Applied Economics and Finance; Vol. 12, No. 3; 2025
ISSN 2332-7294 E-ISSN 2332-7308
Published by Redfame Publishing

Understanding the Mutapa Investment Fund of Zimbabwe: Constraints and Challenges for Resource Mobilisation

Gorden Moyo[1], Trainos Nyoni[1], Shepherd Chivi[1], Mbongeni Nhliziyo[1]

[1] Department of Development Studies, Lupane State University, Zimbabwe

Correspondence: Shepherd Chivi, Department of Development Studies, Lupane State University, Zimbabwe.

Received: February 20, 2025 Revised: March 20, 2025 Accepted: May 12, 2025

Available online: July 14, 2025 URL: https://doi.org/10.11114/aef.v12i3.7827

Abstract

The Mutapa Investment Fund is a sovereign wealth fund set out to harness Zimbabwe's rich natural endowments and national wealth for its economic development. Its objectives include addressing infrastructure deficits, stabilizing currency reserves, and increasing investment in sectors such as technology, energy, and public infrastructure among others. The preliminary findings of this study indicate that the Mutapa Investment Fund is currently facing a number of challenges among which are regulatory uncertainty, political risks, and widespread mismanagement in Zimbabwe's State-Owned Enterprises, most of which are technically insolvent. The article concludes by canvassing for comprehensive governance and State-owned Enterprises reforms in order to address the systemic and structural issues affecting the nascent sovereign wealth fund of Zimbabwe.

Keywords: Mutapa Investment Fund, sovereign wealth fund, state-owned enterprises, resource mobilisation, Zimbabwe

1. Introduction

In 2020, the Government of Zimbabwe established a sovereign wealth fund termed 'Mutapa Investment Fund'. The Fund operates across multiple economic sectors, including 30 investee companies and more than 30 subsidiaries of its portfolio companies. These sectors include Mineral Resources, Energy and Trading, Information and Communication Technology, Transport and Logistics, Agriculture and Industrials, Financial Services, and Real Estate, with a combined value exceeding US$16 billion. The state-owned enterprises include NetOne Cellular (Private) Limited, National Railways of Zimbabwe, Air Zimbabwe, Cottco, Zupco, Defold Mine, Kuvimba Mining House, Cold Storage Commission Limited, Petrotrade, People's, Own Savings Bank, Fidelity Gold Refinery, Homelink, and Zimbabwe Power Company (see also Table 1) (Mutapa Investment Fund, 2024). The fund is tasked with generating long-term returns for future generations of Zimbabweans. On paper, it can potentially insulate the economy from shocks, foster financial stability, and stimulate growth across critical sectors.

The Mutapa Investment Fund, overseeing a portfolio of over 60 state-owned enterprises, their subsidiaries, and state-invested enterprises across key economic sectors (see Table 1), effectively functions as a 'super' and 'giant' state-owned enterprise. Its diversified portfolio structure potentially mitigates the impact of global price fluctuations that typically affect natural resource-focused sovereign wealth funds, such as Botswana's Pula Fund. While the Fund's stated objective is to bolster Zimbabwe's struggling economy, the policy environment underpinning its establishment presents significant challenges. Firstly, the constituent state-owned enterprises are already burdened by substantial debt, contributing to broader economic strain. This indebtedness stems from deficiencies in governance and oversight, often attributed to the allocation of these enterprises as patronage appointments for military officials and as a means of financing ruling party activities (Moyo, 2016). Secondly, the principal regulatory framework governing the Fund, Statutory Instrument (SI) 156 of 2023, appears internally contradictory. It weakens the Fund's position, particularly given the precarious financial standing of the incorporated companies due to systemic weaknesses in public finance management. Consequently, the Fund, even in its nascent stages, seems unable to divest itself of previously established financial malpractices. It is therefore unsurprising that the Mutapa Investment Fund has added US$2 billion to Zimbabwe's national debt (IMF, 2025). Within this context, the Fund represents a substantial fiscal risk.

In this context, the article sets out to explore the Mutapa Investment Fund, focusing on its strategic opportunities, inherent challenges within Zimbabwe's economic and regulatory environment, and the lessons that can be drawn from successful Sovereign Wealth Funds globally. Specifically, it addresses the following questions: Can the Mutapa Investment Fund effectively stimulate economic growth and development in Zimbabwe? What are the critical risks and challenges associated with the Mutapa Investment Fund, and how can these be mitigated?

To address these research questions, a qualitative methodology was employed. Primary data collection involved semi-structured interviews with key informants, specifically academics and current and former government officials possessing in-depth knowledge of the establishment of Zimbabwe's sovereign wealth fund. Secondary data, comprising archival documents, was analysed and supplemented by online resources, including academic articles, news reports, and social media content. These diverse sources offered valuable insights into contemporary discourse, real-time data, and historical context. Critically, archival materials, such as government policies, legislation, and scholarly correspondence, provided a foundational understanding of the complex economic, social, and political factors that shaped the creation of the Mutapa Investment Fund.

The rest of this paper is structured as follows: Section 1 provides an introduction to the study. Section 2 outlines the conceptual and theoretical issues surrounding Sovereign Wealth Funds, highlighting global best practices. Section 3 examines the establishment of the Mutapa Investment Fund, identifying structural and economic limitations. Section 4 discusses the legal frameworks underpinning the Mutapa Investment Fund and the challenges they present. Section 5 provides recommendations for addressing these challenges, offering a pathway toward more effective and efficient Sovereign Wealth Fund management. Finally, the paper concludes with an analysis of the Mutapa Investment Fund's potential and limitations in driving economic recovery and development in Zimbabwe.

2. Contextual and Conceptual Issues

Sovereign Wealth Funds are defined as pools of state-owned financial assets allocated for specific economic development purposes (Matambo 2021). Typically, Sovereign Wealth Funds aim to ensure economic stability by serving as buffers against economic shocks, facilitating recovery from downturns, and providing long-term savings for future generations. They also act as vehicles for financing infrastructure and other developmental initiatives to stimulate economic growth (Al-Hassan, Papaioannou, Skancke, & Sung, 2013). Furthermore, Sovereign Wealth Funds can enhance domestic resource mobilization and facilitate the generation of additional capital, potentially stimulating increased private sector investment (Moyo, 2020). Generally speaking, Sovereign Wealth Funds in the Global South are tasked with broader objectives beyond financial returns, including economic diversification. This involves investing in non-traditional sectors to reduce dependence on volatile commodity markets. For example, the Government of Singapore Investment Corporation has successfully diversified Singapore's economy beyond manufacturing into sectors such as finance and technology. The key objective of the Sovereign Wealth Fund is that of funding social welfare programs, such as healthcare, education, and social safety nets, which can enhance citizens' quality of life. A notable example is the Abu Dhabi Investment Authority, which channels funds into social programs in the United Arab Emirates.

However, the effectiveness of Sovereign Wealth Funds in the Global South often hinges on the existence of strong institutional frameworks, governance structures, and economic State-owned Enterprises. Many Sovereign Wealth Funds in these regions have struggled due to politicization, where political and geopolitical considerations override sound investment decisions. This politicization can lead to suboptimal financial returns and heightened risks, as seen in cases where Sovereign Wealth Funds prioritize short-term political objectives over long-term economic sustainability (ZEPARU, 2016). These challenges are particularly relevant to Zimbabwe's Mutapa Investment Fund. Unlike Sovereign Wealth Funds in countries with strong foundations, the Mutapa Investment Fund is burdened by structurally weak State-owned Enterprises, regulatory uncertainty, and governance deficits, which are likely to undermine its potential to act as a stabilizing and growth-stimulating force. The absence of a robust institutional framework and the tendency for political interference further exacerbate these risks, highlighting the critical need for reforms to align the Mutapa Investment Fund with global best practices.

Table 1. The Mutapa Investment Fund Portfolios and Companies; Source: Compiled by Authors

Banking & Financial Services	Mineral Resources	Energy and Trading	ICT Telecommunication Companies	Transportation Companies	Logistics	Agriculture & Industrials	The Real Estate
• AFC Holdings Limited • AFC Commercial Bank • AFC Land and Development Bank • AFC Leasing Company • AFC Insurance Company • CFI Holdings Limited • Credsure • Emeritus Reinsurance • Export Credit Guarantee Corporation of Zimbabwe (ECGC) • Fidelity Property • Homelink Holdings (Pvt) Ltd. • Homelink (Pvt) Ltd. • Homelink Finance (Pvt) Ltd • People's Own Savings Banks of Zimbabwe • Stalap Investments • Special Auto Underwriters Association of Zimbabwe • United General Insurance Limited • ZIMRE Holdings Limited • ZIMRE Capital • ZIMRE Property Investments	• Kuvimba Mining House (Pvt) Ltd • Bio Metallurgical Zimbabwe (Pvt) Ltd. • Bindura Nickel Corporation (Pvt) Ltd. • Freda Rebecca Gold Mine (Pvt) Ltd. • Great Dyke Investments (Pvt) Ltd. • Homestake Mining and Technical Services (Pvt) Ltd. • Jena Mines (Pvt) Ltd. • Kwekwe Consolidated Gold Mines Pvt) Ltd. • Hwange Colliery Company (Pvt) Ltd. • Defold • Kamativi Tin Mines (Pvt) Ltd • Transminerals (Pvt) Ltd • Zimbabwe Consolidated Diamond Company (ZCDC) (Pvt) Ltd • Karo Platinum Project (Pvt) Ltd. • Mineral Development (Pvt) Ltd. • Shamva Mining Company (Pvt) Ltd. • Sandawana Mines (Pvt) Ltd. • ZimbabweAlloys (Pvt) Ltd.	• ZESA Holdings (Pvt) Ltd • PowerTel Communications (Pvt) Ltd • ZESAEnterprises (Pvt) Ltd • Zimbabwe Electricity & Transmission Distribution Company • Zimbabwe Power Company (Pvt) Ltd • Fidelity Gold Refinery (Pvt) Ltd • Genesis Energy (Pvt) Ltd • Petrotrade (Pvt) Ltd	• NetOne Cellular (Pvt) Ltd • TelOne (Pvt) Ltd • Telecel Zimbabwe (Pvt) Ltd	• Air Zimbabwe (Pvt) Ltd • National Railways Holdings Zimbabwe • Emerging Railway Properties • National Railways of Zimbabwe (Pvt) Ltd • Road Motor Services (RMS) • Zimbabwe Zambia (Pvt) Ltd	• National Oil Infrastructure Company • Fuel Ethanol Company of Zimbabwe (Pvt) Ltd • INPETRO SAR • Petrozim Line (Pvt) Ltd • Zimbabwe United Passenger Company (ZUPCO)	• Industrial Development Corporation of Zimbabwe • Afroran Spinners (Pvt) Ltd • Amtec (Pvt) Ltd • Allied Insurance Company (Pvt) Ltd • Chemplex Corporation • Deven Engineering (Pvt) Ltd • Dorowa Minerals Limited • Ginhole Investments Limited • G&W Industrial Minerals (Pvt) Ltd • Aurex Holdings • Aurex Pvt Ltd • Aurex Diamonds (Pvt) Ltd • Cottco Holdings Limited • Cotton Company of Zimbabwe Limited • Cold Storage Company Limited (CSC) • Allied Timbers (Pvt) Ltd • Allied Timbers Saligna (Pvt) Ltd • GD Haulage (Pvt) Ltd • Modzone Enterprises (Pvt) Ltd • Motira (Pvt) Ltd • Sable Chemicals Limited • Sunway City (Pvt) Ltd • Sino-Zimbabwe Cement Company • Surface Investments (Pvt) Ltd • Willowvale Motor Industries (Pvt) Ltd • Wetblue Investments • Zimbabwe Phosphate Industries • Zimbabwe Grain Bag (Pvt) Ltd • Zimbabwe Fertilisers Limited • ARDA Seeds (Pvt) Ltd • AgriFoods • AgriMix • Crest Breeders International • Farm & City • Hubbard Zimbabwe • Langford Estates 1962 (Pvt) Ltd • Silo Food Industries Limited • SunCrest Chickens • Vetco • Victoria Foods	• Central to this portfolio is the establishment of a Real Estate Investment Trust (REIT). • Complementing the REIT is a dedicated property management division, ensuring efficient tenant and facilities management for optimal performance.

3. Legal and Institutional Framework

The Mutapa Investment Fund in Zimbabwe traces its roots to the Sovereign Wealth Fund of Zimbabwe Act [Chapter 22:20] enacted in 2014 (ZAPARU, 2016). This legislation aimed to establish a sovereign wealth fund to secure investments for future generations, bolster macroeconomic stability, support government development goals, and diversify the country's revenue base. However, the initial fund faced challenges, including a lack of operational framework, inadequate funding, and a clearly defined investment strategy. As a result, it remained largely inactive. In September 2023, President Mnangagwa used special Presidential Powers to enact new laws restructuring the Sovereign Wealth Fund under the Mutapa Investment Fund through Statutory Instrument (SI) 156 of 2023. These changes granted the President and the finance minister exclusive authority over the fund's governance, bypassing parliamentary oversight, a critical component of transparency and accountability in public financial management. Statutory Instrument 156 of 2023 also exempted the Mutapa Investment Fund from public procurement laws, further limiting its accountability. Additionally, senior staff and board members can now be appointed without parliamentary scrutiny, raising concerns about nepotism and potential corruption (Shumba, 2023). Critics argue that these provisions undermine the principles of good governance and transparency necessary for Sovereign Wealth Funds to succeed.

The Presidential Powers (Temporary Measures) (Investment Laws Amendment) Regulations, 2023, further concentrated executive control over the fund's operations. This expansion of executive authority bypasses key constitutional safeguards, particularly Section 298 of the Constitution, which mandates transparency, accountability, and equitable resource management in public financial matters. Such concentration of power has raised concerns among governance experts, who warn that this approach undermines the very principles necessary for the effective and ethical management of sovereign wealth funds.

Additionally, General Notice 1546 of 2023 exempted the Mutapa Investment Fund from the Public Procurement and Disposal of Public Assets Act, a law designed to promote competitive and transparent procurement processes. This exemption allows the fund to operate outside traditional procurement guidelines, reducing the critical checks and balances that typically ensure the accountability of public financial transactions. While the fund enjoys enhanced operational flexibility, this autonomy significantly heightens the risk of financial irregularities, corruption, and abuse of resources. Analysts have drawn parallels to Angola's Fundo Soberano de Angola, which faced widespread criticism and legal challenges due to allegations of mismanagement and corruption (Global Sovereign Wealth Fund, 2023).

These exemptions and governance changes further exacerbate fears that the Mutapa Investment Fund may fall prey to the same vulnerabilities. The absence of procurement oversight, combined with the fund's autonomy to liquidate assets without public scrutiny, undermines confidence in its ability to prioritize national interests over individual or political gain. The KPMG report on sovereign wealth funds highlights the critical role of transparent procurement and governance in maintaining the integrity of such institutions (KPMG, 2023). Without adherence to established best practices, such as those outlined in the Santiago Principles, the Mutapa Investment Fund risks becoming an opaque institution that prioritizes centralized control over public accountability. This undermines its credibility and potential to contribute meaningfully to Zimbabwe's economic recovery, reinforcing the argument that the fund's structural and governance framework may doom it to failure.

Although, there is a Statutory Instrument, the Mutapa Investment Fund still lacks a strong legal framework. The absence of robust systems to identify and address the involvement of State-owned Enterprises in the fund creates a potential avenue for misuse (Matiashe, 2023). Public funds can be misappropriated to ostensibly rehabilitate and repackage these distressed State-owned Enterprises, ultimately leading to their undervalued sale under the guise of privatization. Such a scenario would not yield benefits for the public.

4. Models of Sovereign Wealth Funds

Matambo (2021) emphasizes that the successful establishment of a commodity-based Sovereign Wealth Fund hinges on a government's ability to effectively capture and accurately account for its resource revenues. They also argue that these revenues must be strategically allocated towards inclusive and equitable social and economic development initiatives that benefit the broader population which is hardly the case in Zimbabwe (See also Moyo, 2020 and ZAPARU, 2016). Successful sovereign wealth funds, such as Ethiopia's Ethiopian Investment Holdings, offer valuable lessons. Established in December 2021, Ethiopian Investment Holdings seeks to optimize the value of state-owned enterprises and attract investment to transform Ethiopia's economy. Modelled after successful funds like Singapore's Temasek Holdings (Pihlman, Kunzel, Lu, & Petrova, 2011), Ethiopian Investment Holdings is focused on managing a diversified portfolio of State-owned Enterprises, including profitable entities like Ethiopian Airlines and Ethiopian Telecom (see also table 2). Its investment strategy spans multiple sectors, including agriculture, renewable energy, logistics infrastructure, and manufacturing thus reducing reliance on volatile sectors and supporting sustainable growth (Brussels Times, 2023). The Ethiopian model highlights the importance of diversification and strong governance in making Sovereign Wealth Funds successful. Ethiopian Investment Holdings adheres to global best practices like the

Santiago Principles (ZEPARU, 2016), emphasizing good governance and transparency. As a result, some of Ethiopian Investment Holdings' assets, such as Ethiopian Airlines, have shown strong profitability, providing the fund with a reliable revenue base.

While Ethiopian Investment Holdings serves as a model for potential sovereign wealth funds in Africa, its success is not without its challenges. Critics have raised serious concerns about the lack of transparency and accountability mechanisms within Ethiopian Investment Holdings (Brussels Times, 2023). Questions remain regarding the details of its operations, asset management, and performance reporting. Furthermore, Ethiopia's ongoing political and economic instability poses significant risks to Ethiopian Investment Holdings' operations. These risks include regulatory challenges, high inflation, and the potential for political interference. As a state institution, Ethiopian Investment Holdings faces inherent pressures to fund social and developmental projects. While this aligns with its mission, it could jeopardize long-term sustainability if not managed carefully. This pressure to prioritize short-term social goals may divert resources from long-term, high-return investments, hindering the fund's ability to generate sustainable returns and build a substantial reserve.

The success of other sovereign wealth funds, such as Botswana's Pula Fund, relies on factors largely absent in the Zimbabwean context. The Pula Fund benefits significantly from Botswana's lucrative diamond industry (see table 2), providing a stable and substantial revenue stream. Furthermore, the Pula Fund employs a conservative investment strategy, prioritizing low-risk, high-quality assets in stable international markets. This approach has enabled it to generate consistent returns and contribute to Botswana's economic stability.

Table 2. Comparative Data on the Economic Orientation and Estimated Worth of

Featured SWFs. Source: Compiled by Authors

Sovereign Wealth Fund	**Economic Focus Area**	**Estimated Asset Value (USD Billion)**
Mutapa Investment Fund (Zimbabwe)	Diversified (Mineral Resources, Agriculture & Industrials, Energy & Trading, ICT, Transport & Logistics, Banking & Financial Services, Real Estate)	16 (Projected to reach $30 by 2030)
Botswana Pula Fund	Primarily focused on stabilization, invests in international stocks and bonds for future generations	3.5 (as of December 2024)
Ethiopian Investment Holdings	Diversified (oversees key state-owned enterprises in aviation, telecommunications, financial services, transport & logistics, energy, and more)	45 (as of March 2025)
(Various) UAE SWFs (e.g., ADIA, Mubadala)	Highly Diversified (significant global investments across various sectors including technology, energy, infrastructure, real estate, and more)	(ADIA est. 800+; Mubadala est. 276+)
Nigeria Sovereign Investment Authority (NSIA)	Infrastructure (power, roads, healthcare, agriculture, gas industrialization), economic stabilization, future generations' savings	2.4 (as of December 2024)

In contrast, Zimbabwe's economy faces numerous challenges, including hyperinflation, currency instability, and political uncertainty. These factors create a volatile and unpredictable environment for investment, making it extremely difficult to achieve consistent returns and ensure the long-term sustainability of the Mutapa Investment Fund. Moreover, the precarious financial state of Zimbabwe's State-owned Enterprises, many of which are technically insolvent, presents a major obstacle. Injecting capital into these struggling entities may not yield the desired returns and could further drain the Mutapa Investment Fund's resources. Given these significant challenges, the Mutapa Investment Fund may not be able to replicate the success of the Pula Fund or other successful Sovereign Wealth Funds. The current economic and political climate in Zimbabwe presents significant hurdles to the fund's long-term viability and its ability to achieve its intended objectives. While the success of Sovereign Wealth Funds like the Pula Fund hinges on their long-term investment horizon, prioritizing sustainable returns over short-term gains, this approach may not be feasible in the current Zimbabwean context. The Pula Fund, for example, benefits from a stable and predictable economic environment, allowing for long-term investment strategies. In contrast, Zimbabwe faces significant economic challenges, including hyperinflation, currency instability, and political uncertainty. These factors create a volatile and unpredictable environment, making long-term investment planning extremely difficult.

Furthermore, the Mutapa Investment Fund may face pressure to prioritize short-term gains or to fund immediate social and developmental needs, potentially jeopardizing its long-term sustainability. This pressure may arise from political interference, particularly in times of economic hardship. While Zimbabwe can learn valuable lessons from the Pula Fund, including the importance of long-term investment and adherence to strict governance, the current economic and political climate presents significant obstacles. The Mutapa Investment Fund's success will depend on its ability to navigate these challenges, which includes ensuring transparency, resisting excessive withdrawals, and maintaining a long-term investment focus despite the pressures it may face. However, given the current economic and political environment, achieving these goals may prove to be a significant challenge.

5. Challenges and Constraints

The establishment and management of the Mutapa Investment Fund face significant challenges rooted in Zimbabwe's political and regulatory environment. The country's history of policy inconsistency, frequent regulatory changes, and political interference has long eroded investor confidence, creating an environment where Sovereign Wealth Funds struggle to operate effectively without robust governance and institutional independence (Maposa and Chuma, 2023). Global examples of successful Sovereign Wealth Funds, such as Singapore's Government Investment Corporation, highlight the critical role of strong institutional frameworks and minimal political interference. The GIC benefits from clear oversight mechanisms and operates independently of daily political influence, fostering trust and stability (Nyathi, 2023). By contrast, Zimbabwe's political volatility and regulatory unpredictability undermine Mutapa Investment Fund's potential to attract foreign partnerships and build public confidence. These structural weaknesses not only discourage investment but also raise doubts about the fund's ability to deliver on its objectives in the country's best interest.

In addition, Zimbabwe's State-owned Enterprises, which the Mutapa Investment Fund manages, are plagued by inefficiencies and financial insolvency, further challenging the fund's viability. Unlike Singapore's Temasek Holdings or Ethiopia's Ethiopian Investment Holdings, which inherited profitable and well-managed State-owned Enterprises, the Mutapa Investment Fund must contend with technically insolvent entities that cannot generate consistent returns. These structural challenges reduce the fund's ability to drive economic transformation or achieve long-term financial sustainability. In this context, the Mutapa Investment Fund's structure and governance framework appears to prioritize centralized control over good governance and operational independence. This approach significantly diminishes the fund's potential to succeed, instead increasing the likelihood of it becoming another example of Zimbabwe's governance failures.

As previously mentioned, the enactment of Statutory Instrument (156 of 2023 marked a significant shift in the structure and operational framework of the Mutapa Investment Fund, transferring government shares in key State-owned Enterprises to the fund. These entities include Air Zimbabwe, TelOne, and the National Railways of Zimbabwe, forming the backbone of Mutapa Investment Fund's portfolio (see also Table 1). This restructuring grants the fund considerable autonomy, including the authority to liquidate assets and move proceeds in and out of the country with minimal oversight. Critics argue that these changes deviate from established sovereign wealth fund practices, which emphasize transparency, public benefit, and adherence to international standards.

One of the most critical challenges facing the Mutapa Investment Fund is the risk of corruption and inadequate oversight, which have historically plagued Zimbabwe's public financial management systems. Transparency and accountability are essential for ensuring that Sovereign Wealth Fund resources are managed ethically and effectively. The absence of such safeguards has led to misuse of funds in other Sovereign Wealth Funds, such as Angola's Fundo Soberano de Angola, which became a cautionary example of how corruption can erode public trust and compromise economic goals (Matenda and Ndlovu, 2023).

For the Mutapa Investment Fund to avoid similar pitfalls, it would require rigorous mechanisms to promote transparency, including independent audits, regular public financial disclosures, and adherence to well-defined investment guidelines. However, the current governance framework surrounding the Mutapa Investment Fund lacks these critical measures, raising concerns about its ability to operate in the public interest. Without robust safeguards, the fund risks losing legitimacy, and Zimbabwe's broader economic aspirations could suffer due to misallocation or mismanagement of resources.

The transfer of shares from Kuvimba Mining House to the Mutapa Investment Fund has further highlighted governance challenges, particularly regarding transparency and the effective use of public resources. Reports of overvaluation and opaque decision-making have drawn criticism, with many questioning whether these actions were taken in the nation's best interest. The lack of clarity surrounding the beneficiaries of Kuvimba's profits has heightened public scepticism, fuelling concerns that the fund may prioritise vested interests over national development goals. This saga underscores the importance of rigorous financial evaluations, transparent governance structures, and clear accountability mechanisms to ensure that public assets are leveraged responsibly. Without these measures, the Mutapa Investment Fund risks becoming an institution that exacerbates rather than alleviates the inefficiencies and mistrust that have historically plagued Zimbabwe's economy.

Zimbabwe's persistent economic instability poses another significant obstacle to the long-term viability of the Mutapa Investment Fund. Chronic inflation and currency devaluation have undermined public confidence in financial institutions, and similar economic risks could impede the fund's ability to generate stable returns (Mlambo, 2023). Sovereign wealth funds in volatile economies often counter these challenges by diversifying their portfolios to include foreign assets and investments denominated in stable currencies. However, Zimbabwe's restrictive foreign exchange policies complicate the ability of the Mutapa Investment Fund to pursue such strategies effectively (Muchiri, 2023).

Moreover, the fund’s reliance on assets denominated in local currency exposes it to the risk of significant value erosion in the event of continued inflation. While diversification into foreign investments could mitigate these risks, such an approach would require substantial policy reforms to enable cross-border investment activities. Without addressing these macroeconomic challenges, the Mutapa Investment Fund may struggle to maintain its purchasing power, undermining its ability to deliver on its developmental objectives.

The government’s decision, as published in the Government Gazette on 21 November 2024, to repeal Section 22 of the Sovereign Wealth Fund Act No. 7 of 2014 has introduced another layer of complexity to the operations of the Mutapa Investment Fund. Previously, this section prohibited the use of the fund’s assets as collateral for loans, thereby safeguarding public resources from being leveraged for potentially risky borrowing. By removing this restriction, the Mutapa Investment Fund can now use state-owned assets to secure loans, a move that has sparked significant criticism and concern. This development exposes Zimbabwe to considerable financial risks, as leveraging public assets could increase the national debt burden while jeopardizing the fund’s long-term sustainability. Critics argue that this strategy might compromise the country’s fiscal stability and constrain its capacity to address future economic challenges. The use of state assets as collateral also raises questions about the transparency and accountability of loan agreements, particularly given Zimbabwe’s historical struggles with public debt management and allegations of corruption. Furthermore, the decision risks diverting the Mutapa Investment Fund’s focus from sustainable investment practices to short-term debt servicing thereby undermining its developmental objectives. Without robust governance and risk mitigation mechanisms, this approach could entrench Zimbabwe in a cycle of debt dependency, eroding public trust and further diminishing the fund’s credibility as a tool for economic recovery.

Moyo (2018) argues that the military's involvement in State-owned Enterprises is part of a broader trend of militarization in Zimbabwe, which has seen the military become increasingly involved in all aspects of society, including politics, the economy, and social life. This militarization has had several negative consequences, including the decline of the economy. The military's involvement in State-owned Enterprises takes a number of forms. In some cases, military officers are appointed to senior positions in State-owned Enterprises. In other cases, the military owns or controls State-owned Enterprises through its various business interests. In still other cases, the military provides security for State-owned Enterprises, often in a way that is heavy-handed and repressive.

The military's involvement in State-owned enterprises has several negative consequences. First, it can lead to corruption and mismanagement this means that military officers are often not qualified to run State-owned Enterprises, and they may be more interested in using their positions for personal gain than in running State-owned Enterprises effectively. Second, it can lead to a lack of accountability. Military officers are not subject to the same level of scrutiny as civilian officials, and they may be able to get away with corruption and mismanagement more easily. Third, it can lead to a decline in the quality of services provided by State-owned enterprises. Military officers may be more interested in using State-owned enterprises to generate revenue for the military than in providing quality services to the public (Moyo, 2018).

In addition to the military's involvement in State-owned enterprises, Moyo (2018) also discusses the involvement of the ruling party, ZANU-PF, in State-owned enterprises. ZANU-PF has a long history of using State-owned enterprises to reward its supporters and to generate revenue for the party. This has led to corruption, mismanagement, and a decline in the quality of services provided by State-owned enterprises (Moyo, 2018). The militarization of State-owned enterprises and the involvement of ZANU-PF in State-owned enterprises are two of the many challenges facing Zimbabwe today. These challenges have harmed the country's economy and if not addressed, the Mutapa Investment Fund is destined to fail.

6. Implications

The establishment of the Mutapa Investment Fund in Zimbabwe has raised several key concerns and potential implications. Critics argue that the fund's structure and governance mechanisms may not adequately safeguard against potential misuse of public assets, raising fears of corruption and lack of transparency. This is understandable, considering that Mutapa Investment Fund comes in a corrupt riddled environment. Mutapa Investment Fund, which became a giant parastatal, incorporated several struggling, unprofitable parastatals faced with poor governance practices. Furthermore, the fund's exemption from certain procurement laws has raised concerns about potential conflicts of interest and the potential for favouritism in awarding contracts. Additionally, there are concerns about the fund's potential impact on the country's economic stability, particularly if it is used to finance government deficits or engage in risky investments.

The key concerns raised by the consulted informants include the opaqueness of the fund's operations. Particularly clause 13 of SI 156 significantly curtails parliamentary oversight by removing the requirement for the Fund's Board to submit quarterly reports to Parliament. This exemption limits opportunities for public accountability and reduces transparency, which is critical for fostering public trust and ensuring prudent fund management. This is against the principles of effective public finance management. The SI 156 grants the President and Minister of Finance extensive discretionary powers, which raises concerns about potential arbitrary decision-making and misuse of funds. Without adequate checks and balances, these powers increase the risk of poor investment decisions and political interference. The Kuvimba issue further cements this fear. The emphasis on secrecy regarding the fund's activities restricts public access to information. This lack of transparency undermines public trust, vital for ensuring the fund's legitimacy and long-term success. Limited disclosure also hinders citizen engagement and scrutiny of the fund's performance

The Mutapa Investment Fund in Zimbabwe oversees a portfolio of 20 parastatal entities. These "giant parastatals" are not immune to political influence. Political interference in the operations of parastatals can undermine their commercial viability and lead to suboptimal decision-making. Most decisions are made based on the political elite’s interest at the expense of the majority. This implies that all the 20 parastatals are now ZANU-PF captured and this without any doubt can be a setback as far as realizing sustainable development in Zimbabwe is concerned.

7. Looking Ahead

Globally, successful Sovereign Wealth Funds like Norway's Government Pension Fund and Botswana's Pula Fund offer valuable lessons for Zimbabwe's Mutapa Investment Fund. Norway's model underscores the critical role of transparent governance, independent audits, and accountability mechanisms in minimizing political interference and ensuring investor confidence. Similarly, Botswana’s Pula Fund highlights the importance of disciplined spending policies and reinvestment strategies that preserve resources for long-term economic sustainability. These examples contrast sharply with Angola's Sovereign Wealth Fund, which illustrates how weak governance, political interference, and poor transparency can lead to mismanagement, corruption, and failure.

For Mutapa Investment Fund to realize its objectives, it must confront and resolve significant systemic challenges. Key reforms include bolstering transparency through adherence to internationally recognized standards such as the Santiago Principles, establishing independent oversight bodies, and ensuring regular public financial disclosures. Without these measures, the Mutapa Investment Fund risks perpetuating the issues that have plagued Zimbabwe’s state-owned enterprises, including inefficiency, lack of accountability, and corruption.

Additionally, Zimbabwe’s economic instability—characterized by hyperinflation, currency volatility, and low investor confidence—poses a critical obstacle to the fund’s success. Addressing these macroeconomic conditions will require policy consistency, currency stabilization measures, and creating an environment conducive to sustainable investments. While opportunities for the Mutapa Investment Fund to support infrastructure development, regional cooperation, and technology-driven projects exist, the realization of these ambitions depends on the establishment of a sound and credible institutional framework. Without urgent and targeted reforms, the Mutapa Investment Fund may follow the path of other mismanaged Sovereign Wealth Funds, becoming a drain on public resources rather than a driver of economic recovery. As it stands, the fund appears ill-equipped to overcome Zimbabwe’s deep-seated governance and economic challenges, casting doubt on its ability to foster meaningful development outcomes.

To achieve these goals, key informants consulted for this study indicated that several key steps are crucial:

- Establish a robust governance framework with regular financial reporting, independent audits, and oversight bodies to strengthen governance and transparency.
- Develop strict anti-corruption policies and enforcement mechanisms to prevent misuse of funds and promote accountability.
- Focus on a diversified investment strategy across various sectors, both locally and internationally.
- Align investment strategies with global Environmental, Social, and Governance principles (ESG) by prioritizing sustainable and responsible investments in sectors like renewable energy and sustainable agriculture.
- Create a stable regulatory environment that supports Mutapa Investment Fund's operations and attracts foreign investment.
- Invest in critical infrastructure to support the fund's operations and potential domestic investments.
- Invest in the training and development of skilled professionals to manage the Mutapa Investment Fund effectively.
- Adopt a conservative spending policy that limits annual expenditures and prioritizes reinvestment to ensure capital preservation.
- Maintain regular communication with the public and stakeholders to promote transparency, build public trust, and strengthen the fund's accountability.
- Explore partnerships with other Sovereign Wealth Funds and international financial institutions to leverage expertise, share risks, and access new investment opportunities, while carefully mitigating risks.

Additionally, strengthening public financial management systems, enhancing parliamentary oversight, promoting citizen participation, and adhering to ethical investment standards are crucial for the successful and sustainable operation of the Mutapa Investment Fund. To realize the potential of the Mutapa Investment Fund, Zimbabwe must adopt international best practices in sovereign wealth fund management, enhance transparency, and build robust legal frameworks to prevent political interference and promote public confidence. The restructuring of the fund presents both opportunities and challenges. On the one hand, the Mutapa Investment Fund has the potential to drive economic recovery and support sustainable development through strategic investments. On the other hand, its effectiveness is contingent upon addressing the governance and accountability concerns raised by SI 156 of 2023. Without adequate public oversight, there is a heightened risk of corruption, mismanagement, and erosion of public trust, which could compromise the fund's goals.

8. Conclusion

The Mutapa Investment Fund represents an ambitious attempt by Zimbabwe to stabilize its economy, diversify its revenue base, and secure wealth for future generations. However, the fund's potential to serve as a transformative financial tool is undermined by significant structural, governance, and operational deficiencies. Zimbabwe's persistent challenges—such as economic volatility, hyperinflation, and a lack of robust investment infrastructure—pose severe risks to the fund's viability. The absence of transparency and independent oversight mechanisms within Mutapa Investment Fund's operational framework raises critical concerns about accountability and the fund's ability to manage public resources effectively. Political interference, coupled with an opaque governance structure, amplifies the risk of mismanagement and corruption, jeopardizing the fund's ability to achieve its objectives. Moreover, the recent regulatory changes granting sweeping powers to the executive threaten to erode public trust and investor confidence, creating further obstacles to the fund's success. In its current form, Mutapa Investment Fund appears ill-equipped to navigate the challenges inherent in Zimbabwe's economic and political landscape. Without urgent and meaningful reforms, including adherence to global best practices such as the Santiago Principles, the fund risks becoming another failed experiment, exacerbating Zimbabwe's economic vulnerabilities rather than addressing them.

Acknowledgments

We greatly appreciate the Public Sector Finance in Zimbabwe Symposium hosted by the Public Policy and Research Institute of Zimbabwe and the Bulawayo Progressive Residents Association. The platform provided valuable contributions, which gave the impetus to this paper.

Authors' contributions

Gorden Moyo designed the research and drafted the manuscript. **Trainos Nyoni** and **Shepherd Chivi** were responsible for data collection and presentation. **Mbongeni Nhliziyo** revised the manuscript critically and helped shape the research and analysis. All authors approve the final version to be published and agree to be accountable for all aspects of the work.

Funding

This work was financially supported by the authors.

Competing interests

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Informed consent

Obtained.

Ethics approval

The Publication Ethics Committee of the Redfame Publishing.

The journal's policies adhere to the Core Practices established by the Committee on Publication Ethics (COPE).

Provenance and peer review

Not commissioned; externally double-blind peer reviewed.

Data availability statement

The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

Data sharing statement

No additional data are available.

Open access

References

Al-Hassan, A., Papaioannou, M. M. G., Skancke, M., & Sung, C. C. (2013). *Sovereign wealth funds: Aspects of governance structures and investment management*. International Monetary Fund. https://doi.org/10.5089/9781475518610.001

Global Sovereign Wealth Fund. (2023). Case Study: Sovereign Wealth Fund Corruption in Angola. *Global Sovereign Wealth Fund.* Retrived from https://www.globalswf.com

International Monetary Fund. (2025). Press release No. 25/35:IMF Staff Completes SMP Discussion Mission to Zimbabwe. Retrived from https://www.imf.org/en/News/Articles/2025/02/13/pr-2535-zimbabwe-imf-completes-smp-discussion-mission

KPMG. (2023). *Challenges in managing sovereign wealth funds: Case studies in Africa.* Retrieved from https://home.kpmg.com

Maposa, G., & Chuma, K. (2023). The impact of regulatory instability on foreign investment in Zimbabwe. *Journal of African Economic Policy, 12*(1), 22-39. https://doi.org/10.1080/17449204.2023.1138092

Matambo, M. (2021). *Factors impeding the operationalization of Zimbabwe's commodity-based Sovereign Wealth Fund.* University of Johannesburg (South Africa).

Matenda, M., & Ndlovu, T. (2023). Sovereign wealth funds and corruption: A case study of Angola and Zimbabwe. *African Governance Review, 17*(3), 110-127. https://doi.org/10.1080/21580673.2023.1156571

Matiashe. S. F. (2023). Zimbabwe's Mutapa Investment Fund raises concerns. *African Bussiness*. Retrived from https://african.business/2023/11/trade-investment/zimbabwes-mutapa-investment-fund-raises-concerns

Mlambo, E. (2023). Addressing economic volatility through sovereign wealth funds in Zimbabwe. *Southern African Economics Review, 14*(2), 145-160. https://doi.org/10.1177/207673542311270

Moyo, G. (2016). The Curse of Military Commercialism in State Enterprises and Parastatals in Zimbabwe. *Journal of Southern African Studies, 42*(3), 1351-364. https://doi.org/10.1080/03057070.2016.1145981

Moyo, G. (2018). *Militarization and Violence in Zimbabwe*. Harare: Weaver Press.

Moyo, G. (2020). Obstacles and Opportunities for Financing the Fight against Covid-19 in the Debt Trapped Zimbabwe. *iBusiness, 12,* 52-68. https://doi.org/10.4236/ib.2020.122004

Muchiri, J. (2023). Currency stability and sovereign wealth funds: The Zimbabwean experience. *Journal of African Monetary Policy, 10*(1), 58-74. https://doi.org/10.1080/21560290.2023.1176593

Mutapa Investment Fund. (2024). *About Us.* Retrieved from https://www.veritaszim.net/node/6704

Nyathi, J. (2023). Singapore's GIC and lessons for sovereign wealth fund management in Zimbabwe. *Asian-African Economic Review, 21*(2), 145-161. https://doi.org/10.1080/23459076.2023.1054879

Pihlman, J., Kunzel, M. P., Lu, Y., & Petrova, I. (2011). *Investment objectives of sovereign wealth funds: a shifting paradigm*. International Monetary Fund. Retrived from https://www.elibrary.imf.org/view/journals/001/2011/019/001.2011.issue-019-en.xml

Riad, A. A., & Homa, A. K. (2023) Sovereign Wealth Funds: Opportunities, Global Challenges and Relevance to the Oil-Producing Economies. *Journal of Asia- Pacific Business, 24*(3), 145-148. https://doi.org/10.1080/10599231.2023.2241012

Shumba, P. (2023). The Mutapa Fund: Governance and Risks. *Zimbabwean Political Review, 15*(2), 121-134.

The Brussels Times. (2023). Ethiopian Investment Holdings - A new way to expand investment in Ethiopia. *The Brussels Times.* Retrived from https://www.brusselstimes.com/545662/ethiopian-investment-holdings-a-new-way-to-expand-investment-in-ethiopia

ZEPARU. (2016). Policy Research On Global Best-Practice In Establishing And Managing A Sovereign Wealth Fund In Zimbabwe. *ZEPARU.* Retrived from http://www.zeparu.co.zw