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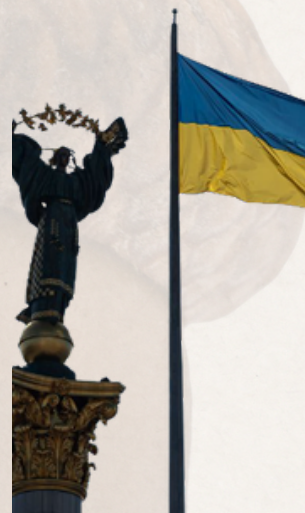
NO MORE EXCUSES: WHAT UKRAINE'S BOND MARKET CAN TEACH ZIMBABWE ABOUT BUILDING ITS OWN



A MARKET AT WAR HAS OUT-PERFORMED A MARKET AT PEACE WITH ITSELF

There is a particular kind of discomfort in watching a country under active bombardment build one of the best performing bond markets in the world. Ukraine's dollar denominated Eurobonds have rallied more than 150% over a four year stretch that began in the darkest days of a full scale invasion. Bonds issued by Ukrenergo, the state grid operator, gained over 160% in 2024 alone. GDP linked warrants, instruments that pay out more as the economy accelerates, are trading as a genuine bet on post war reconstruction. None of this happened by accident, and none of it happened because Ukraine had the luxury of stability. It happened because the state, its creditors, and its institutions made deliberate, difficult choices about how to keep a capital market functioning under the worst possible conditions.

Zimbabwe faces no war. It has, instead, a different kind of siege: a legacy of hyperinflation, currency instability, and a domestic capital market that remains thin, illiquid, and largely absent from the sovereign debt conversation. For too long, that legacy has doubled as an explanation for why local debt markets have not developed. Ukraine's example should retire that explanation. If a country can restructure \$20 billion in Eurobonds, keep a functioning domestic bond auction calendar running through missile strikes, and still attract BlackRock and other global asset managers into its debt, then the constraint on Zimbabwe's local debt market is not circumstance. It is choice, coordination, and the absence, so far, of a credible plan.



WHAT ACTUALLY MADE THE UKRAINE TRADE WORK

Three things underpinned the rally, and each is instructive precisely because none of them required Ukraine to be at peace.

The first was a credible, negotiated restructuring. In September 2024, Ukraine completed a \$20 billion Eurobond restructuring in which bondholders accepted a haircut of roughly a third on face value. That single act converted an unsustainable debt stock into one the market believed could actually be serviced, and it re-established a baseline of trust between the sovereign and its creditors.

The second was consistency in domestic issuance. Even mid-invasion, Ukraine kept running regular hryvnia-denominated government bond auctions, with weighted average yields sitting in the mid-teens as of mid-2026. That yield compensates investors for real risk, but the auctions themselves never stopped. A functioning, predictable issuance calendar is what gives a market a yield curve, and a yield curve is what every other instrument in the economy, from corporate bonds to mortgages, ultimately gets priced against.

The third was layered external support that de-risked the base case without replacing the local market. An \$8.2 billion IMF programme and a roughly €90 billion EU financing package did not substitute for domestic capital formation; they backstopped it, giving investors confidence that the state had a floor under it even as headlines from the front line moved prices day to day.

Zimbabwe has none of these three elements functioning together yet. It has episodic issuance rather than a calendar. It has an unresolved external arrears position rather than a completed restructuring. And its capital markets, the Zimbabwe Stock Exchange and the FINSEC fixed income platform, remain constrained by thin listings, a lack of long dated government benchmarks, and investors still nursing memories of savings destroyed by inflation. The Victoria Falls Stock Exchange has offered a hard currency alternative, but it has not solved the core problem: Zimbabwe has no reliable, liquid, government anchored yield curve for anything else to be priced against.

Reframing the narrative: from status quo to strategy

Zimbabwean market participants have, understandably, become accustomed to a status quo shaped by past macroeconomic instability. But comfort with that narrative has a cost. Every year the domestic debt market stays underdeveloped is a year the country remains more dependent on external, hard currency borrowing, more exposed to exchange rate shocks, and less able to fund long term infrastructure, housing, and industrial capital from its own savings pool.



The strategic case for change is straightforward. A deep local debt market reduces the need for external borrowing by mobilising domestic savings, pension assets, and insurance float toward government and corporate financing needs. It gives the Reserve Bank of Zimbabwe a genuine transmission channel for monetary policy, since a functioning yield curve is what makes interest-rate decisions actually bite across the economy. And it creates the long duration instruments, ten, fifteen, twenty year paper, that mortgage lending and infrastructure finance depend on. Without that long end of the curve, the mortgage market cannot be revived in any durable way, because banks have nothing to match against long dated housing loans.

WHO HAS TO MOVE, AND WHAT THEY HAVE TO DO

Institutional Investors – pension funds, insurance companies, and asset managers carry the largest single lever. Zimbabwe’s prescribed asset framework already directs a portion of institutional balance sheets toward government and infrastructure related instruments, but the framework needs deepening rather than mere compliance. Pension funds should be pushing for a broader menu of tradable, rated instruments rather than treating prescribed assets as a box ticking exercise. Active participation in primary auctions, and a willingness to hold and trade paper in a secondary market, is what turns a captive investor base into a genuine price discovery mechanism.

Retail Investors – are an underused pool of capital in Zimbabwe, partly because financial literacy around fixed income remains low and partly because past experience has taught households to distrust anything denominated in local currency. Closing that trust gap requires visible, small denomination access points: bond investment through mobile money platforms, fractional government paper, and clear, plain language disclosure of real (inflation adjusted) versus nominal returns. Retail participation also builds political durability for the market, since a broad base of small savers with a stake in government paper performing well creates constituency pressure for fiscal discipline.

Market Intermediaries – stockbrokers, market makers, and underwriters have to build the plumbing that currently barely exists: reliable bid-offer quotes, repo markets that let holders finance positions rather than sit on illiquid paper, and underwriting capacity for corporate issuance beyond the handful of names that already dominate the ZSE. Firms like ours have a direct commercial interest here: a liquid secondary market is what turns bond distribution from a one off placement fee into a recurring trading and advisory business.

The Regulator – through the Securities and Exchange Commission of Zimbabwe working alongside the ZSE and FINSEC, needs to keep lowering the cost and complexity of listing debt instruments, standardise disclosure so investors can compare issuers, and push toward straight-through, dematerialised settlement so that trading frictions stop being a reason to avoid the market altogether.

The RBZ and the Ministry of Finance – hold the two levers that matter most, because everything above depends on a credible sovereign anchor. A published, predictable issuance calendar for benchmark bonds, in the way Ukraine kept running its auctions through invasion, would give the market the reference curve it currently lacks entirely. Alongside that, continued currency stabilisation around the ZiG, transparent debt reporting, and a credible path on the country’s external arrears would do more to lower domestic borrowing costs than any single market reform. Investors do not need a war-free economy to commit capital, as Ukraine proves; they need visibility and consistency.

TECHNOLOGY AND AI AS ACCELERANTS, NOT SUBSTITUTES

None of the institutional work above is optional, but technology can compress the time it takes to build. Digital issuance and dematerialised registries can cut settlement times and custody costs for both government and corporate paper, making it economical to issue in smaller sizes than has historically been viable. Mobile-based distribution can put fractional bond ownership in front of retail savers who will never open a traditional brokerage account, using the same rails that already carry the bulk of Zimbabwe's day to day payments.



AI-driven credit scoring and risk pricing tools can help intermediaries underwrite a wider range of corporate issuers than the current handful of blue chip names, extending the market beyond its narrow base. And AI-assisted market making and pricing engines can help sustain quoted secondary market prices even when trading volumes are thin, which is precisely the liquidity problem holding the local market back today. Technology will not manufacture trust in a currency or a government's fiscal path on its own, but it can remove the operational excuses, cost, settlement risk, paperwork, that have made building a market harder than it needed to be.

REVIVING MORTGAGES AND LONG-TERM CAPITAL

A revived mortgage market is downstream of everything above, not a parallel project. Long term housing finance needs long term funding sources, and those sources are pension and insurance liabilities that are naturally long dated. The missing piece is a benchmark government yield curve stretching out ten years and beyond, against which mortgage backed instruments and covered bonds can be priced and hedged.



Once that curve exists, specialised mortgage-finance vehicles and listed property or income trusts become viable ways to channel institutional savings into housing stock, easing the acute shortage of long term housing finance that has persisted since the multi currency era began.

THE BOTTOM LINE

Ukraine's bond market did not rally because conditions were favourable. It rallied because a restructuring was completed, an issuance calendar was honoured, and external backstops gave investors a floor to underwrite risk against. Zimbabwe is not being asked to replicate a war economy's resilience; it is being asked to do something considerably easier, which is to build consistency and credibility during peacetime. Institutional investors, retail savers, intermediaries, the regulator, the RBZ, and the Ministry of Finance each hold a piece of that puzzle. The technology to execute faster and cheaper already exists. What remains is the collective decision to stop treating past instability as a permanent excuse, and to start treating the local debt market as the strategic asset it is.



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