



# Zimbabwe

## Zimbabwe: Current Path

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## Zimbabwe: Current Path

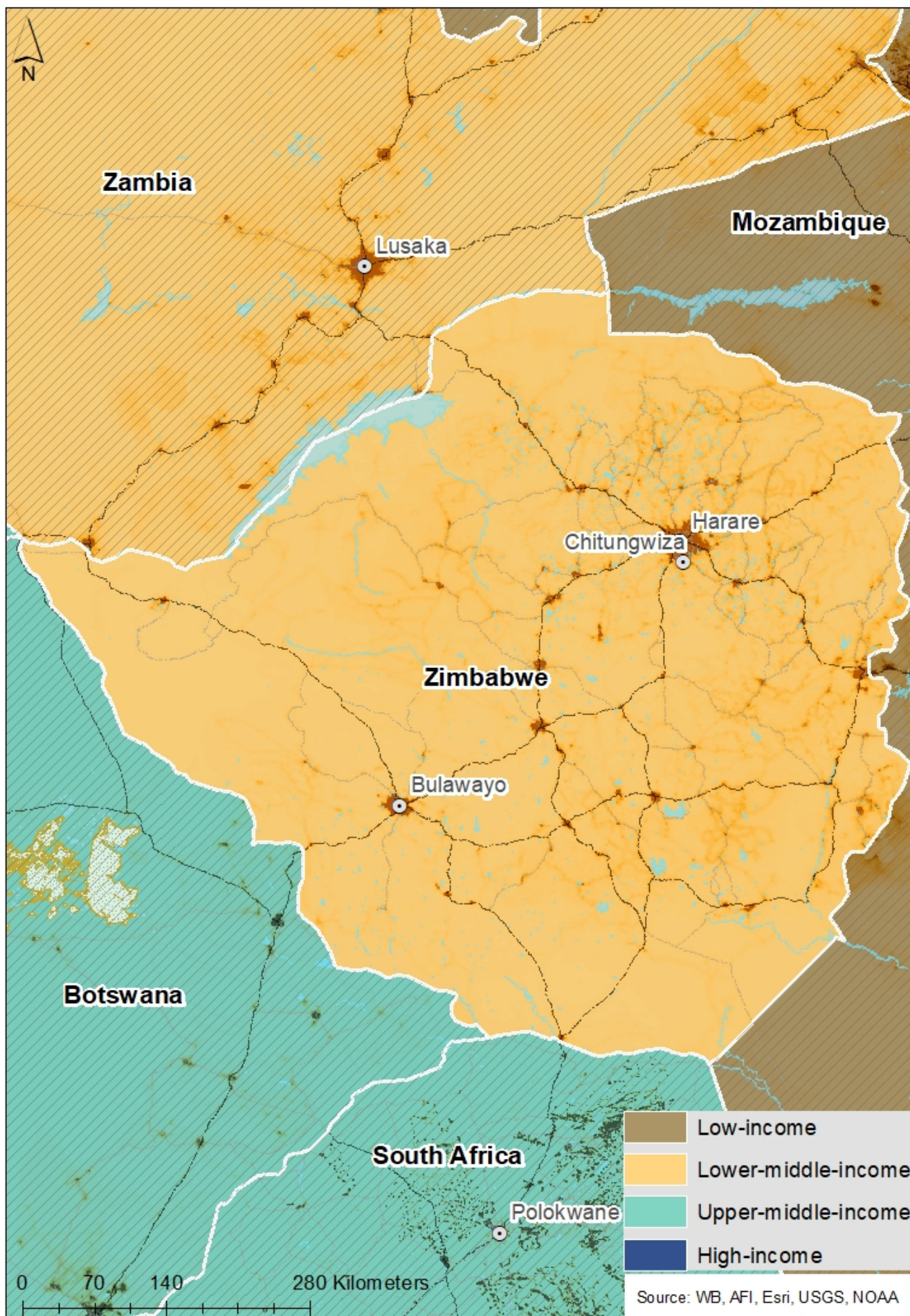
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### Zimbabwe: Current Path forecast

Chart 1: Political map of Zimbabwe





This page provides an overview of the key characteristics of Zimbabwe along its likely (or Current Path) development trajectory. The Current Path forecast from the International Futures forecasting (IFs) platform is a dynamic scenario that imitates the continuation of current policies and environmental conditions. The Current Path is therefore in congruence with historical patterns and produces a series of dynamic forecasts endogenised in relationships across crucial global systems. We use 2019 as a standard reference year and the forecasts generally extend to 2043 to coincide with the end of the third ten-year implementation plan of the African Union's Agenda 2063 long-term development vision.

Until the early 1990s, Zimbabwe was a leader of a loose coalition of southern African countries known as the Frontline States that became the Southern African Development Coordination Conference (SADCC) in 1980 and, in 1992, was transformed into the Southern African Development Community (SADC). Zimbabwe is also a member of the Common Market for Eastern and Southern Africa (COMESA). It withdrew from the Commonwealth in 2003 and has recently applied to rejoin.

In 2019, the World Bank changed Zimbabwe's classification from low-income to low middle-income, now one of 23 in Africa.

Zimbabweans have suffered recurring economic and political crises and a dramatic deterioration of livelihoods that have intensified sharply since the turn of the century. These crises have been catastrophic for human development and have triggered humanitarian emergencies in many parts of the country. This deterioration was not generally foreseen. After achieving independence in 1980, the Government of Zimbabwe introduced a minimum wage and tripled spending on education and health. Expenditure on public sector employment increased exponentially, however, as the size of the civil service (and debt) steadily ballooned, it squeezed out more productive investments.

The Government of Zimbabwe eventually embarked on a poorly designed and executed Economic Structural Adjustment Programme that included a 40% devaluation of the Zimbabwean dollar and the removal of price and wage controls and introduced fees for previously free education and health services.

Greater austerity had mixed results: inflation remained high as did the budget deficit. More competition (particularly from South Africa) forced many businesses to close and Zimbabwe's manufacturing sector to contract. [1] During three years of severe drought (1992, 1993 and 1995), average growth rates were some four percentage points below 1991, 1994 and 1996, while a global recession in 1991 and 1992 reduced raw material prices and export demand. [2]

In November 1997, the Government of Zimbabwe agreed to a massive unbudgeted payout to war veterans, causing the Zimbabwean dollar to plunge by 70% and inflation to spiral. The following year, the Zimbabwean army entered the war in the Democratic Republic of the Congo (DR Congo), placing additional strain on an already burgeoning budget deficit. [3]

Amid a deteriorating situation, the 2008 parliamentary and presidential elections precipitated a political and economic crisis when Morgan Tsvangirai, from the Movement for Democratic Change (MDC), won the first round but was forced to withdraw ahead of the second round, thus ceding victory to Robert Mugabe and the Zimbabwe African National Union-Patriotic Front (ZANU-PF), which had governed since 1980.

Shortly after, hyperinflation forced the government to abandon the Zimbabwean dollar. Foreign currencies – particularly the US dollar and the South African rand – were now to be used as legal tender. The termination of the government of national unity in 2013 sparked yet another economic crisis. Government debt surged and the ZANU-PF government

introduced a 'new Zimbabwean dollar' pegged against the US dollar. With limited reserves, it almost immediately started trading at a significant discount to the US dollar. Money supply exploded and inflation increased to a monthly rate of 77%. [4] Monetary stability has yet to be achieved.

In November 2017, then vice president Emmerson Mnangagwa assumed the presidency in a surprise ousting of Mugabe and has since championed that Zimbabwe is now 'open for business'. In spite of the raft of painful reforms that followed, Zimbabwe is still in the throes of an economic and developmental crisis.

The Government of Zimbabwe has put forth various development plans, all of which are based on the headline Zimbabwe Vision 2030 goal of transforming Zimbabwe into an upper middle-income economy by 2030. [5] The latest is the National Development Strategy 1, which runs from January 2021 to December 2025. The strategy aims to strengthen economic stability and achieve inclusive, sustainable, and equitable economic growth. [6]





# Demographics: Current Path

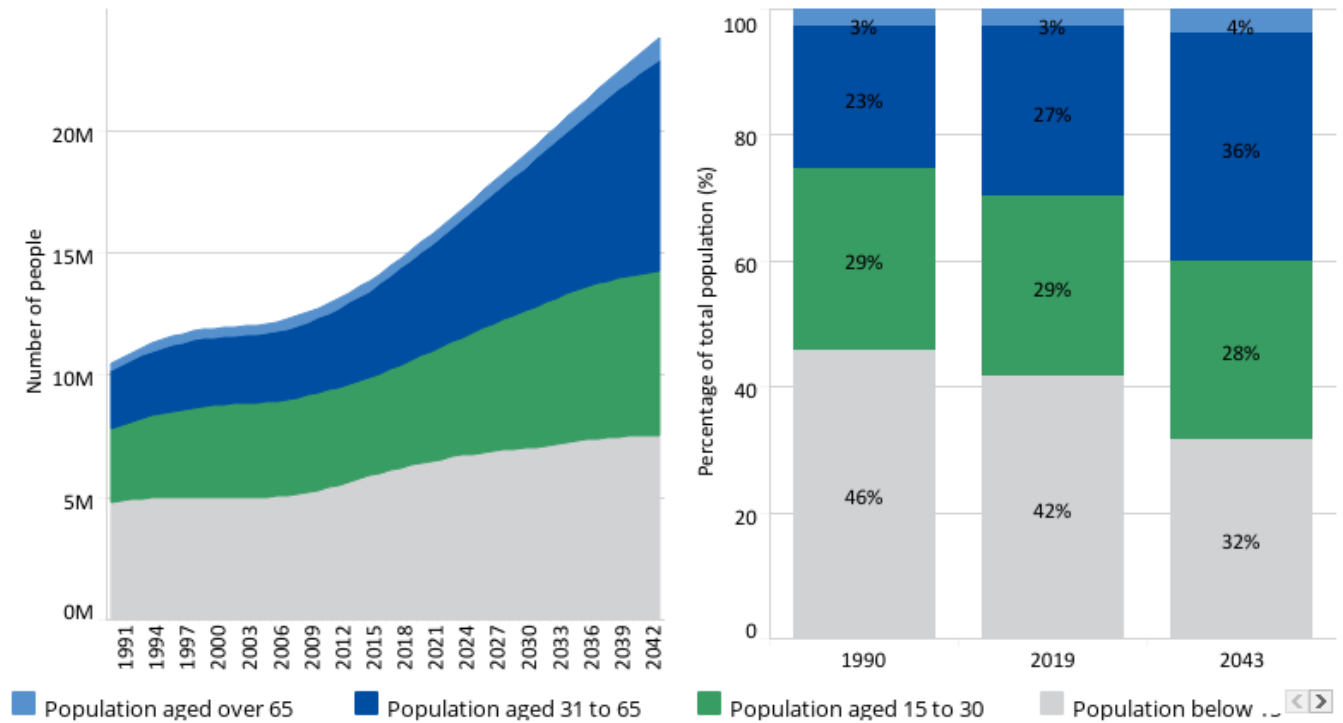
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### Chart 2: Population structure in CP, 1990–2043

By cohort and % of population



Zimbabwe



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate and World Development Indicators population data

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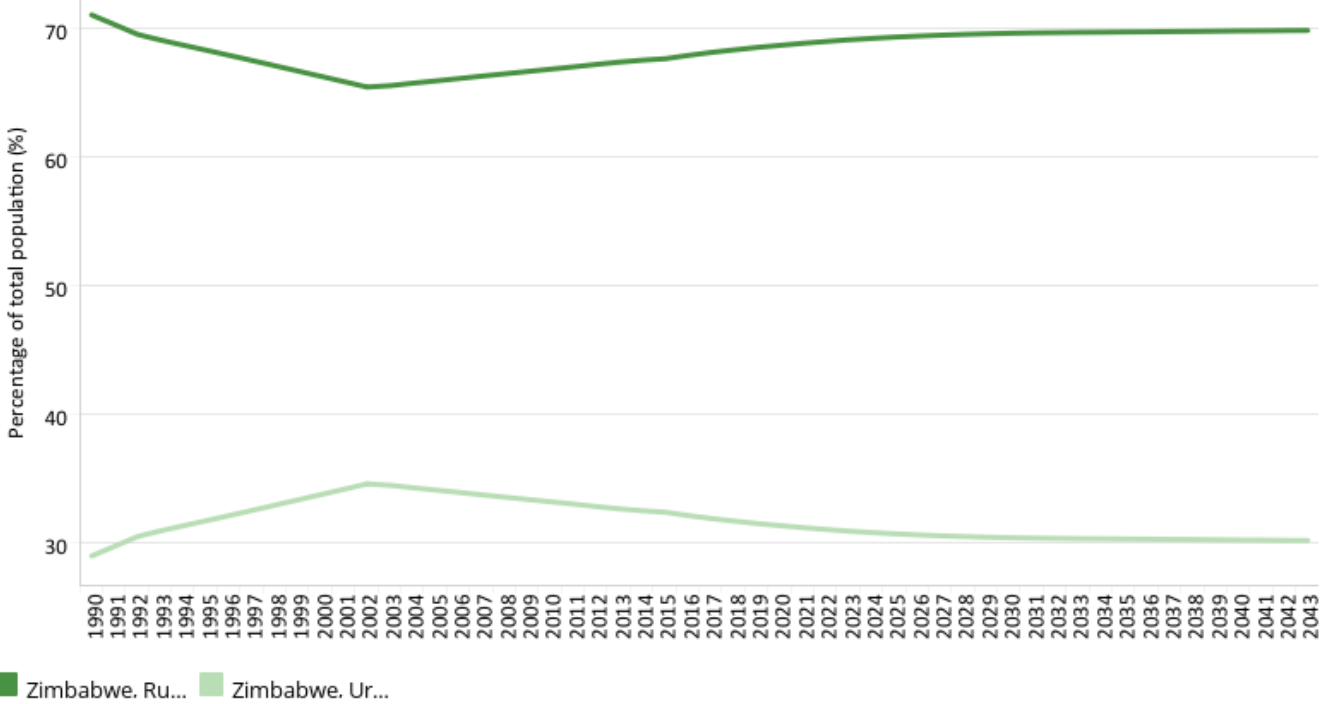
Home to just over 15 million people in 2019, Zimbabwe’s population is nearly as large as that of neighbouring Zambia (estimated at 17.6 million) and less than one-third the size of South Africa (estimated at 57 million). Its population has grown more than five-fold since 1950, from only 2.8 million people.

Zimbabwe’s population is projected to reach nearly 24 million by 2043. Zambia and Malawi are projected to grow slightly more rapidly, while Angola and Mozambique are expected to continue experiencing dramatic population growth. On the Current Path, the respective populations of Mozambique and Angola will each be more than double that of Zimbabwe by 2040.

Chart 3: Urban and rural population in CP, 1990–2043  
% of population



Zimbabwe



Source: IFs 7.63 initialising from UN World Urbanization Prospects estimate

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Zimbabwe is expected to remain a predominantly rural country to 2043 and beyond. At present, an estimated seven out of ten Zimbabweans live in rural areas – roughly five percentage points more rural than would be expected based on its level of development (measured as GDP per capita). [7] In fact, Zimbabwe appears to have abruptly stopped urbanising just after the turn of the century, when about two-thirds of the population lived in rural areas.

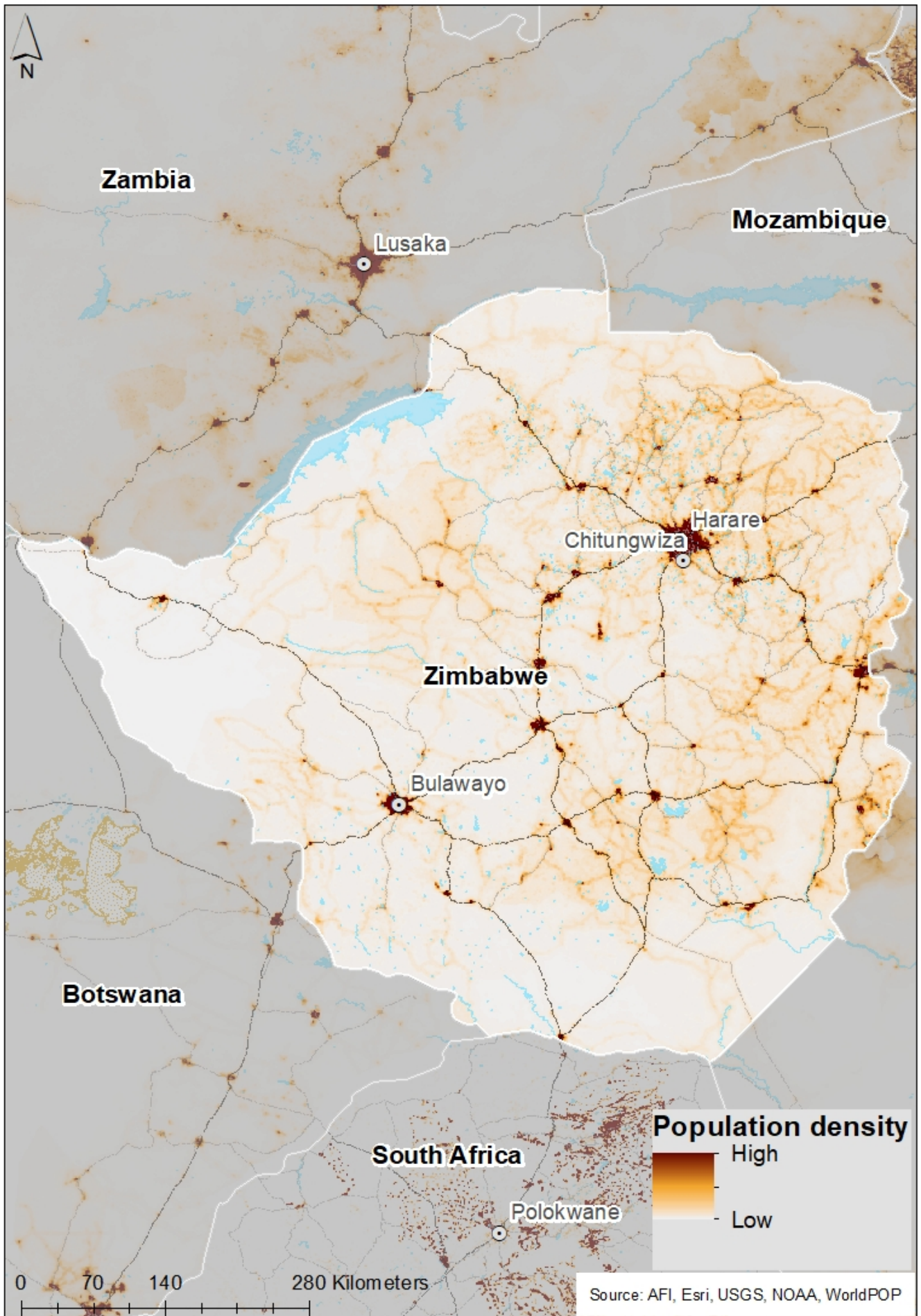
The counter-urbanisation trend reflected in this chart, however, simplifies multiple interacting dynamics. Urban–rural migration has indeed taken place in Zimbabwe, notably as a result of disruptive policies such as the 2000 Fast Track Land Reform Programme and Operation Murambatsvina five years later. However, some researchers attribute the scale of Zimbabwe’s stalled urbanisation to the continued use of old delineations of urban, peri-urban and rural areas, asserting that sprawling populations around cities, currently classified as rural, should be considered urban.

Thus, ‘boundaries in Zimbabwe have remained static while urban sprawl and urban populations in rural jurisdictions have expanded’. [8]

Urbanisation, if deliberate and planned, could provide Zimbabwe with many benefits including the potentially more rapid (and less costly) roll-out of services such as healthcare. However, urban infrastructure urgently needs to be upgraded given the health risks that arise from these relatively densely populated areas.

Chart 4: Population density map for 2019





With roughly 38 people per square kilometre of land area in Zimbabwe, the nation is, on average, more sparsely populated than the average of sub-Saharan Africa (48 people per square kilometre).

The majority of Zimbabweans live in Harare and Bulawayo, the country's largest cities. While the nation's capital city Harare, located in the north-east, is the nation's economic and cultural hub, Bulawayo to the south-west is Zimbabwe's industrial centre. The Zimbabwean government estimates Harare's population to be around 2.1 million and the smaller city of Bulawayo's to be around 653 000. [9]



## Economics: Current Path

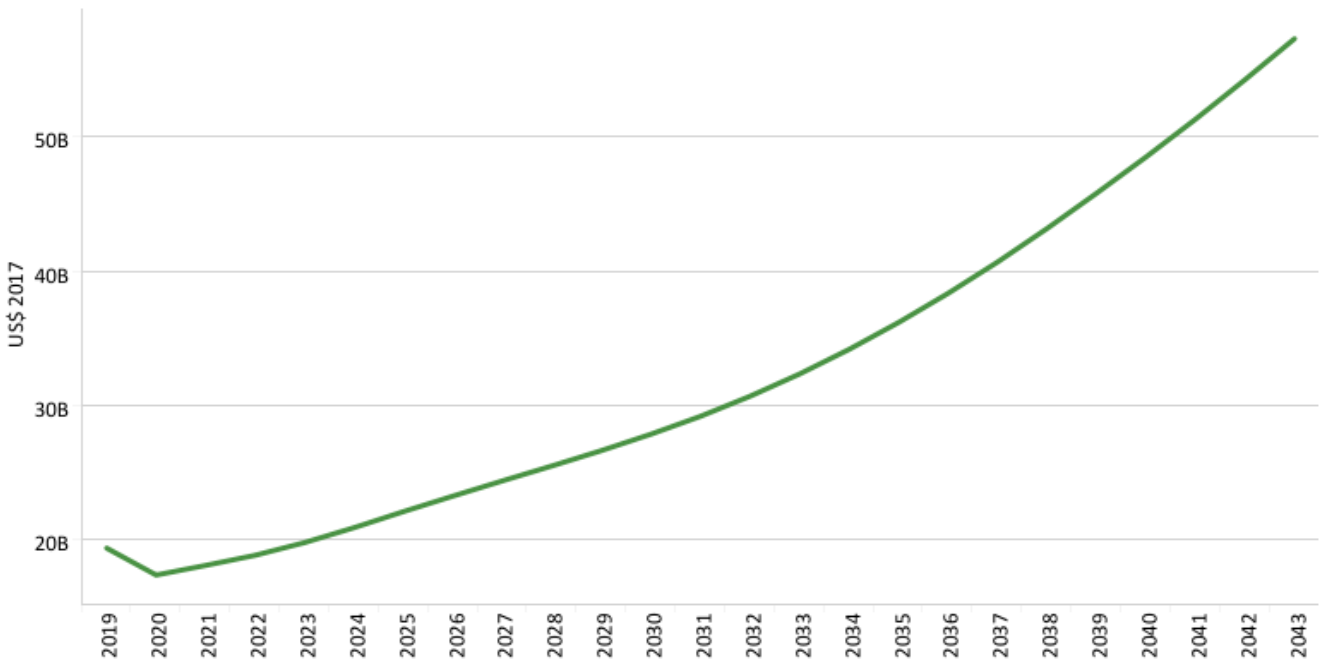
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### Chart 5: GDP in CP, 1990–2043

Market exchange rates



Zimbabwe



Zimbabwe

Source: IFs 7.63 initialising from International Monetary Fund World Economic Outlook database

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Zimbabwe’s economy has suffered a series of intense and prolonged economic crises that have been among the worst in Africa’s recent history. Recurrent runaway inflation, dollarisation, re-dollarisation and the emergence of multiple parallel exchange rates have severely distorted the economy. At present, the country is in the midst of a monetary crisis brought about by the misuse of the real-time gross settlement (RTGS) platform that started in 2016 and the Zimbabwean government’s 2019 decision to make the RTGS dollar the sole legal tender. From March 2020 multiple foreign currencies were allowed again.

The current crisis is a far cry from the state of the economy at independence. From 1980 to 2004, Zimbabwe had the fourth largest economy in Southern Africa (South Africa, Angola and Zambia claimed the top three spots). Zimbabwe’s economy peaked in size in 1998 at US\$18.6 billion before plummeting to roughly half of that (US\$9.3 billion) by 2008.

Zimbabwe also has protracted arrears with official creditors, including the World Bank, effectively blocking access to international financial support. [10] According to data from the International Monetary Fund and the Government of Zimbabwe, the nation’s consolidated public sector debt amounted to 66.3% of GDP in 2020. [11] Meanwhile, public and publicly guaranteed external debt equalled 64.2% of GDP. Generally, a debt level of less than 40% of GDP is considered manageable; at 60% or higher, countries head for trouble.

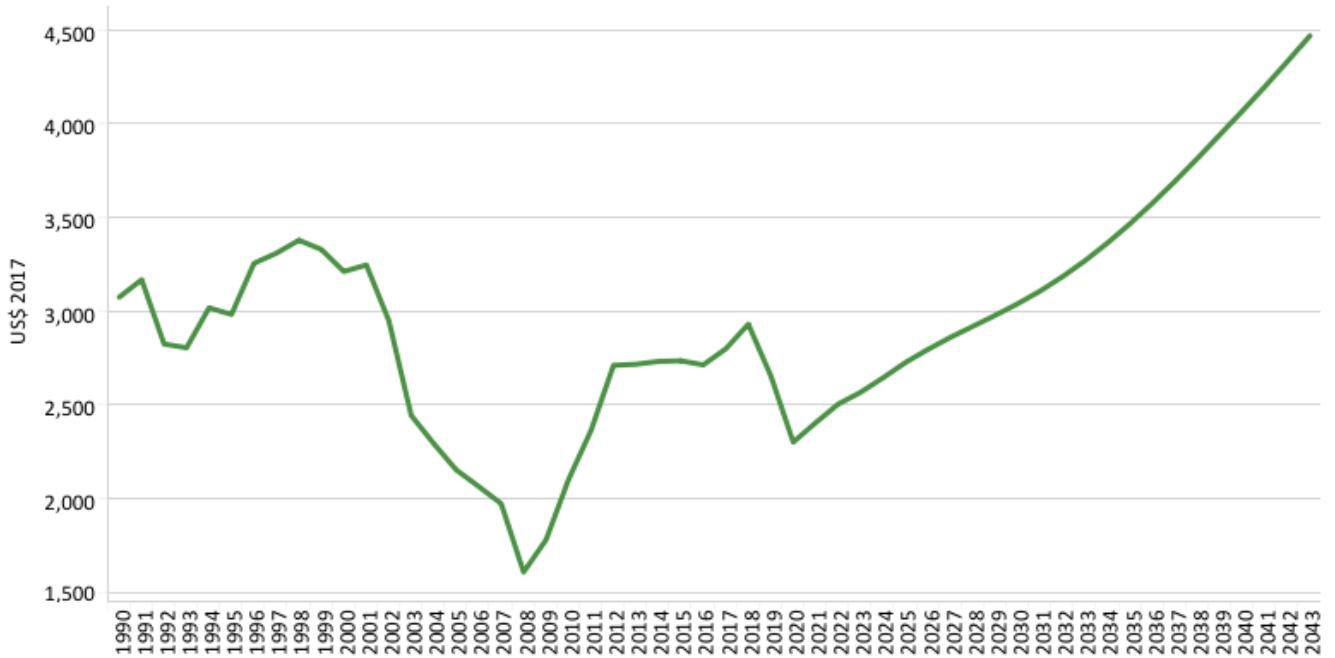
GDP has slowly recovered to an estimated US\$19.4 billion in 2019 and will reach US\$57.3 billion by 2043.



**Chart 6: GDP per capita in CP, 1990–2043**  
Purchasing power parity



Zimbabwe



Zimbabwe

Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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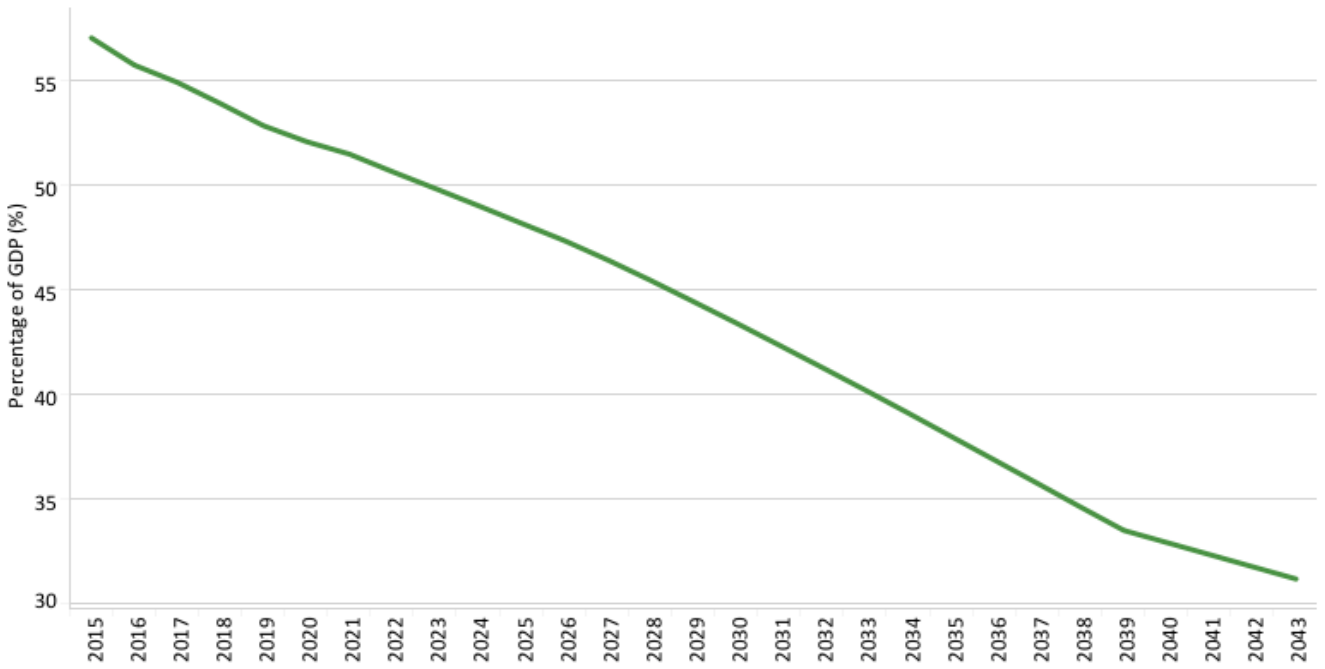
Although many of the charts in the sectoral scenarios also include GDP per capita, this overview is an essential point of departure for interpreting the general economic outlook of Zimbabwe.

Although average incomes in Zimbabwe have been relatively stagnant for decades, they were higher than in Zambia from the mid-1980s to 2002. But from 1998 to 2008, Zimbabwe’s GDP per capita more than halved from US\$3 100 to US\$1 365. GDP per capita has since grown significantly to US\$2 655 in 2019 but remains very low compared to regional peers. Average incomes in Zambia, for example, are now almost double than those in Zimbabwe. Meanwhile, the average income in all of lower middle-income Africa is estimated at US\$6 989 in 2019 and projected to reach US\$9 142 by 2043.

Chart 7: Informal sector value in CP, 2015–2043  
% of GDP



Zimbabwe



Zimbabwe

Source: IFs 7.63 initialising from UN Economic Commission for Europe [2008]; Elgin and Oztunali [2012]; Schneider and Enste [2012]

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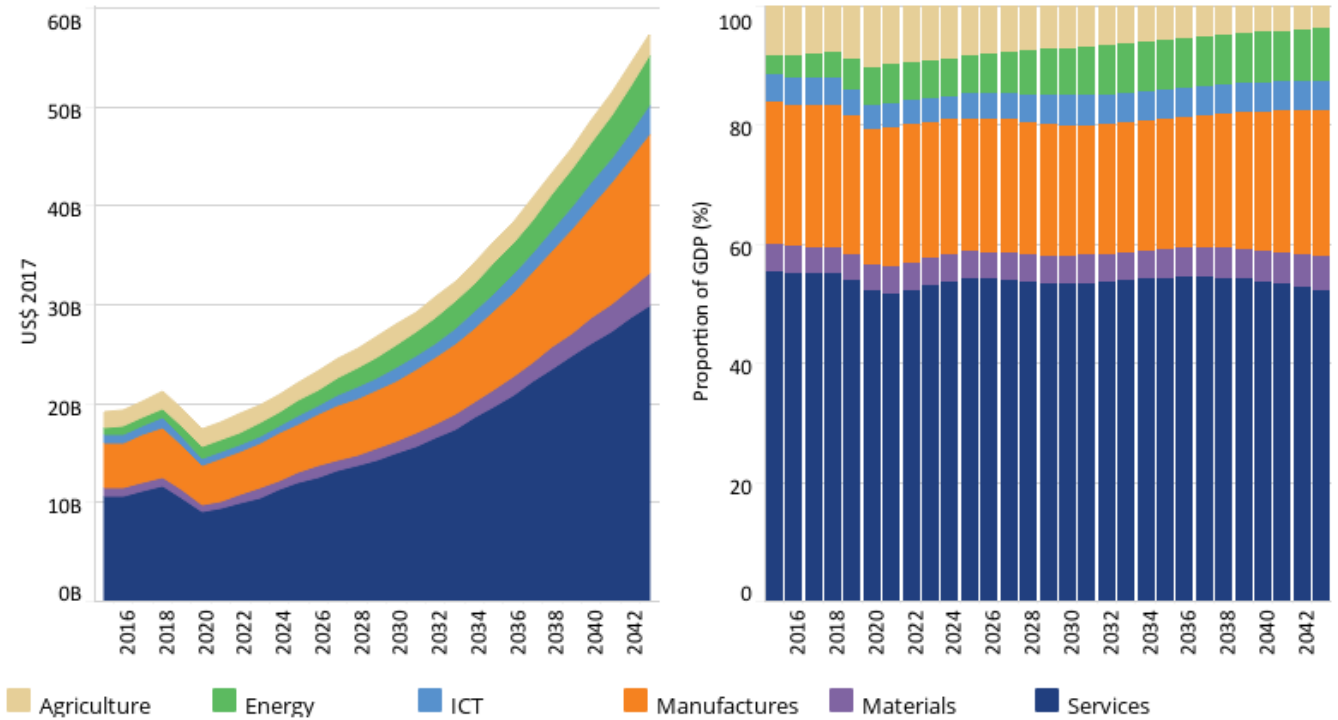
During the 2018 rebasing of the economy, Zimbabwe’s 2016 GDP increased by 40%. Finance Minister Ncube attributed the increase to the inclusion of the informal economy, a reflection of the extent to which the economy has regressed since the early 2000s. [12]

Although many Zimbabweans eke out a living in the informal sector, generally a large informal economy reflects a stagnant or declining formal sector, which provides job security and employment benefits and contributes to government revenues through taxation. A 2018 IMF working paper suggests that Zimbabwe’s informal sector contributed an average of 61% to GDP between 1991 and 2015 and 67% in 2015 – second only to Bolivia globally. [13] In 2019, the informal sector in Zimbabwe contributed 53% of GDP within IFs, the largest among Africa’s 23 lower middle-income countries. On the Current Path, Zimbabwe’s informal sector as a share of GDP is projected to decline to roughly 31% by 2043. However, it is important to note that data and projections on informal sectors are notoriously difficult to obtain and calculate accurately.

**Chart 8: Value added by sector in CP, 2015–2043**  
Billions US\$ 2017 and % of GDP



Zimbabwe



Source: IFs 7.63 initialising from International Monetary Fund World Economic Outlook database

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The IFs platform uses data from the Global Trade and Analysis Project (GTAP) to classify economic activity into six sectors: agriculture, energy, materials (including mining), manufactures, services and information and communication technologies (ICT). Most other sources use a threefold distinction between only agriculture, industry and services with the result that data may differ.

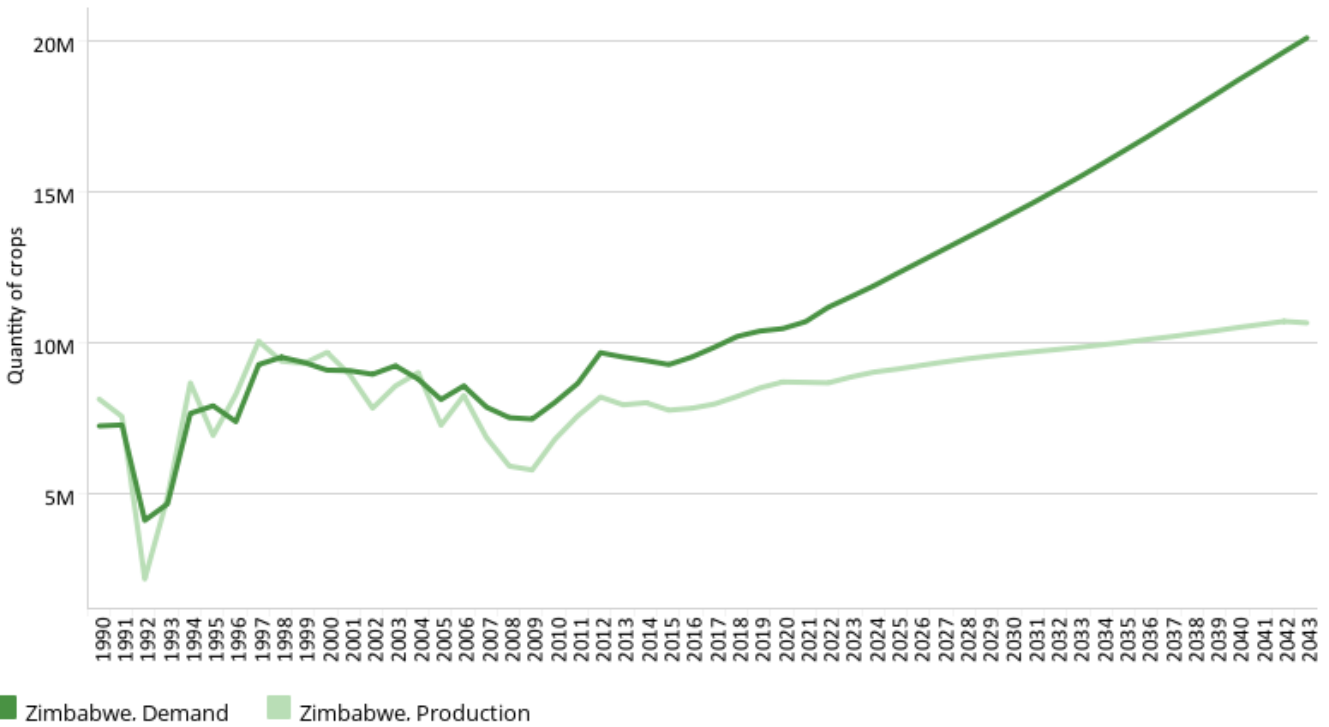
In 2019, services were the source of more than half (54%) of the Zimbabwean economy. Manufactures followed at just over 23%, with agriculture contributing 8.9%. Energy, ICT, and materials each contributed 5% or less to the economy. Over the forecast horizon, the contributions of energy will increase to 8.8% by 2043 with others projected to remain stable, except for agriculture's share that is expected to contract to 3.8% by 2043. However, in absolute terms, the contributions of all sectors to the economy will grow, particularly services, from US\$10.5 billion in 2019 to US\$29.9 billion in 2043. The manufacturing sector will increase from US\$4.5 billion in 2019 to US\$14 billion. In spite of its large potential the agriculture sector was estimated at only US\$1.7 billion in 2019 (8.9% of GDP). By 2043 it will constitute US\$2.2 billion (3.8% of GDP).



Chart 9: Agriculture production/demand in CP, 1990–2043  
Crops million tons



Zimbabwe



Source: IFs 7.63 initialising from Food and Agriculture Organization Food Balance Sheets

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The data on agricultural production and demand in the IFs forecasting platform initialises from data provided on food balances by the Food and Agriculture Organization (FAO). IFs contains data on numerous types of agriculture but aggregates its forecast into crops, meat and fish, presented in million metric tons. Chart 9 shows agricultural production and demand as a total of all three categories.

Zimbabwe's agriculture sector, the mainstay of the economy, has suffered decreasing productivity since the late 1970s, when it boasted yields twice the average of low-income Africa. As from 1990, yields in Zimbabwe were below the average of low middle-income Africa and, as from 2006, even below the average of low-income Africa. On the Current Path, this trend will extend into the coming decades, warning of increasing food insecurity. Poor and worsening macroeconomic conditions have further aggravated food insecurity by impeding the availability and affordability of staple foods like maize meal. By 2043, yields in Zimbabwe will be only 66% of the average of low-income Africa, and only 38% of low middle-income Africa.

Zimbabwe already relies heavily on crop imports from neighbours, with an estimated 20% of demand being met by imports. Within Southern Africa, only Botswana, Lesotho and Namibia depend more on agricultural imports.



## Poverty: Current Path

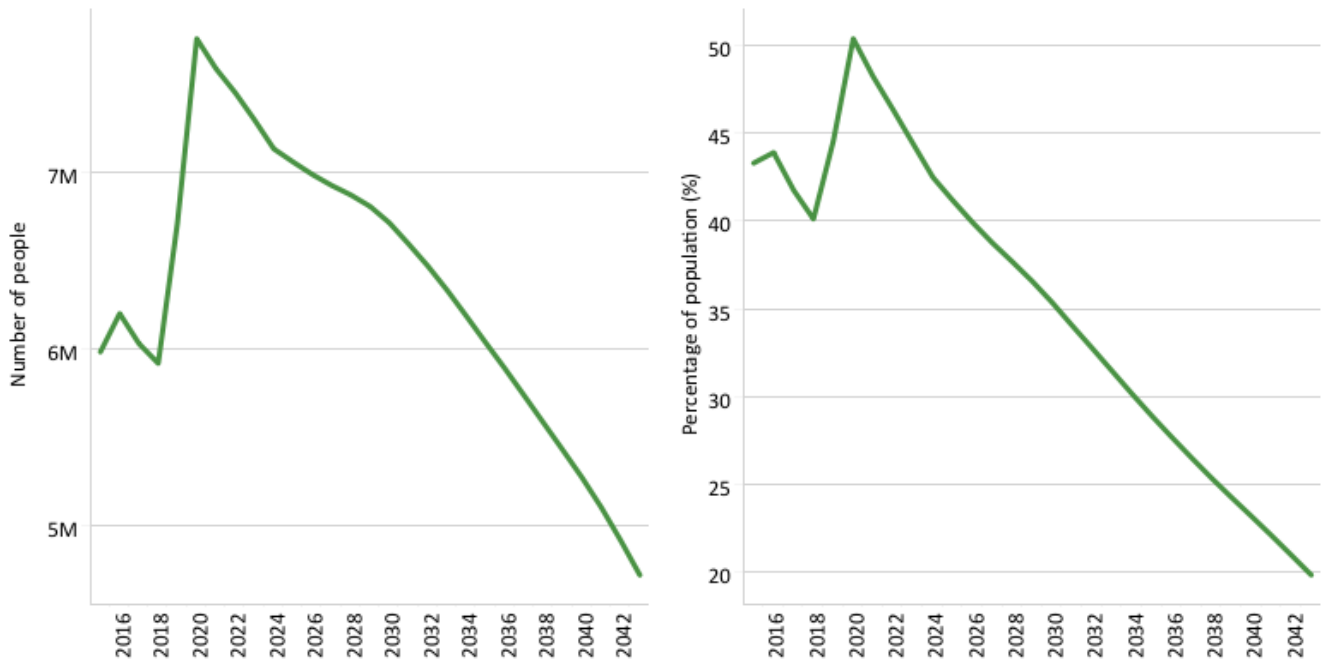
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### Chart 10: Poverty in CP, 2015–2043

Millions of people and % of total population



Zimbabwe \$3.20



Zimbabwe

Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and DevPalNet World Bank data

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There are numerous methodologies for and approaches to defining poverty. We measure income poverty and use GDP per capita as a proxy. In 2015, the World Bank adopted the measure of US\$1.90 per person per day (in 2011 international prices), also used to measure progress towards the achievement of Sustainable Development Goal (SDG) 1 of eradicating extreme poverty. To account for extreme poverty in richer countries occurring at slightly higher levels of income than in poor countries, the World Bank introduced three additional poverty lines in 2017:

- US\$3.20 for lower middle-income countries
- US\$5.50 for upper middle-income countries
- US\$22.70 for high-income countries.

IFs estimates that nearly one out of three Zimbabweans (4.4 million people) live on less than the international extreme poverty line of US\$1.90 per day. Roughly two out of five Zimbabweans (6.7 million people) are living on less than US\$3.20, the extreme poverty line for lower middle-income countries. Although this poverty rate of nearly 45% will decline to 20% by 2043, 4.7 million Zimbabweans will be living in extreme poverty by 2043 on the Current Path.

A 2015 study using a nationalised household consumption-based poverty measure found that of all the provinces,

Matabeleland North had the highest poverty rate of 85.7%, while in the other rural provinces it ranged from 65% to 76%. [14]



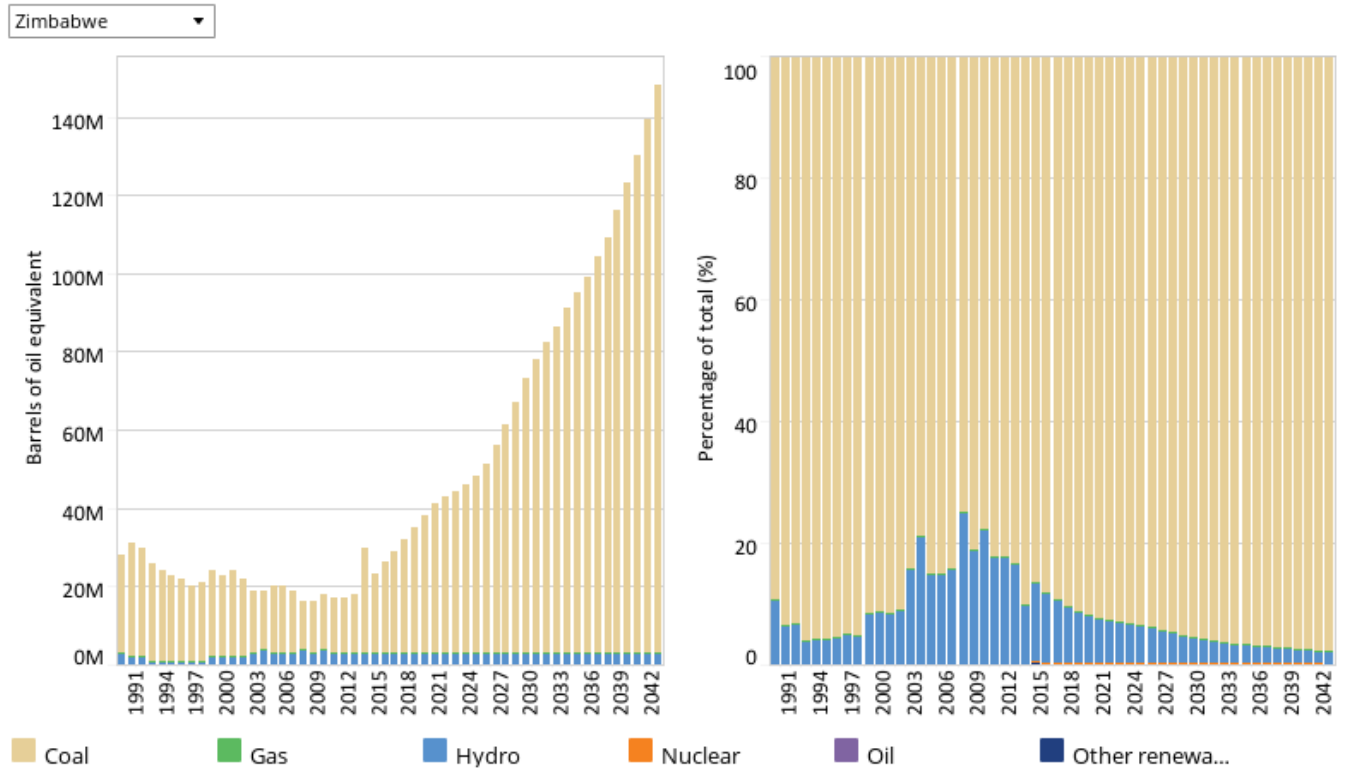


## Carbon Emissions/Energy: Current Path

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### Chart 11: Energy production by type in CP, 1990–2043

Barrels of oil equivalent and % of energy production



Source: IFs 7.63 initialising from World Energy Outlook data

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The IFs platform forecasts six types of energy, namely oil, gas, coal, hydro, nuclear and other renewables. To allow comparisons between different types of energy, the data is converted into billion barrels of oil equivalent (BBOE). The energy contained in a barrel of oil is approximately 5.8 million British thermal units (MBTUs) or 1 700 kilowatt-hours (kWh) of energy.

Total energy supply in Zimbabwe is dominated by wood, biofuels and waste, upon which the majority of the population depend for cooking and heating. [15] However, in terms of generation by source, Zimbabwe depends on coal for 90% of its energy production and hydro for the remainder. Only about 19% of Zimbabwe’s hydropower potential has been exploited.

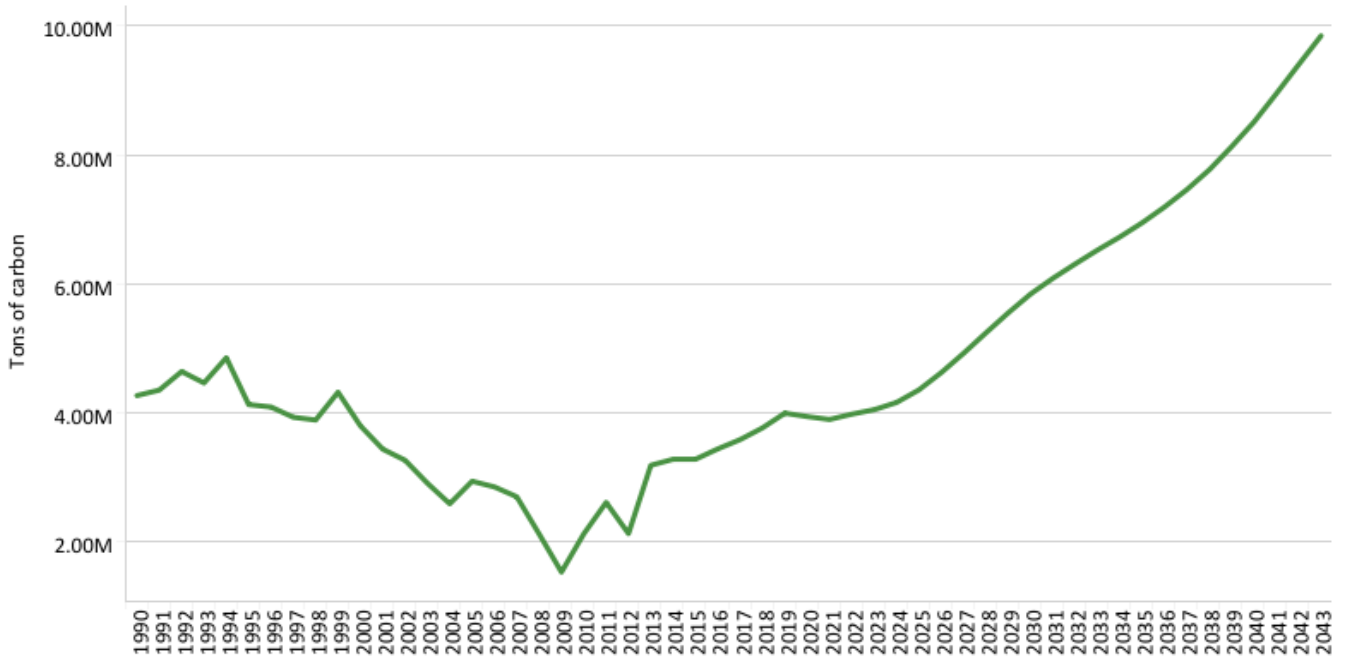
In 2019, Zimbabwe produced an estimated 32 million barrels of oil equivalent (MBOE) in coal, increasing to 145 MBOE (98% of energy production) in 2043. Bowing to domestic and international pressure, in 2021 China abandoned a plan to finance the US\$3 billion Sengwa coal-fired power plant in Zimbabwe. [16]

Zimbabweans also depend on hydroelectricity, particularly from the Kariba Dam on the powerful Zambezi river.

**Chart 12: Carbon emissions in CP, 1990–2043**  
 Million tons of carbon (note, not CO<sub>2</sub> equivalent)



Zimbabwe



Zimbabwe

Source: IFs 7.63 initialising from Carbon Dioxide Information Analysis Center data

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Carbon is released in many ways, but the three most important contributors to greenhouse gases are carbon dioxide (CO<sub>2</sub>), carbon monoxide (CO) and methane (CH<sub>4</sub>). Since each has a different molecular weight, IFs uses carbon. Many other sites and calculations use CO<sub>2</sub> equivalent.

Carbon emissions in Zimbabwe peaked in 1993 at approximately 4.9 million tons and declined thereafter as economic activity declined before again starting to increase as from 2009. In 2019, Zimbabwe emitted an estimated 3.8 million tons of carbon. On the Current Path, population growth and economic growth are expected to contribute to modest increases in emissions, reaching nearly 10 million tons in 2043. However, Zimbabwe releases significantly more carbon than expected given the small size of its economy. Its emissions are on par with much larger economies such as Kenya and Côte d'Ivoire, implying significant potential for emission reductions.

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Dr Jakkie Cilliers is the ISS's founder and former executive director of the ISS. He currently serves as chair of the ISS Board of Trustees and head of the African Futures and Innovation (AFI) programme at the Pretoria office of the ISS. His 2017 best-seller *Fate of the Nation* addresses South Africa's futures from political, economic and social perspectives. His three most recent books, *Africa First! Igniting a Growth Revolution* (March 2020), *The Future of Africa: Challenges and Opportunities* (April 2021), and *Africa Tomorrow: Pathways to Prosperity* (June 2022) take a rigorous look at the continent as a whole.

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