG500,000 to ZiG650,000/month        | A welcome adjustment, but quickly eroded by inflation. Offers minimal protection to low earners.   |
| Presumptive Tax                  | Increased to ZiG100,000/quarter for informal traders | Its regressive. Flat tax on unequal informal earners. Penalises micro-traders and vendors. The tax ignores the diversity and vulnerability of informal livelihoods; risks forcing the smallest players out of business; and fails to provide any social protection or public services in return. |
| Withholding Tax on Forex Traders | 15% on commissions                                   | A progressive step targeting speculative income. It must be accompanied by strong enforcement.   |
| Fuel Levy                        | Maintained at US\$0.10/litre                         | Regressive, it increases cost of transport and food, hitting the poor hardest.   |
| VAT                              | Increased from 15% to 15.5%                          | Very regressive, VAT already makes up 23.7% of the total revenue collections for 2025. This increase will raise the cost of living and worsen poverty.   |
| IMTT on ZiG                      | Reduced to 1.5% (still 2% on USD)                    | Partially progressive on the ZiG side however, IMTT remains inflationary and discourages formal transactions.  |
| Cash Withdrawal Levy (CWL)       | Up to 3% on USD cash withdrawals                     | Its regressive as it increases costs for the unbanked. It fuels informality and currency hoarding.   |
| Digital Services Withholding Tax | 15% on offshore platforms                            | Broadens the base but risks stifling innovation and raising digital service costs for consumers.   |
| Bookmaker & Winnings Tax         | Increased to 20% for operators and 25% for punters   | Could disproportionately hurt unemployed youth dependent on betting.   |

Source: 2026 National Budget (Proposed)

These measures reflect a continued reliance on indirect taxes, which are easier to collect but exacerbate inequality. Treasury's focus on expanding the tax base is commendable however, the chosen instruments disproportionately target low-income groups, the informal sector and consumers leaving high-net-worth individuals and corporates largely untouched. Despite rising inequality and the dominance of informality, approximately 87.7% of the economy, the 2026 National Budget fails to introduce a wealth tax on high net-worth individuals; a capital gains tax on luxury assets or robust measures to curb illicit financial flows (IFFs) which drain an estimated US\$1.5 billion annually. Instead, treasury resorts to policy instruments such as the Cash Withdrawal Levy and high IMTT, which have proved to drive informality, raise inflation and undermine trust in formal financial systems. Considering that revenue mobilisation must be redistributive and not extractive, we conclude that a tax system that exacerbates inequality is a policy failure.

## 2.A Social Justice lens to Public Spending

It is worrisome that Zimbabwe's fiscal architecture continues to prioritise macroeconomic growth over people-centred development. The budget maintains a familiar pattern of high recurrent spending of ZiG249.8 billion versus low capital allocation of ZiG41 billion thus, undermining long-term transformation. While the budget has been presented as a step towards consolidating economic transformation, the reality is that essential social sectors remain chronically underfunded, while an increasing share of resources is directed toward debt servicing, consumption and administrative overheads. This reflects a broader political economy of exclusion. To understand the structural nature of underfunding, ZIMCODD presents a 4 year trend analysis of sectoral allocations (2023-2026), benchmarked against regional and international commitments.

**Table 2: Sectoral Allocations**

| Sector        | Benchmark        | 2023   | 2024   | 2025   | 2026   | Analysis  |
|---------------|------------------|--------|--------|--------|--------|---|
| Education     | 20% (Dakar)      | 14.02% | 17.75% | 20.60% | 19.80% | After rising to meet the Dakar target in 2025, the 2026 drop signals volatility that worsens planning and quality. The shortage of schools (over 2000), high dropout rates, poor infrastructure, overcrowded classrooms and textbook shortages will remain unresolved. This drop risks to continue to leave behind rural and marginalised learners. |
| Health        | 15% (Abuja)      | 10.50% | 10.84% | 10.20% | 10.50% | Given the state of the health sector, this reflects a systemic funding crisis. For 4 years in a row, health spending lags by approximately 5% below the Abuja target, now worsened by the withdrawal of donor flows in 2025. This threatens catastrophic collapse in access for the poor.   |
| Agriculture   | 10% (Maputo)     | 8.05%  | 7.39%  | 8.30%  | 8.10%  | Despite growing food insecurity, agriculture remains underfunded. Heavy reliance on off-budget schemes threaten partisan targeting and corruption thus undermining the right to food.   |
| Food Security | 4.5% (AU Policy) | 1.12%  | 4.12%  | 3.90%  | 4.10%  | A volatile and inadequate trajectory. While 2024 to 2026 saw an improvement, allocations remain below the benchmark. The current payouts for instance the Harmonised cash transfer at US\$8/month remain misaligned with actual costs of living.  |

Source: ZIMCODD Computations from National Budgets

ZIMCODD is further concerned about the efficiency gap and this remains critical. This is because even where funds are allocated, utilisation rates remain among the lowest across sectors, particularly in Health and Agriculture. This double injustice of low allocation and poor execution undermines service delivery and public trust. For the health sector, with the dwindling of donor health support such as the Health Resilience Fund, the government has failed to increase domestic health financing. The continued underfunding of health care is not just a budgetary shortfall, it amounts to violation of a fundamental right as maternal mortality remains high, rural clinics lacking basic drugs and equipment while health workers continue to migrate due to poor remuneration.

With approximately 50% of Zimbabweans living in extreme poverty, social protection should be a central tool for economic justice. However, allocations remain below the 4.5% benchmark with payouts largely symbolic. Despite the centrality of the agriculture sector in food security, employment and GDP, it remains underfunded. Investment must shift towards irrigation, climate-resilient crops and support for women farmers. Debt repayments largely continue to crowd out social investment. With public debt at US\$23.4 billion (44.7% of GDP) and domestic arrears at US\$1.3 billion, debt repayment is outpacing spending on social services. This reflects a fiscal model that is skewed towards creditors while citizens suffocate in poverty. Without prudent restructuring or debt justice, Zimbabwe's social development will remain hostage to past and ongoing borrowing.

### **Conclusion**

The 2026 National Budget fails to deliver on the constitutional promise of equity, dignity and inclusive development. Behind the projected GDP growth and fiscal discipline, a contradictory story of distributive injustice and structural exclusion emerges. The continued underfunding of essential sectors coupled with a regressive tax structure and rising debt signals absence of political will to centre its fiscal policy on the needs of the majority. If economic transformation is to be genuine and inclusive, it must start by reclaiming the budget as a public good i.e. a tool for redistributing wealth, investing in rights and empowering the most marginalised. Against this background, ZIMCODD calls for a redistributive fiscal reform, people-centred budgeting, accountable Public Finance Management and debt justice. ZIMCODD calls on citizens, civil society, parliamentarians and progressive policymakers to resist austerity disguised as transformation and to demand a budget that works for the people.

# Navigating the Nexus of Justice: Reflections from the SEJA2025 Academy



By *Wilbert Tawanda Nyoni*

The recent ZIMCODD 2025 Social and Economic Justice Academy has been a profound experience, illuminating the intricate connections between various forms of justice and the systemic issues that we face, particularly in Zimbabwe. The discussions around debt, gender, and climate justice have resonated deeply with my work as a peacebuilder and development practitioner.

One of the standout themes that emerged during these sessions was the interconnectedness of justice. The notion that debt justice is fundamentally intertwined with gender justice was particularly striking. This highlights the necessity for inclusive frameworks that address the unique challenges faced by women. As someone who advocates for equity, I am reminded of the vital role that women play in economic resilience and their need for representation in decision-making processes. Transparency emerged as a cornerstone of our discussions. We explored how opaque debt contracting can pave the way for corruption and exacerbate existing inequalities. In my practice, I see the direct impact of these issues on communities that bear the brunt of decisions made behind closed doors. Advocating for transparency is not just a moral obligation, it is essential for fostering trust and accountability.

The importance of engaging across generations was another critical takeaway. Intergenerational dialogue adds depth to our strategies for addressing economic equity and social justice. Young people bring fresh insights and energy, while older generations offer wisdom and historical context. This collaborative approach is essential for crafting effective solutions to the challenges we face.

A significant intersection we discussed was that of climate justice and economic debt justice. Vulnerable communities too often find themselves taking on debt to manage the impacts of climate change, which deepens cycles of poverty and inequality. As a peacebuilder, I recognize that addressing ecological issues must include a focus on the economic burdens that these communities carry.

Finally, the sessions underscored the urgent need for strong citizen oversight in our systems. Empowering young people to advocate for accountability in governance not only strengthens our democracy but also ensures that public resources are utilized for the greater good.

Together, we can build a future where resources are shared fairly and where every voice matters.

# Zimbabwe's Debt Crisis: Why Young People Are Carrying the Heaviest Burden

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Zimbabwe's public debt is now at US\$23.4 billion. That's a lot for a country already feeling the heat. Youth are asking, "so what does this mean for us?"

[#bhoohere](#)



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Youth Decide Zimbabwe and 5 others

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Zimbabwe's latest Public Debt Report for the period ending September 2025 shows that the country remains in deep debt distress, a situation that continues to shape the lives and opportunities of young people. According to the report, Zimbabwe's public and publicly guaranteed debt has risen to US\$23.4 billion, including US\$7.7 billion in external arrears. For many young Zimbabweans, this debt problem is not just a national statistic it is a daily reality affecting access to education, healthcare, jobs, and future prospects.

One of the most worrying developments highlighted in the report is the dramatic forty-fold increase in domestic expenditure arrears. These arrears jumped from US\$34 million in December 2024 to over US\$1.3 billion by September 2025. This silent backlog affects key areas that young people depend on. Schools under BEAM are not receiving the support they need, leaving students without vital learning resources. Health facilities funded under Results-Based Financing are also unpaid, weakening services that young people and their families rely on.

Farmers, pensioners, and frontline service providers have also gone without what they are owed, creating a ripple effect that limits household income, food security, and community development. For many young people, these arrears translate into shrinking opportunities and increased hardship.

As government revenue is channeled towards debt repayment, social services continue to suffer. Essential spending on education, health, water, and local government systems is being squeezed, making life more difficult for young people who already face rising school costs, overcrowded classrooms, limited job prospects, and weakened health facilities. Instead of investing in the next generation, Zimbabwe is diverting over US\$3 billion in domestic debt towards compensating former farm owners. While compensation is important, the decision raises tough questions about priorities, particularly because many farm workers and youths affected by land reform remain unsupported and excluded from the compensation process.

ZIMCODD notes positive steps such as the creation of the Structured Dialogue Platform and the ongoing efforts toward an arrears clearance roadmap. However, debt solutions must be transparent, fair, and centred on the needs of people, especially the youth. Young people make up the largest share of the population, and if their needs are ignored in the debt resolution process, the country risks deepening inequality and weakening long-term development.



In this context, ZIMCODD stresses the importance of protecting social spending so that critical areas like education, health, and social protection do not collapse under the weight of debt. The organisation also emphasises the need for full transparency in all compensation arrangements, guarantees, and state-owned enterprise obligations. Most importantly, ZIMCODD believes that young people deserve a genuine seat at the table in debt negotiations. Youth voices, alongside those of women, workers, and community groups, must help shape the path forward. The future belongs to young people, and they should not be left out of decisions that will determine their opportunities and quality of life.

Zimbabwe cannot expect to recover by cutting essential services or shifting the burden onto the public. A just and sustainable debt solution must prioritise people over creditors and focus on rebuilding systems that empower young people. If the country is serious about recovery, it must protect the present and future potential of its youth, ensuring that they are not sacrificed in the name of austerity. The path to a fair and prosperous Zimbabwe begins with placing young people at the centre of the national debt conversation.

## **ZiG789 Million Budget to Boost Digital Transparency and Regulatory Overhaul in Zimbabwe's Mining Sector**



**By Tendai Nyamadzi**

The Ministry of Mines and Mining Development has been allocated a sizeable ZiG789 million through the national budget in 2026, the government showed a strong financial commitment to sustainable mining development. This strategic investment is intended to greatly improve the Ministry's operational capability and spark important legislative changes meant to create a sector-specific regulatory structure that is transparent, consistent and adaptable.

Importantly, this budgetary commitment is a direct response to longstanding governance and transparency issues raised by civil society organizations, specifically addressing key concerns articulated by Zimbabwe Coalition on Debt and Development (ZIMCODD) under its NAPA project.

The long-awaited Mines and Minerals Bill, scheduled to be enacted in 2026, is a crucial piece of legislation aimed at overhauling the mining sector's legal framework. It will provide the clarity and structure needed to enhance transparency and attract responsible investment to the industry. Once in effect, the bill is expected to modernize the sector and promote sustainable development.

Meanwhile, a top priority continues to be a full operationalisation of the computerized Mining Cadastre Information Management System (CIMAS). CIMAS is essential for offering an open digital platform for managing mining rights and significantly enhancing the sector's ease of doing business.

Important milestones have been accomplished, including the successful development of the system, rigorous verification of spatial data, and necessary equipment acquisition. Stable internet connectivity has also been successfully installed across the affected provinces and districts. The system is reportedly 90% complete.

The government is committed to the cadastre system, allocating ZiG103.7 million in the 2026 budget for its operationalisation. This funding ensures the system becomes imminent in Q1 2026, laying a crucial foundation for transparency. However, it is equally imperative that Zimbabwean citizens actively engage in budget tracking and oversight.

A proactive participation is important to ensure that these significant resources are judiciously utilized and accounted for, preventing any potential leakages. A move which will guarantee that a promised decisive shift towards a digitally transparent and modernized mining administration truly materializes. The transition will bring about tangible and real changes in Zimbabwe's mining sector.

# Opportunities

## **Associate Director of External Affairs**

<https://recruiting.paylocity.com/recruiting/jobs/Details/3753009/Health-Care-Without-Harm/Associate-Director-of-External-Affairs>

## **Leading Minds Climate Fellowship**

<https://www.unicef.org/innocenti/leading-minds-fellowship-climate-education>

## **Old Mutual Zimbabwe Is Hiring: Senior Internal Auditor**

<https://community.workday.com/maintenance-page?d=3&s=|&e=|&o=>

## **Global Fund For Women Is Hiring: People & Culture Officer (Remote, Global)**

<https://globalfundforwomen.bamboohr.com/careers>

## **Air Zimbabwe is hiring 12 positions**

<https://applynow.co.zw/2025/11/29/air-zimbabwe/>