

**ZIMBABWE NATIONAL EMPLOYMENT POLICY  
FRAMEWORK (ZiNEPF)**

**FINAL DRAFT  
APRIL 2009**

**MINISTRY OF LABOUR & SOCIAL SERVICES, AND MINISTRY OF  
YOUTH DEVELOPMENT, INDIGENISATION & EMPOWERMENT IN  
CONJUNCTION WITH ILO/SRO**

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## PREFACE

Like many other countries in the world, Zimbabwe is faced with a daunting challenge of dealing with the scourge of unemployment and endemic poverty. This challenge is exacerbated by the current global recession, the worst since the Great Depression of the 1930s, which started with the sub-prime mortgage crisis in the USA in August 2008. The increasing levels of global integration among nations imply that Zimbabwe will not be spared by this crisis, especially as it relies on world markets for its primary exports.

However, for Zimbabwe, the challenge is the more formidable given the national crisis that started in 1997, resulting in sustained negative growth since 1999. This period of economic regression coincides with the recovery of growth in most Sub-Saharan African countries, above the traditional 3 percent level. As economic growth declined in Zimbabwe, so did the labour absorptive capacity of the economy, such that by 2004 four out of every five jobs in Zimbabwe was informalised, resulting in massive decent work deficits.

It needs pointing out that even as growth rebounded at the global level, it has unfortunately not been employment-intensive, implying the challenges of reducing poverty have remained formidable, and most African countries will not even be able to achieve the first Millennium Development Goal of halving poverty by 2015, notwithstanding the sustained levels of growth experienced since the mid-1990s. The persistence of social ills in a context of economic growth has resulted in the re-emergence of social objectives of achieving full employment and eradicating poverty, as exemplified at the Social Summit held in Copenhagen in 1995, where world leaders reaffirmed the goal of attaining full employment; an integrated vision of development that incorporated both economic and social objectives as equally important.

Through this national employment policy framework, the Government of Zimbabwe fully recognises that productive employment and decent work, especially for the youths, cannot be achieved through fragmented and isolated interventions. On the contrary, this requires sustained, determined and concerted efforts by all stakeholders, including those most affected, mainly youths, women and those living with disabilities. The leadership of the State, and the importance of coherence, coordination and cooperation across government institutions and agencies at both central and local levels, and with all stakeholders, cannot be over-emphasised. This therefore entails a paradigm shift that requires the integration of employment in all policy frameworks, including macroeconomic and sectoral policies.

This national employment policy framework therefore seeks to provide the necessary coherent and coordinated approach that outlines supportive policies on two fronts, namely, an integrated strategy for growth, promotion of decent and productive employment, and targeted interventions to help the un- and under-employed overcome the specific barriers to their entry into the labour market.

It is our fervent hope and expectation that this National Employment Policy Framework will help engender the necessary paradigm shift towards broad-based and inclusive pro-poor growth, thus giving greater meaning and tangible evidence of our independence.

## EXECUTIVE SUMMARY

Zimbabwe faces a formidable challenge in terms of resolving the high levels of un- and under-employment, and endemic poverty. Even before the onset of the current crisis in 1997, the Zimbabwean economy was already experiencing serious challenges in absorbing the new entrants into the labour market, with increasingly high levels of education. This largely reflected the dual and enclave nature of the inherited economy, where the task of creating employment was largely focused on the formal sector, which at independence in 1980 accounted for 20 percent of the labour force. In the absence of an explicit focus on employment and poverty reduction as development goals, the erratic growth that occurred did not create sustainable employment levels commensurate with labour force growth. Over time, the challenge was exacerbated by the informalisation of the economy, which was reinforced by the crisis, and will be accentuated by the global recession that started during the second half of 2008. With four out of every five jobs in Zimbabwe informal, the decent work deficits in the economy abound. As decent work deficits escalated, so did poverty, which became highly feminized. Youths aged 15-24 years constitute the bulk of the unemployed, and hence measures to deal with unemployment and poverty must take this into consideration.

In the absence of an explicit employment policy where social and economic goals are integrated consciously into the growth matrix, strategies and programmes adopted to deal with un- and under-employment, and indeed poverty reduction (and its eradication) have largely failed to stem and reverse the scourge. This has been worsened by the deteriorating macroeconomic framework as a result of the crisis that emerged since 1997, the mismatch between supply of labour and its demand, in both quantity and quality, emanating in part from the supply-driven education system, which has failed to meet the specific requirements of the economy. More fundamentally, the low labour absorptive capacity of the economy is linked to the failure to transform the inherited dual and enclave nature of the economy at independence, where the burden of employment creation lay with the formal sector, which in 1980 accounted for only a fifth of the labour force (1 million employees or 14 percent of the population). By 2004, the share of the formal sector had declined to around 13 percent of the labour force (10 percent of the population), with an employment level below that at independence. Thus, the anticipated formalization of the economy has not occurred; it is in fact the informalisation of the economy that has accelerated, with the associated decent work deficits.

The development of this National Employment Framework is therefore an attempt at integrating social and economic goals to achieve broad-based and inclusive pro-poor growth. It is also a fulfilment of the commitments Zimbabwe has acceded to as part of the UN Millennium Declaration of September 2000, where global leaders agreed, among other things, to half poverty by 2015. This also reflects the UN resolution on promoting youth employment of December 2002 and the UN resolution concerning policies and programmes involving youth of January 2004. These international commitments were domesticated through the Ouagadougou Declaration of the Heads of State and Government of Africa of September 2004; the resolutions of the 93<sup>rd</sup> International Labour Conference of June 2005 concerning youth employment; the Decent Work Agenda in Africa (2007-2015), adopted by the social partners, Government, Business and Labour in Addis Ababa in April 2007.

As with other countries in the world that are part of the Decent Work Agenda adopted by the ILO in 1999, Zimbabwe has developed its own Country Decent Agenda Programme, which it is implementing.

By adopting this National Employment Policy Framework, Zimbabwe therefore seeks to fully recognise that productive employment and decent work, especially for the youths, should be achieved through the sustained, determined and concerted efforts of all stakeholders, including those most affected, mainly youths, women and those living with disabilities, with Government providing leadership. This entails a paradigm shift that requires the integration of employment in all policy frameworks, including macroeconomic and sectoral policies. Active labour market policy measures, designed to influence the quality of labour supply by enhancing the employability of jobseekers, and labour demand are proposed as part of this comprehensive employment agenda. This therefore represents nothing short of a holistic, integrated and coordinated approach to development, where employment and poverty reduction, and its eventual eradication, are central to development. This inclusive approach ensures that the majority of Zimbabweans are empowered to actively participate in growing the economy, and to also enjoy the benefits of such growth; pro-poor growth.

To facilitate broad-based participation and ownership, the establishment of a National Employment Forum is recommended within the Tripartite Negotiating Forum (TNF). Such a Forum will coordinate policies across the various stakeholders and levels (macro, meso and micro) and ensure that key stakeholders are involved at all stages of the policy cycle (formulation, implementation, monitoring and evaluation). As such, this employment-focused approach entails a paradigm shift, which therefore requires a change in the mind-sets that often see employment as the domain of Ministries responsible for labour matters. Effectively, the mind-sets of jobseekers also have to be changed towards (self) employment creation, implying the importance of Business Development Services (BDS) in the overall pro-poor strategy. Linkages across sectors and firms become a critical instrument for networking firms and sectors to leverage employment-intensity. In this respect, the dilapidated state of infrastructure offers vast opportunities for labour-intensive rehabilitation and employment-intensive recovery and growth; implying labour-intensive construction has immense potential right from the beginning.

## **PART 1: THE SITUATION ANALYSIS**

### **1.1 INTRODUCTION AND BACKGROUND**

The labour force survey (LFS) of 2004 estimated the population at 10.8 million. This figure falls short of the 11.6 million in the 2002 Population Census. According to the 2004 LFS report, the discrepancy between the 2004 and 2002 population figures is due to the fact that the 2004 labour force survey excluded out-migrants, visitors and students in boarding schools, which were included in the 2002 census, and the later was also a total count as opposed to the estimated figure in the LFS. Comparing the 2002 population to that of 1992 (10.4 million) gives an average intercensal growth rate of 1.2 percent. This indicates a decline in the annual average rate of population growth compared to the 3.9 percent recorded during the inter-censal period 1982-92. This slow down in population growth reflects the impact of the HIV and AIDS pandemic during the latter period (1992-2002).

Of the 2004 population, 48.8 percent were males and 51.2 percent were females. In the 2002 census, 48.4 percent of the population were males and 51.6 percent were females. As was the case in the 2002 population census, 65 percent of the 2004 population resided in the rural areas, while the remaining 35 percent was in urban areas. The proportion of the population under the age of 15 years of about 40 percent and that above 65 years at 3.5 percent in the 2004 LFS is marginally below the corresponding figures for the 2002 census of about 41 percent and 4 percent respectively. The population is youthful, as reflected in the average age of 21.7 years for males and 22.7 years for females.

Using conventional measurements of unemployment tend to hide the extent and depth of the challenge. Unemployment is measured using both its broad (passive) and strict (active) dimensions.<sup>1</sup> According to the broad definition, unemployment "...refers to the population age 15 years and above who during the seven day reference period, did not work and had no job or business to go back to, but who were available for work."<sup>2</sup> The strict (active) definition requires that those without a job and are available for work actively look for work. In developing countries such as Zimbabwe, the broad definition is more appropriate because of the limited methods of job search available, especially in the rural areas, and the reality that with limited job opportunities, most job seekers are already discouraged to look for work. The 2004 Labour Force Survey (LFS) estimated active unemployment at only 4.4 percent, which is way below the comparable level of 10.8 percent of 1982. Using the broader definition in the 2004 LFS puts the level of unemployment at a higher level of 9.3 percent during a reference period of 7 days and 11.4 percent during the reference period of 12 months.

According to the international definition used by the CSO, it is sufficient for a person to be engaged in an economic activity for at least one hour during the reference period to be classified as employed. If one was actively seeking for employment but has provided goods and services, then the person is considered employed during the reference period. As CSO rightly observes, "In the labour force framework, unemployment is considered to be an extreme situation of total lack of work. In many developing countries there is either none or a

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<sup>1</sup> The use of the broader definition started with the 2004 labour force survey following recommendations of the 1998 User-Producer of Statistics symposium attended by stakeholders.

<sup>2</sup> CSO, 2006: 2004 Labour Force Survey, CSO, Harare, p 27.

very limited number of workers covered by unemployment insurance or other public relief schemes. Under these conditions, very few people can afford to be unemployed for any period of time. As such most people would be engaged in some economic activity, i.e. they get employed although it may be inadequate. Therefore the employment status cannot be fully described by unemployment data alone; underemployment data also plays a role,” (2006: 70).

**Youths aged 15-24 years constituted the bulk of the unemployed, accounting for 62.1 percent in 1994, 65 percent in 1999, 67.5 percent in 2002 and 59.6 percent in 2004.** The education profile of the unemployed has undergone radical changes over time. Whereas 34 percent of the unemployed had O’ level qualifications in 1986/87, the proportion with such qualifications rose to 73.4 percent in 1994, 70.4 percent in 1999 and 74.6 percent by 2004, reflecting the rapid and massive improvements in education provision since independence. This trend towards higher education has implications for the types of interventions required.

The Poverty Assessment Study Survey of 2003 (PASS II) conducted by the Ministry of Labour and Social Welfare provides a more useful measure of unemployment. The survey used a definition of unemployment that includes the usually unemployed, those who were in the informal economy not by choice, the very poor and the poor communal and resettlement farmers, very poor and poor unpaid family workers, very poor and poor in the informal economy and the very poor and poor engaged in public works.<sup>3</sup> Using this alternative definition, the rate of structural unemployment in Zimbabwe was 63 percent in 2003. Structural unemployment was higher for females (70 percent) than males (56 percent) because of the inclusion of the very poor and poor in agriculture and informal economy who are largely women. Rural areas had a higher structural unemployment rate (62 percent) than urban areas (35 percent). These findings suggest that structural unemployment is high in Zimbabwe, in both rural and urban areas, with the rate higher for rural areas and women. Updating these figures suggest an unemployment (structural) rate of about 80 percent (see Zimbabwe Youth Employment Network Policy Document, Ministry of Youth Development and Employment Creation, 2006).

The 1995/96 and 2003 National Poverty Assessment Study Surveys (PASS I and II respectively), suggest that poverty has increased markedly in both the urban and rural areas. In 1995, 29 percent of the population (20 percent of the households) was below the Food Poverty Line (FPL), rising to 58 percent (48 percent) by 2003, an increase of 103 percent. The percentage of the population below the Total Consumption Poverty Line (TCPL) increased from 55 percent (42 percent of households) in 1995 to 72 percent (63 percent) by 2003, an increase of 30 percent.<sup>4</sup> In rural areas, a higher percentage (71 percent) of the people was below the TCPL compared to the urban areas (61 percent) in 2003. Female-headed households (both de-facto and de-jure) had a higher poverty incidence (68 percent below the TCPL) than male-headed households at 60 percent below the TCPL in 2003. This suggests the feminization of poverty; implying it has a women’s and rural face.

Strategies and programmes adopted to deal with un- and under-employment, and indeed poverty reduction (and its eradication) have therefore largely failed to stem and reverse the

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<sup>3</sup> Strictly speaking, most of these fall in the underemployment category.

<sup>4</sup> The Total Consumption Poverty Line is the level of income at which people can meet their basic food and non-food needs, while the Food Poverty Line meets only the food needs.



scourge. This has been worsened by the deteriorating macroeconomic framework as a result of the crisis that emerged since 1997, the mismatch between supply of labour and its demand, in both quantity and quality, emanating in part from the supply-driven education system, which has failed to meet the specific requirements of the economy. More fundamentally, the low labour absorptive capacity of the economy is linked to the failure to transform the inherited dual and enclave nature of the economy at independence, where the burden of employment creation lay with the formal sector, which in 1980 accounted for only a fifth of the labour force (1 million employees or 14 percent of the population). By 2004, the share of the formal sector had declined to around 13 percent of the labour force (10 percent of the population), with an employment level below that at independence. Thus, the anticipated formalization of the economy has not occurred; it is in fact the informalisation of the economy that has accelerated. In addition, the interventions by the various stakeholders, both public and private, have had little effect on both sustainable employment creation and poverty reduction as they have not been properly coordinated; being fragmented, isolated, overly supply-driven, duplicative and without adequate funding.

## **1.2 RATIONALE FOR THE NATIONAL EMPLOYMENT POLICY FRAMEWORK**

The New Millennium has witnessed the re-emergence of employment and poverty reduction (eradication) as priority areas of development policy. This follows general disenchantment with the outcomes of conventional approaches to development (such as Structural Adjustment Programmes - SAPs), that were preoccupied with achieving macroeconomic stability through fiscal and inflation targets, at the expense of growth, employment and poverty reduction (the stabilisation trap). The emphasis on fiscal and monetary variables marginalised social goals that were largely treated as a residual, expected to benefit from 'trickle down.' In this respect, the role of the labour market was reduced to a passive one, with emphasis on labour market flexibility, and not on strengthening labour market institutions to improve the welfare of working people. However, it is now widely acknowledged that the labour market and decent employment in particular, play an intermediating role (the nexus) between growth and poverty reduction. In this regard, a development strategy that fully employs a country's human resources and raises the returns to labour is considered a powerful tool for poverty reduction/eradication.

Growth is seen as a necessary but insufficient condition to generate significant improvements in employment and poverty reduction. For growth to be equitable (shared, inclusive), and contribute towards sustainable poverty reduction, it must be mediated through policies that strengthen the capabilities and create opportunities for poor people so that they too can contribute towards, and benefit from the growth process. The importance of employment in poverty reduction lies in that quite often, the abundant resource the poor have is their labour, which they can use to earn a livelihood. The extent to which the poor can use their labour power determines their incomes. Complementing their labour power is the return to labour, which itself is dependent on the assets they possess. If therefore the quantity of employment and the returns on labour are low, poverty is often the outcome. Under-employment of labour and low returns to it are proximate causes of poverty. For growth to reduce poverty quickly enough, the forces behind underemployment and low returns to labour should be addressed, in which case three factors, **the growth factor, the elasticity factor and the integrability factor** are critical.

The growth factor relates to the rate at which an economy grows, while the elasticity factor indicates the extent to which growth improves the quantity and quality of employment. The integrability factor refers to the extent to which the poor are able to integrate and benefit from the income and employment opportunities offered by the first two factors. For any given expansion in growth, the employment response depends on three key factors, namely, the sectoral composition of output, choice of technique and the terms of trade (relative price of output and input). The growth process associated with a bigger shift – the one that is more employment elastic – is most helpful to the poor. The growth / output elasticity of employment is therefore an important intermediary in determining the extent to which growth translates into sustainable poverty reduction. Note that a high elasticity of employment does not necessarily entail higher incomes for the poor; it simply expands the opportunities. It is the attributes of the poor (their capabilities) that will enable them to integrate fully into an expanding economy, determining the extent to which they benefit (the integrability factor). To reinforce the poverty reduction impact of employment creation requires that this be complemented by a strong social policy, especially with respect to basic services such as health, education, income grants among others.

Clearly, therefore, the adoption and implementation of an employment policy framework will assist in making employment creation and poverty reduction priority issues rather than the single-minded pursuit of fiscal and inflation targets as the core policy goals. It is important to clarify that stability in the macro-economy (low levels of inflation, budget deficits) and growth are merely a means to achieve stated ends, yet conventional approaches have tended to see these as the ends in themselves. It is therefore necessary to clarify the ends-means relationship. This requires that issues of employment creation and poverty reduction (eradication) are explicitly integrated into the policy matrix. These issues came out clearly in the sub-regional workshop on “Growth, Investment and Jobs” organized by the ILO on 5-6 December 2005 in Johannesburg.

The employment policy framework provides a coherent and comprehensive approach to promoting decent and productive employment so essential to the eradication of poverty. This will help the country to achieve the commitments it has acceded to at the following fora:

- The UN Millennium Declaration of September 2000;
- UN resolution on promoting youth employment of December 2002;
- UN resolution concerning policies and programmes involving youth of January 2004;
- Ouagadougou Declaration of the Heads of State and Government of Africa of September 2004;
- Resolutions of the 93<sup>rd</sup> International Labour Conference of June 2005 concerning youth employment;
- The Resolutions of the Tripartite meeting on Youth Employment;
- The Conclusions of the Southern Africa Sub-Regional Conference on Youth Employment;
- The implementation of the Global Employment Agenda (GEA) and its operationalisation through the ‘Vision Document’ prepared by the ILO in March 2006. The vision document presented a number of strategic orientations to make the GEA more operational and useful at country-level work, and to make the work of the Office more effective in terms of policy advices, utilization of tools, research and capacity building; and
- The Decent Work Agenda in Africa 2007-2015, a Report of the ILO Director General to the 11<sup>th</sup> African regional meeting, Addis Ababa, April 2007.

Note that the global framework of development assistance is driven by a renewed commitment to poverty reduction (eradication). This is borne by the adoption of the Millennium Development Goals (MDGs) at the UN Summit in September 2000 where the international community formally declared its resolve to reduce poverty by half by 2015, using 1990 as the benchmark (Goal 1).<sup>5</sup> Millennium Development Goal (MDG) 8 on global partnerships refers to the need to “develop and implement strategies that give young people everywhere a real chance to find decent and productive work.” To facilitate this, the UN adopted the Youth Employment Network (YEN) in 2001, which has been domesticated into the Zimbabwe Youth Employment Network (ZIYEN) formally approved by Cabinet in 2006. Importantly, therefore, the Zimbabwean Government seeks to fulfil its commitments by explicitly placing employment creation at the centre of development policy.

Through this national employment policy framework, the Government of Zimbabwe fully recognises that productive employment and decent work, especially for the youths, cannot be achieved through fragmented and isolated interventions. On the contrary, this requires sustained, determined and concerted efforts by all stakeholders, including those most affected, mainly youths, women and those living with disabilities. The leadership of the State, and the importance of coherence, coordination and cooperation across government institutions and agencies at both central and local levels, and with all stakeholders, cannot be over-emphasised. This entails a paradigm shift that requires the integration of employment in all policy frameworks, including macroeconomic and sectoral policies, which this employment framework seeks to provide. This national employment policy framework therefore seeks to provide the necessary coherent and coordinated approach that outlines supportive policies on two fronts, namely, an integrated strategy for growth and job creation, and targeted interventions to help the un- and under-employed overcome the specific barriers to their entry into the labour market.

## **1.3 SOCIO-ECONOMIC CONTEXT**

### **1.3.1 Overall Macroeconomic Performance**

Considering that employment is dependent on growth, all factors that influence growth ultimately impact employment creation. This is particularly important given that the demand for labour is derived. Thus, macro-economic performance, in as much as it affects growth, is critical for employment creation. To assess the overall performance of the economy in Zimbabwe, three distinct phases can be identified, reflecting the dominant strategy that was pursued during that era. The first phase covering the period 1980 to 1990 was characterised by Government intervention in the economy. The key aspect of this period is the strong focus on social provisioning. As the budget deficits became unsustainable at over 10 percent of GDP, coupled with depressed investment and employment creation, and shortages of foreign currency, the Government adopted economic reforms (the Economic Structural Adjustment Programme - ESAP) at the behest of the IMF and World Bank in 1991. The period 1991-1996 is taken as the reform (ESAP) period. The third phase is associated with the onset and deepening of the economic crisis since 1997. This phase is characterized by the re-introduction of controls with respect to pricing (including the exchange rate), within a

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<sup>5</sup> MDG Goal I is to ‘Eradicate Extreme Poverty and Hunger.’ The MDG framework is a poverty reduction and human development agenda.

difficult context of the withdrawal of donor funding since 1999.

**Table 1: Performance of the Zimbabwe Economy, Selected Economic Indicators, 1986-'07 (Periodical Annual Averages)**

	1986-90	1991-96	1997-99	2000-07
Real GDP Growth ( percent)	4.6	2.8	-0.7	-4.5
Real GDP Per Capita ( percent)	1.4	-0.6	-0.2	-7.7
Manufacturing/GDP ( percent)	20.6	21.1	14.1	17.9
Savings/GDP	16.5	17.8	15.9	0.7+
Investment/GDP (current prices)	16.0	21.7	17.1	8.1
Budget Deficit ( percent of GDP)	-2.1	-5.8	-6.7	-5.8++
Inflation ( percent)	11.8	26.6	36.4	745.2
BOP (US\$m)	-	73.5	-345.9	-234.1
Trade balance (US\$m)	267.7	75.2	82.4	-75.7
Export Growth (%)	0.1	0.1	-0.1	0.1
Import cover (Months) 100%	-	3.1	1.6	0.8
Real Wage Index –1990=100	93.5	73.5	82.8	36.5*
Formal Sector Employment	1,118,133	1,249,200	1,329,200	1,115,150*
Employment Index – 1990=100	94.9	104.8	111.5	90.6*

**Source:** Calculated from Unpublished CSO & RBZ data (see Appendix Table 1).

**Notes:** Asterisks \* denotes 2000-2004 data only. Asterisks + denotes 2000-2005, ++ denotes 200-2006, BOP stands for balance of payments.

Real economic growth deteriorated from an average annual rate of 4.6 percent during the period 1986-90 to 2.8 percent (1991-96), -0.7 percent (1997-1999), -4.5 percent (2000-2007). The year 2008 recorded the largest decline in output since the onset of the crisis of -14 percent. The share of the manufacturing sector in national output (current prices), which initially improved from an average of 20.6 percent during 1986-90 to 21.1 percent during 1991-96, declined to an average of 14.1 percent (1997-99) and 9.8 percent (2000-03), reflecting the de-industrialisation of the economy owing to the opening up of the economy to competing imports during ESAP and the crisis. The share of the manufacturing sector in GDP peaked at 26.9 percent in 1992 before collapsing to 7.2 percent by 2002 and 10.8 percent by 2003. The massive de-industrialisation process continued, with the volume of manufacturing declining 33 percent between 2000 and 2005. The 2008 Confederation of Zimbabwe Industries (CZI) Manufacturing Sector Survey suggests that industrial capacity utilization has declined sharply from 35.8 percent in 2005 to only 18.9 percent by 2007, reflecting the deepening crisis. The report attributes this decline to an acute shortage of foreign exchange to import raw materials, declining domestic demand due to low disposable incomes, failure to finance working capital, a dysfunctional pricing policy, a demoralised workforce, and rising costs.

The savings ratio initially increased from an annual average rate of 16.5 percent (1986-90) to 17.8 percent (1991-96) before declining to a level of 15.9 percent (1997-99) and 0.7 percent during 2000-05. The investment ratio followed a similar trend, initially rising from an annual average rate of 16 percent (1986-90) to 21.7 (1991-96) before falling to 17.1 percent (1997-99) and 8.1 percent during 2000-05. Such a trend has far-reaching implications for growth, employment creation and poverty reduction. Savings provide a pool for investment, and

investment is critical for growth. In both cases (savings and investment ratios), a level of 25 percent of GDP is considered optimal. With the current structure of the national budget, which is predominantly consumption-oriented, this crowds-out critical investment expenditure as the focus is on the short-term. Given the preponderance of recurrent expenditures in the national budget, little fiscal or monetary incentives are directed at employment. Most of the incentives provided in the fiscus, and particularly so through monetary policies have focused on resuscitating production and exports. The impact of these interventions in terms of unleashing a supply response is dismal.

The budget deficit is above the optimal level of 5 percent. However, owing to a series of unbudgeted expenditures and drought, the outturn for 2006 of 43 percent (including quasi-fiscal operations) is above the projected level of 4.6 percent of GDP. By end of 2007, the budget deficit is estimated at above 60 percent. To finance a growing budget deficit, government resorted to domestic borrowing, resulting in the stock of domestic debt rising persistently to unmanageable levels. Whereas 87.5 percent of Government domestic debt was in long-term Government stocks in 1990, the situation as at August 2008 was such that 97.5 percent of the domestic debt is in short-term Treasury Bills of less than one year owing mainly to the absence of external funding and hence resort to domestic borrowing. As a result, broad money supply (M3) rose sharply (and persistently) from an average rate of 19.2 percent during 1986-90 to 278.3 percent by 2000-05. It rose sharply to 528.2 percent in February 2006 and to 1,416.5 percent by December 2006 and 17,806.8 percent by August 2007.

Consequently, inflation was fuelled; rising substantially from an average rate of 11.8 percent during 1986-90 to 245.2 percent by 2000-07. Inflation stood at 321 percent as at July 2008. While real interest rates were positive during the periods 1991-96 and 1997-1999, they are negative during the period of hyperinflation (2000-2007). Negative real interest rates discourage savings which are critical for investment. It is therefore not surprising, that the investment ratio collapsed from an average level of 21.6 percent during 1991-96, to only 8.1 percent during 2000-2005. Furthermore, negative interest rates, coupled with an overvalued exchange rate, discourage use of labour intensive techniques as capital becomes cheaper relative to labour. Real average earnings declined sharply from an average index of 94 in 1986-90 to 36.5 by 2000-2004 and 10 by 2004, while employment levels dropped from a peak of 1.4 million in 1998 to 1,067,900 by 2004.

The performance of the external sector suggests a progressive deterioration, especially since the onset of the crisis in 1997. As illustrated in Section 1.1, the level of poverty has increased markedly over time. Zimbabwe with an HDI of 0.410 is in the low human development category.<sup>6</sup> The HDI fell by 12 percent from 0.468 in 1995. Males had a higher HDI (0.429) than females (0.373). Disparities between the HDIs for male and female households were

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<sup>6</sup> The HDI derives from the concept of human development that emphasises three essential choices for people: i) to lead a long and healthy life, ii) to acquire knowledge, and iii) to have access to the resources needed for a decent standard of living. It is a composite index comprising indicators that depict longevity, knowledge and income. Longevity is captured by life expectancy at birth, taken as the average number of years a newly born child is expected to survive. Knowledge is measured by two stock variables, adult literacy (completion of grade 3) (two-thirds of the weight) and average years of schooling, (one-third weight) and it captures the level of human capital. The income variable comprises the log of the income levels. The HDI ranges from zero to one, with an outcome of 0.000 to 0.500 in the low human development category, 0.501-0.800 in the medium human development category and 0.801-1.00 in the high human development category.

mainly due to disparities in income. Generally, urban areas had higher HDIs than rural ones and females in rural areas had the lowest HDIs. Data available show declining trends in most of the components of the HDI, implying further decline in this indicator in the immediate future.

The above levels of HDI were attributable to the following:

- Life expectancy decreased by 21 years, from over 60 years in the early 1980s to 39 years by 2003. Females had a higher life expectancy at 40 years compared to males (37 years) in 2003;
- Zimbabwe had a mean income per capita of US\$PPP 454 in 2003. Real income fell by 30 percent between 1995 and 2003. Male real income (US\$PPP 720) was three times more than that of females (US\$PPP 204).
- However, Zimbabwe had a very high literacy rate of 89 percent in 2003, and there is near gender parity in literacy. The literacy rate increased by 7 percent from its 1995 level of 83 percent.
- Zimbabweans on average spent only seven years in school, instead of the expected 16 years, showing that the majority of the population is completing only primary level of education. There is near gender parity in average years of schooling.
- It is highly disturbing to note that the indicator which had improved, education, has been declining since 2003.

Thus, poverty has a “rural face and a woman’s face.” Inequality as measured by the gini-coefficient increased from 0.53 in 1995 to 0.61 in 2003, implying income distribution worsened as fewer people became richer while the majority became poorer.

### **1.3.2 Growth and Employment**

The extent to which growth reduces poverty partly depends on the elasticity factor, hence the need to examine the employment-intensity of growth (the output elasticity of employment). Table 2 reports the annual average rates of real GDP and employment growth for the periods 1986-90, 1991-96 and 1997-2004. Generally, real GDP and employment growth levels declined over the periods under review. The average rate of GDP growth declined from 4.6 percent during 1986-90 to 2.8 percent during the reform period 1990-96 and -3.7 percent during the crisis period 1997-2004. Employment growth follows a similar pattern, decelerating from an average rate of growth of 2.5 percent during the period 1986-90 to 1.1 percent during the reform period to -2.8 percent during the crisis period.

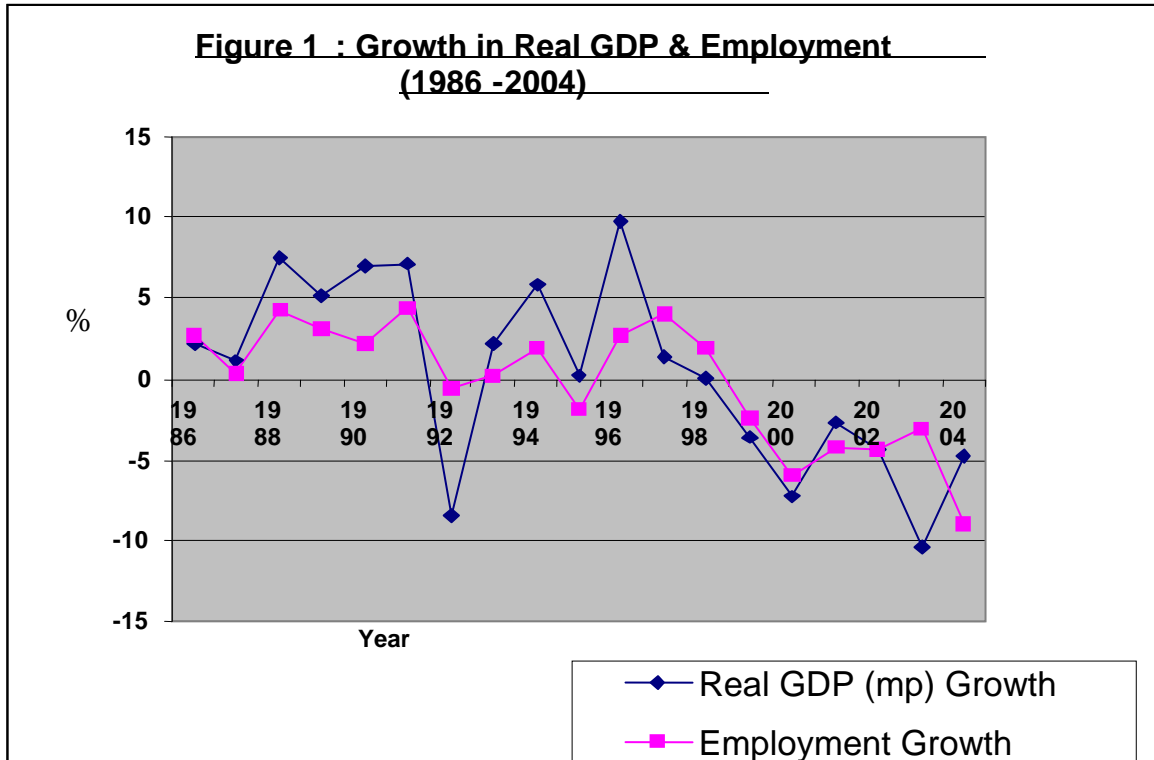
**Table 2: Real GDP and Employment Growth, 1986-90, 1991-96 and 1997-2004**

Sector\Year	GDP			Employment		
	1986-90	1991-96	1997-'04	1986-90	1991-96	1997-'04
Agriculture	1.2	4.1	-1.4	1.0	3.1	-6.0
Mining	0.8	2.0	-3.6	-1.0	2.7	-5.2
Manufacturing	4.4	2.2	-8.9	3.1	-1.1	-3.1
Electricity & Water	11.1	-2.2	4.0	2.5	6.8	-0.1
Construction	10.7	-1.5	-13.1	11.2	0.8	-6.2
Financial Services & Real Estate	7.4	4.8	2.5	2.9	4.0	3.8
Distribution	6.3	3.3	4.5	4.2	1.0	3.4
Transport & Communication	3.2	9.9	-9.4	1.3	-0.8	-0.8
Public Administration	0.8	-4.4	-5.9	0.6	-4.3	3.0
Education	4.0	2.8	-0.6	3.9	2.8	-3.2
Health	3.4	5.1	2.7	4.7	1.1	-0.2
Private Domestic Services	0.1	0.1	-0.7	0.7	0.0	0.0
Other	5.1	4.1	-0.4	5.1	4.1	-3.0
<b>Total</b>	<b>4.6</b>	<b>2.8</b>	<b>-3.7</b>	<b>2.5</b>	<b>1.1</b>	<b>-2.8</b>

**Source:** Calculated from CSO Data.

Considering that growth is a precondition for employment creation, it is worrying that this requirement has not been fulfilled. Even before the onset of the crisis, growth had already declined to a very low level, implying a critical aspect of employment creation and poverty reduction, the attainment of high levels of growth has not been achieved. As expected, the period of negative economic growth (1997-2004) is associated with negative employment growth. The rates of growth of employment for the period under review are way below the labour force growth rate of 3 percent in the 1980s and 1990s and 1 percent in the new millennium.

**Figure 1: Illustrates the relationship between real GDP and employment growth during the period 1986-2004.**



**Source:** Calculated from CSO Data.

The two appear to move together, with employment growing more slowly when the economy is expanding, and to decline more slowly when the economy is shrinking, reflecting the lagged response in employment.

As discussed earlier, it is not the level (quantity) of growth that matters, but its type (quality). The employment intensity of growth, as measured by the employment elasticity of output, is therefore a critical indicator of the quality of growth. Table 3 indicates the employment elasticities for the periods 1991-95, 1995-99 and 1999-2003. The employment elasticities of growth have declined markedly during the period under review, implying the relationship between growth and employment has, regrettably, weakened over time. However, a number of factors usually influence the employment intensity of growth, namely, the sectoral composition of output, the productive technologies used, downstream and upstream linkages to other activities in the domestic economy, and the size of public employment.

**Table 3: Employment Elasticities and GDP Growth (%), 1991-95, 1995-99 & 1999-2003**

	1991-95	1995-99	1999-2003
Total	1.84	0.26	-0.21
Youth	4.45	0.42	-0.68
Female	1.67	0.26	-0.13
Male	1.99	0.27	-0.28
Annual GDP Growth	0.1	3.7	-6.3

**Source:** Adapted from Kapsos (2005), Table A2.9, page 41.<sup>7</sup>

<sup>7</sup> Kapsos S, 2005: "The employment intensity of growth: Trends and macroeconomic determinants," **Employment Strategy Papers No. 12**, Employment Trends Unit, Employment Strategy Department, ILO.



The absolute shortage of foreign currency during the period before ESAP forced firms to utilise more labour-intensive strategies. However, following the opening up of the economy during the period of ESAP, firms were under pressure to upgrade their technologies so as to become internationally competitive, implying the adoption of more capital-intensive techniques. Thus, the labour absorptive capacity of the formal sector has declined over time, and the collapse in the elasticities coincides with the onset of the current economic crisis during the second half of the 1990s. Those groups that had experienced a higher level of employment-intensity of growth (youths and males) in earlier periods appear to be the greatest losers during the downturn (1999-2003).

Table 4 shows the distribution of employment by sector for selected periods between 1980 and 2004. Agriculture is the main employing sector, even though its share of total formal sector employment has declined from 32 percent in 1980 to 19 percent by 2004. The decline in agriculture's contribution in 2004 reflects the impact of the fast-track land redistribution exercise. However, successful resolution of the land redistribution exercise through an independent Land Commission, and the resuscitation of the prime success factors of the past agricultural revolutions encompassing financial and human resources, efficient markets, technological innovation, a favourable macroeconomic environment for agriculture and farmer support services (credit, fertilizer, seed distribution systems and marketing) is a prerequisite for agricultural recovery.<sup>8</sup> Distribution and education are the sectors that have increased their share of formal sector employment over the years. Real exchange rate depreciation is expected to shift the terms of trade in favour of tradable goods sectors (agriculture, manufacturing and mining) relative to the non-tradable goods sectors (mainly services). This appears not to have occurred over time, mainly because of the lack of consistent policy with respect to the exchange rate.

**Table 4: Sectoral Distribution of Employment, Selected Periods, 1980-2004**

Sector/Year	1980	1985	1990	1995	2000	2004
Agriculture	32.4	26.3	24.3	26.9	26.3	19.3
Mining	6.6	5.2	4.3	4.8	3.6	3.5
Manufacturing	15.8	16.1	16.5	15.0	14.7	14.5
Electricity & Water	0.7	0.7	0.7	0.8	0.9	1.2
Construction	4.2	4.3	6.4	5.8	4.3	4.2
Financial Services & Real Estate	1.2	1.5	1.5	1.7	2.8	3.1
Distribution	7.0	7.4	8.1	8.1	8.4	12.3
Transport & Communication	4.5	4.8	4.5	4.1	3.5	4.5
Public Administration	7.0	8.6	7.8	6.2	4.7	7.6
Education	4.1	8.5	9.1	9.3	11.3	10.0
Health	1.5	1.9	2.1	2.1	2.3	2.5
Private Domestic Services	10.7	9.4	8.6	8.2	8.3	9.6
Other	4.3	5.5	6.2	6.9	9.0	7.6
Total	100	100.0	100.0	100.0	100.0	100.0

**Source:** Calculated from CSO data.

<sup>8</sup> See Eicher C.K, Tawonezvi P. and Rukuni M, 2006: "Synthesis," in **Zimbabwe's Agricultural Revolution Revisited**, edited by Rukuni M, Tawonezvi P, Eicher C. with Munyuki-Hungwe M. and Matondi P, University of Zimbabwe Publications.

Table 5 traces the proportion of women in the formal sector from 1980 to 2002 (selected years). The proportion of women in the formal sector has increased from 17 percent in 1980 to 24 percent by 2002. This trend is reflected in all sectors with the exception of finance and other services.

**Table 5: Percentage Share of Female Employees by Formal Sector, 1980-2002**

	1980	1985	1990	1995	2000	2002
<b>Agriculture</b>	26.0	24.3	26.1	29.9	32.2	31.7
<b>Mining</b>	1.8	2.2	2.9	4.4	4.5	4.2
<b>Manufacturing</b>	7.3	6.8	6.9	7.9	9.1	10.6
<b>Electricity &amp; Water</b>	3.0	3.9	4.6	6.3	7.1	7.0
<b>Construction</b>	1.4	1.6	2.2	4.7	5.0	5.9
<b>Finance, Insurance &amp; Real Estate</b>	40.0	34.2	31.3	32.2	26.9	28.5
<b>Distribution, Restaurants &amp; Hotels</b>	17.2	15.5	15.0	15.7	19.6	19.6
<b>Transport &amp; communication</b>	6.6	6.2	6.9	8.1	9.3	9.6
<b>Public administration</b>	7.3	11.7	10.2	13.5	17.9	18.3
<b>Education</b>	33.4	37.7	33.9	37.8	43.7	44.5
<b>Health</b>	57.2	56.3	57.2	56.9	59.0	58.0
<b>Private Domestic</b>	15.6	23.0	26.3	26.3	26.4	26.4
<b>Other services</b>	18.0	16.5	14.5	14.1	14.2	14.7
<b>All sectors</b>	17.0	18.0	18.0	20.6	23.5	23.8

**Source:** Calculated from CSO Data.

Comparing the elasticities of employment for the world, Sub-Saharan Africa (SSA) and Zimbabwe for the periods 1991-95, 1995-99 and 1999-2003 suggests that the trend in the elasticities for Zimbabwe differs with that for the rest of the world and Sub-Saharan Africa in that for the latter two, the elasticities initially increased in 1995-99, before declining (see Table 6). The decline experienced by Zimbabwe, which had the highest job-intensity of growth during 1991-95, is precipitous. Given that the labour regime was significantly deregulated since the early 1990s, rigidities in the labour market may not be responsible for the decline in the elasticities, especially during the latter period. As the 2007 and 2008 CZI Manufacturing Sector Survey found, the main constraint on job creation had to do with low levels of production, with labour market constraints hardly featuring at all (see Table 7). This was also supported by the Employers Confederation of Zimbabwe in an interview conducted during the course of the study. The CZI survey argued that “Thus, while in theory, the existence of distortions in the labour market abound, the lack of enforcement appears to have made these ineffective,” (2007: 30). In fact, it is the low level of real minimum wages that is now a cause for concern (see below). Paradoxically, in some sectors such as agriculture and the security services, labour shortages are being experienced as a result of the very low minimum wages, which no longer entice workers to supply their labour in the current hyperinflationary conditions.

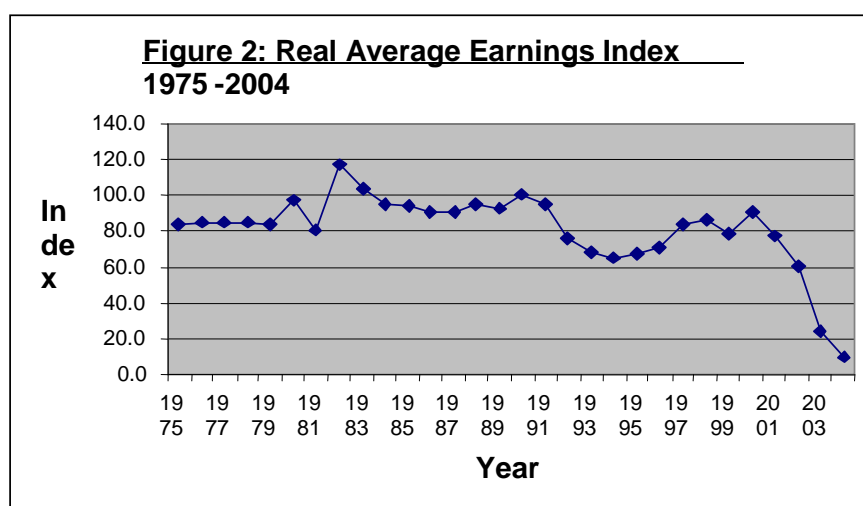
**Table 6: Employment Elasticities and GDP Growth (%), 1991-95, 1995-99 & 1999-2003 – World, Sub-Saharan Africa and Zimbabwe**

	1991-95	1995-99	1999-2003
Zimbabwe	1.84	0.26	-0.21
World	0.34	0.38	0.30
SSA	0.73	0.82	0.53
Zimbabwe GDP growth	0.1	3.7	-6.3
World GDP growth	2.1	3.6	3.5
SSA GDP Growth	1.1	3.2	3.2

**Source:** Compiled from Kapsos (2005), various Tables.

As indicated above, for pro-poor growth to happen it is not only the quantum of employment that matters, but also the returns to labour. Figure 2 reports the trend in real average earnings index for the period 1975 to 2004. The average real earnings index for the whole economy peaked at 120 in 1982 before collapsing to an index of 10 by 2004. Wage increases have therefore failed to compensate for increases in inflation, especially during the period of crisis. Such a marked decline in real earnings, coupled with the decline in employment levels exacerbates poverty.

**Figure 2: Real Average Earnings Index (1975-2004)**



**Source:** Derived from Unpublished CSO Data.

The 2007 CZI Manufacturing Sector Survey observes that the collapse in real wages is having adverse effects on the economy, arguing that “In addition to a shrinking economy, this has had a multiplier effect of seriously depleting the country’s disposable incomes. The erosion of disposable income as workers get poorer is shrinking demand for products as disposable incomes wane and hence reduces business viability,” (2007: 58). The survey highlights the loss of skills as a result of failure to pay economic living wages. It strongly recommends that the sector should “...seriously review remuneration practices in a manner that rewards the labour factor adequately. This entails paying living wages at the bottom end

of the market while working out serious performance-related packages at the top end of the market. While this may result in a short-term depleted profits, in the long run it will preserve and retain key skills in the country needed to take the shrinking economy through a recovery. We believe that a strategy that seeks to protect the bottom line at the expense of paying living wages is ultimately detrimental to both the company and the country at large. This strategy is Not sustainable,” (*ibid*: 58).<sup>9</sup>

### 1.3.3 Increased Informalization of the Economy

Given the conceptual challenges with respect to unemployment, informality is considered a more useful approach to understanding the labour market situation of any country (see ILO, 2008).<sup>10</sup> Data deficiencies on the informal economy present serious challenges for analysis. However, at independence in 1980, the informal economy was relatively small, accounting for less than 10 percent of the labour force. PASS II (2003) indicates that the informal economy accounted for 30 percent of those employed, up from 23 percent in 1995.<sup>11</sup> Two thirds (63 percent) of the people employed in the informal economy were in the urban areas. Using data from the 2004 Labour Force Survey, the ILO (2008) applied both the enterprise-based and job-based concepts of informality. The enterprise-based definition suggested that 1.2 million workers were employed in the formal sector and just over 710,000 in the informal economy. When the jobs-based concept is applied, 975,000 workers had formal jobs, more than half of which were professional or skilled and almost 4.1 million had informal jobs, 90.2 percent of which were unskilled. This therefore implies that 4 out of every 5 jobs in Zimbabwe are informalised. The cash incomes of the informal workers were extremely low, a finding which holds when the enterprise-based concept is used. This finding is at odds with the media impression that the informal economy is the domain for ‘excess profiteering.’ On the contrary, low incomes and harsh working conditions are the reality of the informal economy.

The 2004 Labour Force Survey suggests that 53 percent of those employed in the informal economy were females, and 47 percent were males. The distribution of informal economy employees in 2004 by industry sector shows that about half of the employees were in other services (51 percent) followed by agriculture, hunting and fishing at 18 percent and manufacturing at 13 percent. Women are more concentrated in health; distribution, restaurant and hotels; other services; manufacturing and agriculture sectors whereas men are concentrated in education services; transport and communication; construction; finance, insurance and real estate and mining and quarrying. It was also noted that 95 percent of the employees in the informal economy had primary or secondary level of education.

An analysis of the location of operations in the informal economy shows that 31 percent of the informal economy enterprises operated from a permanent building, 30 percent in one’s home, 20 percent with no fixed location and 11 percent on footpaths. About 80 percent of the informal economy enterprises had no employees, 18 percent had 1 to 4 employees and 2 percent had 5 to 9 employees. According to PASS II, the most common constraint in household businesses was lack of credits, capital and inputs which was faced by 31 percent of

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<sup>9</sup> The 2008 CZI Survey found that transport costs were now higher than gross monthly salaries. As a result, many workers were opting out of formal employment.

<sup>10</sup> See Luebker M, 2008: **Employment, Unemployment and Informality in Zimbabwe: Concepts and data for Coherent Policy-making**, ILO Sub-Regional Office for Southern Africa, Harare, July.

<sup>11</sup> This contrasts with a level of 13.4 percent in the LFS of 2004.

the households. This was followed by lack of a market to sell produce (15 percent), irregular supply of inputs and lack of access to market facilities (7 percent each), transport (6 percent), regulation (5 percent), bad debts (5 percent) and technology (3 percent). De-facto female-headed households, especially those in urban areas had higher proportions citing credit, capital and inputs constraints.

The PASS II study showed that of all the persons employed in the informal economy, 44 percent were below the Total Consumption Poverty Line (TCPL), compared to 36 percent of the formal sector. For the urban areas, the difference between the percentages below the TCPL in the informal (61 percent) and formal (46 percent) sector was greater than for the rural areas. For the rural areas this difference was very small. These results show that poverty is prevalent in the informal economy, especially for females in the urban informal economy.

The colonial legacy of treating activities that are informal as ‘illegal’ and hence outside the domain of policy persists. Policy towards this segment remains ambivalent: at times the informal economy is hailed as critical for survival, at others is seen as a drag on the economy. It is the latter position that informed ‘Operation Murambatsvina/Restore Order’ that resulted in the demolition of informal structures and the attack on the informal economy.

#### **1.3.4 Disability**

PASS II data indicate that at the national level, 3 percent of people had disabilities. The majority of persons with disabilities resided in rural areas (81 percent) compared to urban areas (19 percent). Households headed by people with disabilities constituted 15 percent of all the households in Zimbabwe. While poverty is generalized in the country, persons with disabilities had slightly higher poverty prevalence (very poor -61 percent) than persons without disabilities (very poor-58 percent).

Generally, both females and males with disabilities are more disadvantaged in access to secondary education than females and males without disabilities. For the secondary level of education, males with disabilities had a greater proportion (36 percent) that had completed that level than females (24 percent). Persons with disabilities were generally worse than those without disabilities in terms of labour force participation and employment rates. Persons with disabilities had a higher structural unemployment rate (69 percent) than those without (62 percent). Females with disabilities had a higher structural unemployment rate (74 percent) than males with disabilities (66 percent). A higher proportion of females were unskilled despite their disability status compared to their male counterparts. In addition, females with disabilities had the highest proportion of unskilled persons (80 percent). For persons with disabilities, 46 percent of all the employed females are in the informal economy compared to 36 percent for males. For the population without disabilities the proportions are 41 percent for females and 24 percent for males. Only 10 percent of all persons with disabilities in Zimbabwe had received disability assistance. A greater proportion of females with disabilities (37 percent) received assistance from Social Welfare than males (32 percent).

#### **1.3.5 HIV and AIDS**

Zimbabwe, like most Southern African countries is at the epi-centre of the HIV / AIDS pandemic. While the first HIV/AIDS case was reported in 1985, by end of 2002, it was

estimated that 2.3 million people were infected and the adult prevalence rate was 33.7 percent. HIV prevalence among young women below the age of 20 was reported to be five times higher than their male counterparts. However, data from the Ministry of Health and Child Welfare suggest that adult HIV prevalence declined to 24.6 percent in 2003 to 20.1 per cent in 2005, 18.1 per cent by 2005/2006 and 15.6 per cent by 2007 owing to a change in sexual behaviour as well as the many interventions by government, other local players and the international community (see Demographic and Health Survey (DHS), 2005/06; 2007). This fall in the prevalence rate, if sustained, should result in an improvement in life expectancy in future. However, the prevalence of HIV among the most productive age group (15-49) and its debilitating impact on skills affects economic performance. As a result of the pandemic, life expectancy declined markedly from over 60 years in the mid-1980s to 37 years by 2007.

### **1.3.6 The Brain Drain**

The emigration of skilled personnel from the country is significant enough to constitute a 'brain drain.' Although the exact number of people who have emigrated is not known, it is estimated that 2-4 million Zimbabweans are working and living in the Diaspora. The Scientific Industrial Research and Development Centre (SIRDC) estimated that 3.1 million people are in the Diaspora.<sup>12</sup> The main countries of destination are South Africa, the UK, Botswana, the USA, Canada and Australia.

In terms of profession, 26 percent were teachers, 25 percent doctors, nurses and pharmacists, 23 percent engineers and other scientists, 17 percent accountants, 5 percent farmers, 2 percent bankers and 1 percent each were clergy and others. Thirty-four percent had a first degree, 28 percent had polytechnic education, 20 percent had a Masters Degree, 9 percent vocational training, and 2 percent each had diploma level training and none. The largest category at 40.8 percent were in the age group 30-39, followed by the 20-29 age group at 25 percent, 40-49 age group at 23.7 percent and those at least 50 years of age at 10.5 percent. The SIRDC study was optimistic a large number may return based on the fact that 66 percent left children in Zimbabwe, while 60 percent had property at home. The impact of the brain drain on the economy, especially amongst the professional and technical category has been marked, resulting in acute shortages of such personnel.

To address the brain drain, Cabinet put in place a taskforce on human skills identification, deployment and retention in 2006 chaired by the Permanent Secretary, Ministry of Higher Education. The taskforce commissioned a study to ascertain the magnitude and extent of the 'brain drain.'<sup>13</sup> It found that 70 percent of those interviewed indicated they intent to emigrate. Those with higher qualifications were more likely to emigrate, with the harsh economic challenges the main reason for doing so. The study found that although agriculture is being identified as the driver of the economy, vacancy rates in skilled grades are high ranging from 30 percent for ecologists to 82 percent for veterinary doctors and livestock specialists. More than a third of agricultural engineering positions were vacant. Vacancy rates were as high as 61 percent for doctors in Government institutions, compared to 33 percent in municipality health institutions. The study recommends the need to improve and capacitate training, which

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<sup>12</sup> Scientific & Industrial Research & Development Centre (SIRDC), 2003: **An Analysis of the Cause and Effect of the Brain Drain in Zimbabwe**, National Economic Consultative Forum (NECF) & UNDP.

<sup>13</sup> Zimbabwe National Human Resources Survey: 2006, by Nepachem cc.

should be reoriented to meet the needs of the economy. It also recommends utilization of Diaspora skills in short-term consultancies and during sabbaticals and to target them for investment opportunities.<sup>14</sup>

The nexus between Diaspora remittances and development is increasingly acknowledged, especially considering that such flows are now larger than foreign direct investment and account for more than twice the size of official aid received by developing countries. A study by Bracking and Sachikonye (2006) looked at the issue of ‘Remittances, poverty reduction and the informalisation of household wellbeing in Zimbabwe.’<sup>15</sup> The study conducted an intensive period of surveying in four field sites, two suburbs of Bulawayo (Nkulumane and Bulawayo East) and two suburbs of Harare (Highfield and Mabelreign). The survey was conducted in October and November 2005 covering 300 households. Of the 221 households who gave their monthly income, 77 percent were officially below the poverty line. The results suggest that it is the middle class incomes of the richer suburbs of Harare that have collapsed. The households that received goods and / money were those in the better off low or medium density suburbs of Harare, where 78 percent were in receipt of something. In the high density areas of Harare, 53 percent of the households received goods and or money. For Bulawayo, the low and high density areas received lower levels of 28 percent and 43 percent respectively, with the relatively better off receiving fewer remittances.

The highest sources of the remittances were the UK at 24.7 percent, followed closely by South Africa at 22.7 percent. Of the 149 households that receive money or goods, 36.2 percent get their receipts from more than one sender, while 63 percent receive them from just one sender. When asked whether the senders regularly visited, 27 percent indicated they did so every year, and 19 percent replied that every month, yielding a total of 47 percent. Those who had never been home numbered nearly 21 percent of the sender group. The most common relationship between receiving household and sender was son or daughter at 26.2 percent, followed by brother or sister at 15.4 percent and then spouse at 12.1 percent. Of the 149 households in receipt of something, 74.1 percent received goods, suggesting that remittances go beyond receipts of money. The majority of those who received, 72.7 percent, got the goods / money from a migrant relative on a visit home or another person known to the household, implying informal sources were prevalent. This study concludes that remittances are indeed critical to alleviating poverty in Zimbabwe, with 50 percent of the households sampled receiving remittances. They observe that the households without remittances were generally in a more critical state.

Estimating the actual remittance flows is problematic, especially in the context of undocumented migration and extensive use of informal channels in remitting. The World Bank estimated that migrant remittance flows to Zimbabwe through official channels amounted to US\$17million in 1980. The report states that remittances increased in the first two years after independence to US\$28 million in 1981 and US\$33 million in 1982, decreasing in subsequent years until 1994 when they were estimated at US\$44 million. IFAD estimated remittance inflows at US\$361 million in 2007 (7.2 percent of GDP) and to double

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<sup>14</sup> For a synthesis of the Diaspora and remittances, see UNDP, 2008: **Comprehensive Economic Recovery in Zimbabwe: A Discussion Document**, Harare.

<sup>15</sup> Bracking S. & Sachikonye L, 2006: “Remittances, poverty reduction and the informalisation of household wellbeing in Zimbabwe,” **Global Poverty Research Group, (GPRG)-WPS-045**, An Economic & Social Research Council (ESRC) Research Group, June.

that figure in 2008.<sup>16</sup> A recent study of remittance strategies of Zimbabweans living in Northern England estimated that US\$0.94 billion was sent from the UK to Zimbabwe in 2007 (see Magunha *et al*, 2009). The study suggests that as much as 81.7 percent of the Diasporas living in Northern England remit.<sup>17</sup> The study indicates that this is an underestimate as it does not include the funding of the passage of family migrants. Thus, increasingly, Governments are implementing policies and adopting reforms designed to leverage the nexus between remittances and development, with countries such as Bangladesh, India, Mexico, Moldova, Morocco and Philippines taking a leading role in this regard. Zimbabwe should also learn from these experiences to make the most of the developmental impact of remittances.

## **1.4 REVIEW OF EXISTING POLICIES AND PROGRAMMES AFFECTING EMPLOYMENT**

### **1.4.1 Review of the Economic Policy Framework**

Since the advent of independence in 1980, no less than ten economic development strategies have been adopted and implemented in Zimbabwe,<sup>18</sup> yet the scourge of un- and under-employment, and endemic poverty have not only persisted but have deepened. These policies ranged from the inward-looking, highly interventionist strategy of the first decade of independence, to the outward-oriented market-driven focus of ESAP, to the cocktailed policies of the crisis period since 1997. Note that all these policy blueprints highlighted sustainable employment generation as an explicit objective. Even under the Structural Adjustment Programme, which traditionally relies on ‘trickle down’ effects from growth to generate an employment response, employment creation was emphasised at the design of this strategy. Though these blueprints put an accent on employment creation, they however did not explicitly adopt an action plan to achieve this objective, implying that the challenge of employment creation was effectively left to the whims of the market, ‘trickle down.’

ZIMPREST for instance, sought to achieve a target average annual growth rate of GDP of 6 percent, create 42,200 new jobs in the formal sector per annum between 1996 and 2000, per capita income growth of 3.4 percent and consumption growth of 4.4 percent. However, with the onset of the crisis, all subsequent economic blueprints after ZIMPREST were short-term stabilisation programmes that did not prioritise employment creation. The Millennium Economic Recovery Programme (MERP) that was launched in August 2001 was a short-term 18-month stabilisation programme, which coincided with the withdrawal of development partners; the National Economic Revival Programme (NERP) which was launched in

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<sup>16</sup> IFAD, *Sending Money Home. Worldwide Remittance Flows to Developing Countries*, 2007: <http://www.ifad.org/events/remittances/maps/index.htm>

<sup>17</sup> Magunha F., Bailey A., and Cliffe L, 2009: *Remittance Strategies of Zimbabweans in Northern England*, School of Geography, University of Leeds, Leeds LS2 9JT, January.

<sup>18</sup> These include Growth with Equity, 1981; the Transitional National Development Plan (TNDP), 1982/83-84/85; the First Five Year National Development Plan (FFYNDP), 1986-90; the Economic Structural Adjustment Programme (ESAP), 1991-95; Zimbabwe Programme for Economic and Social Transformation (ZIMPREST), 1996-2000; Millennium Economic Recovery Programme (MERP), August 2001-2002; Ten Point Plan, 2002 with an emphasis on agriculture, 2002; National Economic Revival Programme, (NERP), 2003; Industrial Development Policy (2004-2010); Macroeconomic Policy Framework (2005-06): Towards Sustained Economic Growth; Monetary Policies, 2003-2007; National Economic Development Priority Programme (NEDPP); National Economic Development Priority Programme (NEDPP), 2006-2007.



February 2003 was a 12-month stabilisation programme. The same applies to the Macroeconomic Policy Framework (2005-06): Towards Sustained Economic Growth; and the National Economic Development Priority Programme (NEDPP) of 2006. More importantly, these policy documents have not been implemented wholesale.

The sectoral policies followed a similar pattern. For instance, through the Ministry of Industry and International Trade, Government adopted an industrial policy in 1994 which sought to:

- Establish and maintain macroeconomic stability;
- “Significantly improve” infrastructure, especially electricity and telecommunications;
- Provide selective and temporary support to weakened firms threatened with closure or downsizing; and
- Improve relationships by tackling key constraints to the rapid development of SMEs.

A revised version of this strategy – Industrial Policy and Strategy 1996-2006 – with a more interventionist accent, with particular emphasis on indigenization, was released in 1997. The strategy pledged to support industry by providing an enabling environment, and through interventions to “promote the development of new products and industries, especially in knowledge-based and information technology sub-sectors” (page 11). It also pronounced a more activist approach to the development of SMEs in the form of “appropriate fiscal measures and incubation arrangements” with the aim of generating one million new jobs in the formal sector SMEs by 2006 (page 14). These measures were followed by a renewed focus on the indigenization of the economy. Note that these policies were never implemented, and over time the industrial policy receded from the public domain; replaced by a series of *ad hoc* economic recovery programmes as highlighted above. Since 2000, the policy thrust shifted to land redistribution and more recently to indigenization with the passing of the Indigenization and Economic Empowerment Bill in Parliament in 2007. Notwithstanding its immense potential, land redistribution has not been followed by a systematic empowerment of the new farmers, resulting in low levels of productivity and employment creation.

In 2002, Government adopted the Small, Micro and Medium Enterprises (SMMEs) Policy and Strategy Framework, and developed an Action Plan (2002-07). The policy framework identifies the following as hindering the growth of SMMEs:

- Limited access and cost of finance;
- Lack of marketing skills and market knowledge;
- Inadequate management and entrepreneurial skills;
- Lack of access to infrastructure;
- Lack of access to land;
- Inappropriate technology;
- Lack of information; and
- A hostile regulatory environment.

The policy focuses on addressing the following:

- To create an enabling legal and regulatory environment to simplify the complex regulations, remove the multiplicity of bureaucratic requirements and establish the

Small Business Act to provide an effective mechanism for giving incentives to SMMEs;

- Investment promotion involving provision of incentives for SMMEs at their start-up and growth stages, as well as striking a balance between promoting and taxing small business, with tax breaks and concessions;
- Provision of financial assistance through the establishment of institutions to provide unsecured funding at concessionary rates of interest, provision of incentives to existing institutions that are SMME friendly, provision of title deeds to land holders so that they can be used for collateral security, credit guarantee to address access to finance and resolve collateral constraints, establishment of credit unions and group insurance, especially for cooperatives and rural women, and establishment of secondary markets for SMMEs;
- Market promotion/penetration support measures such as provision of market intelligence, business linkages, marketing and distribution support, quality assurance, and trade facilitation;
- Technology and infrastructure support through assistance in technology information access and adaptation of technologies via assistance from such institutions as the Scientific, Industrial, Research and Development Centre (SIRDC) and the Centre for Innovation and Enterprise Development, provision of workspace, business incubators, support from the National Productivity Institute (NPI) and use of electronic commerce;
- Entrepreneurial, management and skills development (business development services);
- Targeted support in the form of cluster based development for women, youths and rural areas;
- Relationships and partnerships building such as joint ventures franchise arrangements; and
- Institutional reform to achieve greater coordination and harmony among the various support organisations.

An Action Plan was adopted as part of the policy framework, with target dates between 2002 and 2007. However, as has become too familiar, the targets were not achieved owing to lack of implementation, resulting in the development of a follow up policy framework: The Micro, Small and Medium Enterprise Policy and Strategy Framework: 2008-2012. The strategic thrusts of this policy framework are similar to those of the earlier one, encompassing the need to create an enabling environment, enhancing finance, infrastructure and technology support, market expansion, developing entrepreneurship, management and technical skills, stimulating growth and innovation, information provision, awareness of the intellectual property rights, institutional reform, institutional capacity development, targeted support, business relationships and partnerships, and HIV and AIDS issues.

To deal with these shortcomings, Government is consulting stakeholders on a new medium-term (5-year) development blueprint, the Zimbabwe Economic Development Strategy (ZEDS) to be implemented during the period 2009-2013. An attempt is being made at integrating a wide spectrum of policy goals, ranging from economic stabilization to inclusive growth and sustained poverty reduction. Notwithstanding the process of developing a medium term economic policy, the Inclusive Government that came into being in February 2009 following the Global Political Agreement (GPA) of 15 September 2008 has adopted the Short-Term Emergency Recovery Programme (STERP), which will be implemented until the

end of 2009. STERP commits itself to facilitating employment-intensive growth, with an emphasis on youth employment (See Paragraphs 361-370). It therefore urges the social partners to finalize the National Employment Policy Framework.

#### **1.4.2 Review of the Institutional Framework and Coordination Mechanism**

The two main Ministries that have jurisdiction over labour market issues and aspects of employment creation are the Ministry of Public Service, Labour and Social Welfare; and the Ministry of Youth Development and Employment Creation. Other Ministries such as Higher and Tertiary Education; Small and Medium Enterprises Development; and Women Affairs, Gender and Community Development also overlap into labour market issues, and have key roles in employment creation.

Some of the functions such as enterprise or entrepreneurship development, training, support for self-employment and promoting employability of the various groups cuts across Ministries. However, the Ministry of Labour is the only Ministry where tripartite structures exist for social partners to play an active role. Under the Ministry of Labour are various tripartite fora such as the Retrenchment Board, the Wages and Salaries Advisory Board, and the dormant National Productivity Institute. The social partners also are involved in joint projects on HIV and AIDS, and child labour. The individual social partners also run their own activities in the areas of their competencies. However, there is no overall platform where they meet to discuss labour market policy and jointly plan, evaluate, monitor and implement labour market initiatives.

In the absence of institutional frameworks for stakeholder participation across Ministries, the involvement of other partners in other Ministries is ad hoc. In this regard, overall policy coordination and effective stakeholder participation is an area that needs greater attention. The constant re-organisation of mandates across Ministries has affected consistency and often results in overlap and duplication.

The Tripartite Negotiating Forum (TMF) is the forum that has been used to negotiate policies. However, its lack of an independent secretariat and its ad hoc approach has limited its usefulness in coordinating policies, especially with respect to the labour market. Efforts are underway in line with the recommendations from the stakeholders' review workshops held in Nyanga and at Leopard Rock in 2007 to discuss how to strengthen this promising structure into an effective platform for policy formulation, implementation, monitoring and evaluation.

### **1.4.3 Employment Strategies, Programmes, (including both active and passive labour market policy measures)<sup>19</sup> and Labour Market Information**

In response to growing unemployment, Government and other stakeholders adopted a number of initiatives to combat unemployment. These active labour market policy interventions can be placed into four categories, namely:

- Training and capital based assistance for new self-employment and enterprise creation;
- Training or apprenticeship and capital based assistance for employment in existing enterprises;
- Placement and subsidised employment schemes;
- Direct job generation through public employment and infrastructure investment projects.

Even though there is hitherto no comprehensive employment strategy, in the area of youth employment, some initiatives are on the ground. Zimbabwe has a National Youth Policy of September 2000, whose sub-theme is “Youth Empowerment: The Key to Development.”<sup>20</sup> The youth policy, which falls under the Ministry of Youth Development and Employment Creation, outlines the following as its key objectives:

- To contribute towards the participatory eradication of poverty and all forms of social and economic exclusion of the youth since poverty is one of the most formidable enemies of choice;
- To develop a coordinated response and participation of all stakeholders including government, non-government and private organisations for the development of the young women and men of the country;
- To promote healthy lifestyles and personal well being with particular emphasis on prevention of HIV/AIDS and promotion of reproductive health and care;
- To define and prioritise areas of specific action for youth progress in accordance with the overall policies of the Government and constitutional requirements of Zimbabwe.

The key strategic areas highlighted in the youth policy document include the following:

- Education and vocational skills training;
- Youth employment and access to resources;
- Youth empowerment and participation;
- Health, population and environment;
- Gender equality and equity;
- Culture, sports and recreation;
- Data and research;
- National youth service.

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<sup>19</sup> Active labour market policy programmes (ALMPs) include employment and training services (job search and placement assistance, career guidance, labour market information, training and retraining), and job creation measures (public works and community services, enterprise creation, self-employment, and employment subsidies for particular groups). Passive labour market measures provide replacement income during periods of joblessness or job search. They include unemployment benefits and provision for early retirement. In Zimbabwe these largely fall under social welfare (see Ministry of Public Service, Labour and Social Welfare).

<sup>20</sup> Young people are defined by the policy as aged 10-30 years.

The policy seeks to target adolescent girls, unemployed youth, HIV positive youth and orphans, street children/youth, young single mothers and youth with disabilities. In February 2006, Cabinet approved the Zimbabwe Youth Employment Network (ZIYEN), which seeks to address youth unemployment in the context of the global Youth Employment Network (YEN), a global alliance between the UN, World Bank and ILO established in 2001 to support countries to develop National Action Plans on youth employment. YEN's mandate is to build an international consensus on youth employment and to influence the international agenda with a comprehensive strategy on employment organised around the goal of decent work for all.<sup>21</sup> YEN offers an opportunity for increased collaboration and coordination across international institutions and strengthens relationships within and across countries.

The objectives of ZIYEN are as follows, to:

- Develop a National Action Plan (NAP) on youth employment as an integral part of the National Employment Policy Framework;
- Develop socio-economic profiles to guide policy makers and planners;
- Build capacity in the Ministry staff to enhance its delivery and implementation of NAP;
- Promote youth entrepreneurship training and development;
- Promote access to project finance for the youth;
- Review education and vocational training curricula in order to enhance youth employability;
- Develop strategic partnerships and mobilise resources for promoting youth employment;
- Improve the labour market information system (LMIS) to guide youth in their career choices and available employment opportunities;
- Develop a youth data bank.

Following the approval of ZIYEN, Government established the Integrated Skill Outreach Programme (ISOP) which is chaired by the Ministry of Higher and Tertiary Education, with the Ministry of Youth Development and Employment Creation providing the secretariat. The Ministry of Public Service, Labour and Social Welfare and that of Small and Medium Enterprises Development are also members. ISOP seeks to administer an outreach training programme to equip unemployed youths with technical and entrepreneurial skills. In addition, a Youth Development Fund (YDF) was created as well as a Loan Guarantee Scheme (LGS). The effectiveness of these initiatives is discussed in Table 8.

The Ministry of Youth Development and Employment Creation has a department of Employment Creation, whose vision is to reduce unemployment and poverty among youths. It seeks to develop, promote and implement policies and programmes for socio-economic empowerment of youths. The key result areas, goals and objectives outlined by the department for 2006 are summarized in Table 7 below.

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<sup>21</sup> Decent work implies work undertaken in conditions of freedom, equity, human dignity and security and encapsulates four strategic objectives, namely, fundamental principles and rights at work; employment; social protection; and social dialogue.

**Table 7: Goals, Objectives and Key Result Areas of the Department of Employment Creation, 2006**

<b>Key Result Area (KRA)</b>	<b>Goals</b>	<b>Objectives</b>
1. Employment Creation	<ul style="list-style-type: none"> <li>- Creation of secure jobs for skilled youths trained at VTCs &amp; NYS</li> <li>- Improve access to project finance</li>   <li>- Improve the entrepreneurial skills for skilled youth from VTCs, NYS in self employment</li> </ul>	<ul style="list-style-type: none"> <li>- To create 100 jobs per province by 31 December 2006</li> <li>- To set up one high visibility youth project per district by 31 December 2006</li> <li>- To mobilize funds to finance 100% of financial requirements of approved youth projects presented during 2006</li> <li>- To improve entrepreneurship skills for 100% youths whose applications for funding have been approved and financed during 2006</li> </ul>
2. Youth participation in the agrarian reform	<ul style="list-style-type: none"> <li>- Improve Ministry and youth farms contribution to food security: capacity utilization</li> <li>- Empower youth participation in agro-business</li> </ul>	<ul style="list-style-type: none"> <li>- To increase Ministry and youth farms capacity</li>   <li>- Utilisation by 10% by 31 December 2006</li> <li>- To engage 100 youths in commercial farmer training by 31 December 2006</li> <li>- Empower youths to participate by maximum utilization</li> </ul>
3. Cooperative development	<ul style="list-style-type: none"> <li>- To increase the contribution of cooperatives to nation building</li> </ul>	<ul style="list-style-type: none"> <li>- To improve the performance of 5% of registered cooperatives by 31 December 2006</li> </ul>
4. Research and development	<ul style="list-style-type: none"> <li>- To increase the range of employment creation opportunities</li> </ul>	<ul style="list-style-type: none"> <li>- To set up one data bank per province on available business opportunities by 31 December 2006</li> </ul>
5. Advisory and extension services	<ul style="list-style-type: none"> <li>- To increase viability of funded projects and cooperatives</li> </ul>	<ul style="list-style-type: none"> <li>- To visit every funded project/cooperative once per quarter</li> </ul>

**Source:** Ministry of Youth Development, Indigenisation and Empowerment.

Clearly, the above interventions do not constitute a holistic approach to employment creation, are supply-driven and very short-term oriented. No specific roles are assigned to the various stakeholders, and indeed other Ministries such as the one for Small and Medium Enterprises Development; Agriculture; Higher and Tertiary Education among others. Even the modest targets set were not achieved, for various reasons including the absence of a supportive/enabling macroeconomic environment.

The key interventions/strategies adopted by various Ministries are in Appendix 4. These initiatives suffered from being fragmented, largely supply-driven, are duplicative, have not been sustained over a period of time and all suffer from inadequate resources. They could be better coordinated for more effectiveness. The reorganization of Ministries has resulted in lack of continuity and clarity on roles, often resulting in duplication. Stakeholder participation in the Government initiatives could be improved to ensure a better fit between labour supply and demand. Furthermore, the interventions are also undermined by the current macroeconomic context characterized by hyperinflation and macroeconomic instability and hence have not made significant inroads towards resolution of the scourge of unemployment

and poverty. This has been exacerbated by the withdrawal of development partners since 1999, with several programmes supported by these partners collapsing.

Table 8 reports the budgetary allocations for the key Ministries and interventions for the period 2002-2007.

**Table 8: Budgetary Allocations to various Ministries and interventions (%), 2002-2007**

Ministry	2002	2003	2004	2005	2006	2007
Public Service, Labour and Social Welfare	10.1	11.2	3.5	4.4	3.4	4.3
• Social Protection	71.4	64.8	26.7	30.6	17.2	24.6
• BEAM*	2.9	2.3	5.0	51.1	38.0	7.0
Agriculture	14.8	18.7	6.3	2.8	2.5	7.7
Local Government	5.3	3.9	2.7	4.3	1.5	2.5
Education Sports & Culture	31.3	45.3	20.8	19.7	16.3	16.7
• Salaries	94	91	94	92	92	83
• ZIMSEC	3	2	1	0.03	1	10
• Scholarships	0.004	0.007	0.007	0.002	0.002	0.002
• Education Material	0.3	0.9	0.3	0.1	0.04	0.6
Higher & Tertiary Education.	8.0	12.4	8.4	6.1	6.5	6.4
• Salaries	18	14	24	12	23	8
• Teacher Education Current Expenditures	85	65	35	61	16	57
Youth Dev. & Employment Creation	1.0	1.5	0.6	0.7	0.2	0.3
• Salaries	38	37	39	37	43	31
• National Youth Service	-	-	22	29	32	23
• Employment Creation Fund	-	-	2	1	2	3
SMEs	-	0.3	0.2	0.1	0.1	0.4
Science & Tech.	-	-	-	0.2	0.1	0.6
WAGCD	-	-	-	0.01	0.03	0.2

**Source: Calculations from Blue Book Revised Budget Estimates Figures**

**Notes:** Figures were calculated using the vote appropriations from the revised estimates, Budget Estimates Bluebook.

WAGCD- Women Affairs, Gender and Community Development

BEAM – Basic Education Assistance Module

\* % allocation of the total Social Protection Budget towards BEAM

The small and dwindling allocations suggest social aspects of policy are not adequately catered for, and are not considered priority areas. For instance, while the mission statement of the Ministry of Public Services, Labour and Social Welfare includes emphasis on sound industrial relations, employment creation and protection of the jobless, the budgetary allocations are not commensurate with its mandate. In 2002, the ministry received only 10.1 percent of the total budget allocations, with a slight increase in 2003 to reach 11.2 percent. In 2004, the percentage allocation decreased drastically to only 3.5 percent. Thereafter, the allocations have continued to be disappointing, averaging 4 percent per annum. Such meagre allocations therefore imply that critical areas such as employment creation and social

protection are marginalised. A trend analysis shows that the allocation to social protection has been dwindling over the period under review since 2003 with the department getting only 17.2 percent and 24.6 percent of the Ministry's vote in 2006 and 2007 respectively from a level of 71.4 percent in 2002. As for the Basic Education Assistance Module (BEAM), the 7.0 percent of the vote for social protection allocated to it in 2007 is inadequate to cater for vulnerable children. In addition, BEAM only covers the payment of tuition fees without further support such as teaching aids, uniforms, educational materials.

The bulk of the allocation to the Ministry of Education, Sport, Arts and Culture goes towards salaries, with very little remaining for materials, thereby compromising the quality and relevance of education, especially at a time the Ministry has adopted a 'pathways approach.' Likewise, interventions for enterprise development and employment creation suffer from inadequate resources. Agriculture has immense potential for employment creation, and yet allocations to the Ministry have remained a far cry with an allocation of 18.7 percent of all votes in 2003 before declining massively to only 2.5 percent and 7.7 percent in the 2006 and 2007 budgets respectively. The allocation to the Ministry responsible for youth employment, the Ministry of Youth Development and Employment Creation is cause for concern. From a percentage allocation of 1 percent in 2002, the vote declined to 0.6 percent in 2004. Thereafter, the allocations, on average, have a downward trend, falling to a level of 0.3 percent by 2007. Therefore, with such budgetary allocations it becomes difficult for the ministry to implement programmes geared towards employment creation and hence making more youths economically empowered. A more critical case is the allocation towards the Employment Creation Fund. Since 2004, the fund has received less than 4 percent of the Ministry's allocation annually and yet it is regarded as one of the main sources of funds for employment creation initiatives. The same goes for the Ministry of Small and Medium Enterprises Development. In 2003, the ministry only received 0.3 percent of the total budget allocations, a figure which declined to 0.1 percent in 2005 and 2006. In 2007, the ministry received only 0.4 percent of the total budget allocations.

## **Social Protection**

Zimbabwe does not have a comprehensive social security system. The country has fragmented social security schemes which offer rather basic forms of social protection. These social schemes include social insurance, social assistance and private measures. The responsibility for developing policies on social security lies with the Ministry of Public Service, Labour and Social Welfare. The Ministry receives technical inputs from the National Social Security Authority (NSSA) on all matters pertaining to social insurance schemes. Social security schemes in Zimbabwe are confronted with problems arising from narrow coverage of populations, limited resources, erosion of benefits by hyperinflation, high administrative costs, the dispersion of target populations over large geographical areas, and the HIV/AIDS pandemic. An analysis of the contributory social security schemes reveals that they cover only a small percentage of the population, namely those in formal employment. The majority of the people, in particular the poor who need social protection most are not covered. While Government planned to establish a National Health Insurance Scheme under NSSA to redress inequities in coverage, and to improve the quality of health care, this was not finalized owing to opposition from some key stakeholders. However, with the adoption of use of multiple foreign currencies at the beginning of 2009, it may be necessary to reconsider its establishment.



Parallel to the social welfare programme under the Ministry of Labour and Social Welfare is the Programme of Support (POS) for the National Action Plan for Orphans and Vulnerable Children (OVC) run by co-operating partners through basket funding. The programme is coordinated by UNICEF and implemented by at least 26 NGOs. Going forward, it will be necessary to integrate these programmes into a National Social Protection Strategy for Zimbabwe.

### **Labour Market Information**

At the advent of independence, Government had recognized the importance of a coordinated approach to Labour Market Information, resulting in the establishment of the Department for Research Planning and Analysis in the Ministry of Labour. However, when the Ministry of Higher and Tertiary Education was created in 1988, the skills aspects of labour market policy and the research unit were placed under its jurisdiction. The research function was reduced to a very small unit.

As a result, the basis for a comprehensive Labour Market Information system was destroyed. Currently, labour market information is fragmented across a number of Government departments. The Central Statistical Office is responsible for collecting and compiling employment and earnings data by sector. It also carries out Labour Force Surveys every five years. Complementing the work of CSO is the small research unit in the Ministry of Labour and Social Welfare, which mainly collates data on minimum wages.

The reality on the ground is that labour market information is not readily available in an updated form. For instance, the latest employment statistics are for 2003 and the last Labour Force Survey is for 2004. Stakeholders, namely trade unions, employers' organisations and National Employment Councils (NECs) also collect data in their respective areas of competence, which are not published or readily available to the public. Thus, there is need for a systematic approach to Labour Market Information, which is coordinated into a coherent Labour Market Information System.

#### **1.4.4 Education and Training**

To reverse the inherited racial imbalances in education provision and skill formation, the post-independence Government adopted a policy of universal primary education (UPE). A rapid and massive expansion of the education system was undertaken such that enrolments at primary school level increased from 1,235,994 in 1980, peaking at 2,534,796 in 2001, an increase of 105 percent, before dipping to 2,493,260 in 2006, an increase of 102 percent over the 1980 level. The number of primary schools increased from 3,161 in 1980 to 3,842 by 2006, an increase of 53 percent. The number of teachers at primary school level increased from 28,455 in 1980, peaking at 66,529 by 2001, an increase of 134 percent and the level of 66,220 by 2006 (an increase of 133 percent). Enrolments at secondary school level increased from 74,321 pupils in 1980 to 887,695 by 2006, an increase of 1,094 percent. The number of secondary schools went up from 192 in 1980 to 1,642 by 2006, a rise of 734 percent, while the number of teachers increased by 870 percent from 3,730 in 1980 to 36,175 by 2006.

Primary school enrolment is almost universal at 97 percent and there is near gender parity at

this level. However, there is a gender bias in favour of males at secondary school level for the period 1980-2006. The disparities in enrolment by gender widen at the tertiary level, with a bias towards males during the 1980–2005 period. Available data suggest that the gender disparities in student enrolment are also reflected in the staff. While female staff dominates lower primary school, the gender bias is in favour of men at tertiary levels. Male staff invariably dominated female staff in all subjects at University level in 2006. This is true even in the Humanities where the student enrolment is almost near parity. Although there is near parity in terms of access to specific subjects offered between both girls and boys at national level during the period 2000–2006 up to O-level, however, boys consistently outperformed girls in Science oriented subjects at ‘O’ level. In Arts/Humanities, girls generally performed better than boys. In Tech/Voc (practical and commercial) subjects, boys generally performed better than girls except in Fashion and Fabrics, and Food and Nutrition where girls performed better.

## **Quality and Relevance of the Education and Training Provision**

### **a) Primary and Secondary Education Level**

An important issue to note is that the massive and rapid increases in enrolments within a relatively short period of time had an adverse impact on quality.<sup>22</sup> The transition rates from Grade 7 to Form 1 declined from 76.9 percent in 2001 to 70 percent by 2006, while transition from Form 4 to 5 increased from 8.8 percent in 2000 to 17 percent by 2006. The drop out rate at primary level increased from 6.3 percent in 2000 to 8.7 percent by 2005, while at secondary school level it also increased from 7.5 percent in 2000 to 8.5 percent by 2005. The average shortfall of classrooms at primary school level averages 20 percent between 2000 and 2006, the same level at secondary education. However, laboratory average shortfall worsened from 56 percent in 2000 to 61 percent by 2006. The deteriorating quality of inputs has an impact on the quality of education.

The pass rate at grade 7 declined from 48.7 percent in 2001 to 33.1 percent by 2005, before improving to 56.1 percent in 2006. At Ordinary Level, the pass rates (Grade C or better in 5 subjects) declined from 25.4 percent in 2000 to 18.3 percent by 2005 and 14 percent by 2006, suggesting that the education system is wasteful and has been criticised for being too academic in its focus. The pass rates at A Level (Grade E or better in two subjects) peaked at 83 percent in 2003 before declining to 73.7 percent in 2005 and 74.9 percent in 2006. Furthermore, because of its supply-bias, the education system is failing to meet the needs of the economy, creating a mismatch between demand and supply. Apart from its wastefulness, the relevance of the curricula has been questioned by among others, the Nziramasanga Presidential Commission of 1999<sup>23</sup> and the Ministry of Higher Education Report (2006).<sup>24</sup> The poor quality of basic and further education severely limits the opportunities for young people in the labour market.

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<sup>22</sup> The Government’s MDG Report of 2004 argues that despite the improvement in the provision of primary education, its quality has been falling due to a high teacher to pupil ratio averaging 1:38 in 2006 (and as high as 1:50) against a desired ratio of 1:28; high book to pupil ratio; high attrition levels; economic hardship and human resource depletion due to HIV / AIDS and the need to provide for the newly resettled families under the land reform programme (page 24).

<sup>23</sup> Nziramasanga C.T, 1999: **Report of the Presidential Commission of Inquiry into Education and Training**, Harare.

<sup>24</sup> Ministry of Higher and Tertiary Education, 2006: **Report on the Technical and Vocational Education and Training Policy Review Framework**, February.

To make the education system more relevant, The Ministry of Education, Sport, Arts and Culture Secretary's Circular Number 2 of 2001 made it compulsory to take at least one of the technical and vocational subjects at O Level. However, due to the lack of a coherent policy review framework, this thrust was reversed through the Secretary's Circular 3 of 2002, which shifted the emphasis towards humanities, making technical and vocational subjects optional at secondary school level. Through the Secretary's Circular Number 14 of 2004, the provisions of Circular 2 of 2001 were reinforced by making technical and vocational subjects compulsory at junior and middle secondary levels, in line with some of the recommendations of the 1999 Presidential (Nzirasanga) Commission of Enquiry into Education and Training. However, the implementation of the technical and vocational policies has been made difficult by the lack of resources. The 2001 and 2002 policies left the initiative to individual school heads depending on the availability of facilities and staff, as well as learner preferences. With limited resources, most school heads allocated minimal funds to technical and vocational subjects. Though laudable, the Circular of 2004 did not address the lack of resources.

Through Policy Circular P77 of 2006, the Ministry of Education, Sport and Culture adopted for implementation in secondary schools a '**two-pathway education structure**', with effect from 2006, in line with the recommendations of the 1999 Presidential Commission of Inquiry into Education and Training. The two-pathways entail the general / academic education pathway, and the skills pathway i.e. the business / commercial / technology / technical – vocational education pathway. This two-pathway education structure is meant for post-Form 2 studies to cater for the learner's varying aptitudes, interests and abilities.

To facilitate its implementation, the Zimbabwe Junior Certificate (ZJC) was reintroduced in 2007 to facilitate the assessment and channelling of pupils into the two-pathways. The student is expected at Form 3 level to pursue one of the following options: Option 1 – general / academic core subjects; business / commercial as major (at least two subjects); and one subject (elective) from technical – vocational or Option 2 – general / academic core subjects; technical – vocational as a major (at least two subjects); and one subject (elective) from business / commercial. At Forms 3 and 4, all students are expected to take a course in computer studies. Regrettably, however, the new philosophy does not address the issue of resources, which are so vital for its success, especially given that vocational education is equipment-intensive.

The current secondary education curriculum does not effectively develop children according to their unique needs and inclinations, implying that it does not lay a solid foundation for employability and integrability of its products in the economy. An outstanding weakness of the secondary school curriculum is that it is 'not all-inclusive' and lacks a 'pathways approach'. Yet successful experiences point to the importance of early identification of the aptitude of pupils. At Secondary School Level Secondary education should be responsive to the diversified academic and/or technical inclinations of students in secondary schools. Exhibitions in schools for science students are critical in order to create and develop 'inventism.' The deficiencies of the secondary school curriculum are demonstrated by the interventions that are being implemented by various Government Ministries, based on the realisation that the secondary school curriculum fails to equip school leavers with survival competencies required in the labour market (formal and informal).

Examples of government interventions to address the gap between education provision and the skills requirements of the labour market include: the President's National Schools Computerisation Programme in secondary schools, the adoption for implementation in secondary schools of a **'two-pathway education structure'** by the Ministry of Education Sport and Culture, with effect from 2006, and the design and implementation of the Integrated Skills Outreach Programme (ISOP) of 2006 for School Leavers by an inter-ministerial committee comprising: the Ministry of Higher and Tertiary Education, the Ministry of Public Service, Labour and Social Welfare, the Ministry of Small and Medium Scale Enterprise Development, and the Ministry of Youth Development and Employment Creation.

#### b) **Tertiary Level**

To address the racial imbalances in TVET, Government built 5 more technical colleges between 1980 and 1990, which were later upgraded to polytechnics in 2001. The apprenticeship system was revamped to expand its catchment and a trade testing system was introduced in 1981 to classify workers into Skilled Worker Class 4 to 1, Class 1 being the highest. While apprenticeship training offers a better fit between supply and demand, the intakes have historically been very low, averaging 1,500 per year. However, in 2007, the intakes have gone down to only 600. To address the low intakes, a traditional apprenticeship scheme, the Informal Sector Training and Resource Network (INSTARN) was launched in 1995 with the assistance of GTZ. It provided technical training for informal economy businesses to improve the production skills of participants in the sector and the marketability of their products. At an early stage of project implementation, it was found that it is not enough to provide someone with a skill without providing business training and funding. In this regard, it was agreed that the project would provide an integrated approach to resolving the problems of the informal economy by providing technical training, business training and access to funding.

The areas of intervention in the project are: reinforcing traditional apprenticeships, developing small business advisors, and providing credit for small business growth, promoting informal economy associations and assisting in marketing of informal economy products to the formal sector. However, since the withdrawal of the GTZ in 2000, the programme encountered a number of challenges including lack of financial resources, consumables, no funds for follow up of trainees on attachment and lack of funds for monitoring and evaluation.

The rationalisation of TVET in Zimbabwe was done under the comprehensive policy document of 1990 "Rationalisation of Technical and Vocational Education in Zimbabwe." TVET provision was structured at 5 levels: Pre-Vocational Certificate (PVC), National Foundation Certificate (NFC), National Certificate (NC), National Diploma (ND) and Higher National Diploma (HND). For the first time, learners were afforded a chance to move from the operative (PVC) to the skilled operative grade (NFC), the artisan grade (NC and skilled Worker Class 1), the technician (ND) and technologist (HND). The HND was pegged at degree level, although it was left to the individual department at the universities to determine the entry level. In 2004, it became possible to upgrade the TVET qualifications to graduate and post-graduate levels. The 1990 policy aligned TVET qualifications to the academic

sector qualifications to enable their mobility from TVET to academic.<sup>25</sup> In fact, a bill establishing the Zimbabwe Qualifications Authority (ZIMQA) was drafted in 2005, to feed into the requirements of the SADC 1997 Protocol on Education and Training, which envisages the establishment of a Regional Qualifications Framework.

Funding for TVET is shared between Government, the private sector and students. The Manpower Planning and Development Act of 1984 provided for the establishment of a training fund, the Zimbabwe Manpower Development Fund (ZIMDEF), supported by a 1 percent levy on payroll administered by the Ministry of Higher and Tertiary Education. Donors helped build and equip the colleges. USAID for instance built and equipped Belvedere Technical Teachers' College and Mutare Polytechnic, while GTZ equipped Harare Institute of Technology, Msasa VTC and Masvingo Polytechnic, while the Chinese built Chinhoyi Technical Teachers' College. However, the departure of these funders has seen the infrastructure deteriorating for lack of refurbishment, replacement, routine and preventive maintenance. Thus, there is lack of up-to-date equipment in some institutions that match the technologies in use in industry. The library materials are dated. This is now affecting the product quality, with the older institutions, Harare and Bulawayo Polytechnics the worst affected.

Ministry of Higher and Tertiary Education (2006) reports that in spite of the introduction of the B-Tech Teacher Education (honours) degree programme for lecturers by the National University of Science and Technology (NUST) since September 2004, lecturers continue to be scarce owing to the low remuneration that has resulted in out-migration.<sup>26</sup> This has been worsened by the continued degrading of TVET institutions since the 1995 Public Service Commission's (PSC) job evaluation exercise in order to align them with the teachers' and agricultural colleges that offer lesser qualifications. The report also notes that the absence of a definite policy mechanism for policy implementation and the absence of a regulatory authority as recommended in the 1990 policy position and the Nziramasanga Commission (1999) threatens quality as vertical and lateral expansion is driven by ambition for status and expediency in both the private and public sectors. It is observed that Youth centres and VTCs are offering NDs and at times HNDs yet they have no capacity in terms of teaching staff, equipment and infrastructure.

The inspection section of the Higher Education Examinations Council (HEXCO) is considered ineffectual as a monitoring body at a time management of TVET has been decentralised to institutions. The report argues that this lack of effective inspection is likely to affect the centres of specialisation that are being established in the polytechnics with the introduction of the B-Tech degree in the 5 polytechnics (Harare, Bulawayo, Masvingo, Mutare and Kwekwe).

For instance, the amendment of the 1994 Manpower Planning and Development Act of 1996 was so flexible as to allow ZIMDEF to depart from its core business as envisaged in the 1984 Act. ZIMDEF now funds non-core activities, thus undermining TVET. The Ministry of Higher and Tertiary Education report concedes that ZIMDEF is therefore ineffectual in

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<sup>25</sup> However, the catch is that in the absence of a national policy on such movement, the discretion is with the individual departments in the universities to place transfers at any level they deem fit.

<sup>26</sup> Ministry of Higher and Tertiary Education, 2006: **Report on the Technical and Vocational Education and Training Policy Review Framework**, February.

meeting its obligations (2006: 21). The report strongly recommends the amendment of the 1994 Act so that ZIMDEF focuses strictly on funding TVET as was provided for in the 1984 Act. The 1994 Act also gave the prerogative over ZIMDEF to a single person, the Minister of Higher and Tertiary Education, who is its sole trustee.

Stereotyping of courses along gender lines persists, undermining the promotion of gender equity. The report sees the absence of a review framework as resulting in the haphazard review of policy, and the attendant problems of enforcement, noting that “The need for a clear framework accompanied by guidelines for future TVET policy review cannot be overemphasised,” (2006: 19).

Tellingly, the report finds that stakeholder consultations in policy formulation is not adequate, with the bulk of respondents who indicated they were consulted (67 percent) coming from the Government sector, whereas 68 percent of the 37 percent who indicated they were not consulted coming from the private sector and parastatals. This reinforces the perceived supply-drivenness of TVET in Zimbabwe. The report concludes that “...consultation is heavily skewed in favour of civil servants and against those driving the economy,” (*ibid*: 20). Yet policy should meet the needs and support the growth of industry. Rightly so, the report observes that “Any policy, therefore, that does not involve a wide cross-section of the private sector is in itself a problem,” (*ibid*: 20). The report correctly states that the curricula in use in institutions are continuously drifting from the needs of industry, in spite of the introduction of the Zimbabwe Occupational Standards Services (ZOSS) in 1999 to produce occupational standards on which to base the curricula.

The key challenges facing TVET, as indicated by the stakeholders in TVET include: funding (1) and curriculum relevance (2), research and planning (3), monitoring and evaluation (4), planning (5), resources (6) qualifications framework (7), management (8), legislation (9) (see Ministry of Higher and Tertiary Education 2006 Report).

## **PART II: SETTING PRIORITY POLICIES**

### **2.1 PROBLEM IDENTIFICATION**

As highlighted above, even though there was no comprehensive employment strategy in the past, the various policy blueprints at national and sectoral levels, and the diverse interventions by several Government Ministries, the private sector and Non-State Actors (NSAs) failed to make any significant inroads into the challenges of employment creation and poverty reduction. On the contrary, the challenges have exacerbated, especially with the onset and deepening of the economic crisis. Clearly therefore, Zimbabwe will not be able to meet its MDG commitments, as aptly illustrated in the Government's MDG Progress report of 2004.<sup>27</sup> Persistent economic decline implies the goal of halving poverty by 2015, reducing the under-fives malnutrition by two-thirds to 7 percent by 2015 will not be achieved considering that realising the Millennium Development Goals by 2015 is predicated on an annual real GDP growth rate of 6.6 percent beginning 2002, indeed a far cry from what is currently pertaining. The MDG report postulates that at real GDP growth rates of 5 percent, 4 percent and 3 percent would imply halving poverty by 2020, 2026 and 2038 respectively.

The failure to generate decent jobs is due to a number of interrelated factors. Firstly, the requirement for sustained high levels of growth has not materialized as a result of the debilitating crisis, and especially the context of macroeconomic instability, characterized by hyperinflation, absolute shortage of foreign currency resulting in low levels of capacity utilization, depressed investment and supply bottlenecks. Secondly, the quality of growth has deteriorated as illustrated by the negative output elasticities of employment. Furthermore, falling real incomes have resulted in serious decent work deficits. Thirdly, and more fundamentally, the failure to address the integration of the non-formal sector, the domain of more than 80 percent of the labour force, means focus has remained on a shrinking formal sector to generate employment. The formal sector gravitates towards greater capital-intensity, and hence on its own cannot generate the required levels of employment. Consequently, the weak integrability factor impacts negatively on both growth and its employment intensity.

Fourthly, the various measures undertaken have tended to be ad hoc, fragmented and uncoordinated. Various institutions are playing some role, and yet there is no guiding framework on building synergies between them. Fifthly, the mismatch between supply and demand for skills remains an inhibiting factor. The academic orientation of education and training is a major challenge to employment creation as it results in lack of functional skills. Lastly, the intangible resource, political will, is a prerequisite for sustainable employment creation and poverty reduction. Where political will is lacking, there cannot be a way to dealing with the scourges of unemployment and poverty eradication. Globalization, and indeed the scourge of HIV and AIDS present additional formidable challenges, especially considering its impact on the most productive age group, 15-49 years. The 'brain drain' is also creating critical shortages of human resources.

The identified challenges based on the foregoing analysis can be disaggregated into the following:

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<sup>27</sup> See Government of Zimbabwe (GoZ) & United Nations (UN), 2004: **Zimbabwe Millennium Development Goals: 2004 Progress Report**.

- High un- and under-employment;
- Atypical and precarious forms of employment, especially in the informal economy;
- Low levels of productivity and low earnings;
- Mismatch between supply and demand for skills;
- Lack of entrepreneurial skills;
- The ‘brain drain’ and exodus of Zimbabweans into the Diaspora;
- Debilitating crisis and absence of an enabling macroeconomic environment;
- The scourge of HIV / AIDS and its adverse impact on the economy, and especially productivity.

The priority challenges to be addressed by the National Employment Policy Framework are:

- Debilitating crisis, and especially the disabling macroeconomic environment and cumulative and negative economic growth;
- The disarticulate enclave and dual structure of the economy resulting in the marginalization of non-formal sectors and vulnerability of marginalized groups (women, youths, people living with disabilities) in the economy;
- Mismatch between supply and demand for skills;
- High un- and under-employment;
- Decent work deficits; and
- The ‘brain drain’.

As outlined in the foregoing analysis, the causes of the priority employment problems include the disabling macroeconomic environment and crisis which have undermined growth; the declining employment elasticity of output, which during the crisis period became negative; lack of integration of the non-formal sectors (communal and informal) into the mainstream economy (failure to resolve the distorted economic structure characterized by enclavity and dualism); the mismatch between skills supply and demand caused by the academic focus of education and lack of a ‘pathways approach’ to education and training (employability deficit of school leavers as a result of dysfunctional skills); and the exigencies of globalization that have resulted in labour market insecurity and the rise of atypical jobs with decent work deficits.<sup>28</sup> As a result of the pressures of globalization, and in particular the need to be internationally competitive, companies that had been starved of foreign currency during the period of sanctions, 1966-80, and its absolute shortage thereafter, are resorting to more capital-intensive strategies, which minimize use of the abundant labour.

The disabling macroeconomic environment does not only refer to the prevailing conditions of macroeconomic instability characterized by hyperinflation, but also to the various laws and bye-laws that are inimical to employment creation, and in particular the growth and emergence of Small, Micro and Medium Enterprises (SMMEs), the challenges of accessing credit at affordable conditions, requisite infrastructure for the promotion of job creating ventures, availability and access to capacity building interventions such as business development services. Infrastructure is used in its generic form to include social infrastructure (education, health and housing), economic infrastructure which includes facilities that provide society with services required for the conduct of daily living and engagement in productive activities, including power, transportation, telecommunications,

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<sup>28</sup> For a detailed discussion on globalization and the world of work, see for instance the Report of the Director-General of the ILO on Decent Work, International Labour Conference, 87<sup>th</sup> Session of 1999. This ILO Report sees decent work deficits as “the most widespread need, shared by people, families and communities in every society, and at all levels of development” and as the “major problem of our time,” (page v).



water, sanitation and safe water disposal.

Infrastructure includes all types of capital capable of yielding services or future income. In the case of Zimbabwe, infrastructural development reflects the enclave and dual structural segmentation of the economy; it is well developed in the formal sector, and in particular urban areas, and less so in the non-formal economy (communal and informal). Thus, resolution of the dual and enclave nature of the economy implies also dealing with the imbalances in infrastructural development, a prerequisite for integrability, sustainable employment creation and poverty reduction (eradication). The low levels of integration of women reflects cultural norms and practices that underline the persistence of gender inequalities, their weaker human capital attributes and discrimination in the labour market as well as their triple jeopardy in that they are responsible for household work, reproduction and community work, including care work, while men are outward bound and are mainly in the productive sphere. This triple jeopardy translates into a huge reservation wage or reproductive tax that minimizes women's participation in the productive sphere. Household, reproductive and community work are outside the economic domain; hence are unremunerated, while productive work is in the monetised sector.

In the context of limited jobs, youths are relegated to the end of the job queue and hence find themselves resigned to easy entry activities prone to lateral expansion, low returns and long hours of work. In addition, such forms of work may compromise their safety and security at work. Thus, youths are found in the vending, street type activities such as car washing and car watching, making and selling simple crafts and in menial forms of housework or other forms of service activities for which their being viewed as children is used as a pretext for paying them low wages or treating them paternalistically by embracing them as part of the family. This latter phenomenon is particularly true of recently recruited youths from rural areas who are then employed by urban households. People living with disabilities are discriminated in all aspects of life and hence are invisible from a policy point of view.

The critical success areas that will serve as indicators in addressing the above challenges include:

- The number of people with decent work deficits;
- The number of new start up businesses;
- Measures of inclusiveness such as the gini coefficient and poverty levels;
- Measures of macroeconomic stability, e.g. single digit inflation, low budget deficits;
- The number of people (re)trained and placed into jobs;
- HIV / AIDS prevalence rates;
- Disadvantaged people in gainful employment (women, youths, people with disabilities, people living with HIV / AIDS);
- Sectoral and national productivity levels.

## 2.2 THE POLICY FRAMEWORK

### 2.2.1 Objectives of the Policy

The overall objective of the National Employment Policy Framework is *to promote and secure sustainable, full, productive and freely chosen decent employment for all under conditions of freedom, equity, security and human dignity.*

More specifically, the employment policy is designed to achieve the following:

i) Creating an enabling and conducive environment for sustainable employment creation by:

- Putting in place macroeconomic and sectoral measures for economic recovery and shared (inclusive) and pro-poor sustainable growth;
- Leveraging employment-intensive infrastructure rehabilitation and development as a basis for recovery and broad-based growth;
- Promoting active labour market policy interventions and other measures to resolve enclavity and dualism by deliberately targeting these measures at the non-formal economy, especially through the promotion of SMMEs. Concurrently, the productivity of all sectors and factors of production will be enhanced;
- Targeting sectors and processes that enhance the labour absorptive capacity of the economy by for instance promoting backward and forward linkages between sectors, clusters and value chains both locally, regionally and globally;
- Ensuring better policy coordination and synergies and placing employment and poverty reduction (eradication) at the heart of all socio-economic policies;
- Reviewing the regulatory framework to encourage the growth of SMMEs and promote employment creation; and
- Improving all forms of infrastructure (social and economic). It has been shown that increased access to infrastructure and its quality contributes to income inequality and poverty reduction. Infrastructure and public services increase both overall economic growth and allow the poor to participate in it.

ii) To produce appropriately skilled and employable labour force by:

- Transforming the education and training system so that it is more demand-driven to correct its supply-bias and to provide a ‘pathways approach’ that accommodates the varied requirements, talents and aspirations of the entrants into the labour market;
- Creating an efficient and effective labour market information system to enhance labour market analysis and human resources development and utilisation; and
- Promoting partnership approach to education and training and planning.

iii) Promoting the integration of marginalized and vulnerable groups such as women, youths, people living with disabilities and the retrenched by:

- Meeting their specific needs through targeted empowerment measures;
- Targeting the sectors in which they are predominant, namely, the communal and informal economies;
- Retraining and redeploying retrenched and rehabilitating closed mines; and

- Providing specific employment incentives for disadvantaged groups (e.g. people living with disabilities and youths).
- iv) Reversing the ‘brain drain’ and turning it into a ‘brain gain’ by:
- Resolving the crisis, creating a stable macroeconomic environment and improving working and living conditions;
  - Negotiating bilateral agreements with major receiving countries;
  - Taping into skills in the Diaspora; and
  - Maximising the impact of remittances from the Diaspora;
- v) Making the National Productivity Institute Functional by:
- Reactivating its Board;
  - Refocusing and implementing the adopted Strategic Plan;
  - Appointing its secretariat and resourcing it.
- vi) Strengthening and Coordinating Workplace Initiatives on HIV and AIDS by:
- Identifying and promoting ‘best practices;’
  - Ensuring that all sectors have policies and programmes in place;

### **2.2.2 Principles Guiding the Policy Framework**

The employment policy will be operationalised within the framework of the overall sustainable development strategy, where employment and poverty reduction are consciously built into the overall strategy, including the macroeconomic and stabilisation programme. The stabilisation, and indeed development strategy will require a strategic role of the state in resolving enclivity and dualism, which the market on its own cannot address. This will harness the latent potential of the majority hitherto locked in a low productivity, low income trap in the non-formal sectors (communal and informal) to maximally utilize the human resource base of the country on the basis of ‘redistribution with growth’ as opposed to ‘growth with redistribution.’ This will ensure an inclusive growth path and achieve mutually beneficial win-win outcomes by fostering the growth, elasticity and integrability factors simultaneously. The thrust of the policy framework will be on enhancing both the quantity and quality of employment, i.e. aiming at ‘decent and productive employment for all, in conditions of freedom, equity, security and human dignity.’ More specifically, the following principles will be promoted:

- A combination of both a bottom-up and top-down approach that is people (demand)-driven;
- A shared, partnership approach that will create smart partnerships at all levels (national, meso-sectoral and micro), with Government still providing leadership. This partnership encompasses individuals, groups, communities, civil society, the private sector, local and central Government as part of an overall participatory approach;
- Improving the quality, and not only the quantity of employment – promoting decent and productive employment for all;
- Promoting equal and equitable development;
- Putting employment at the heart of the socio-economic policies (broad-based, pro-poor growth);
- Autocentric (endogenous) development that meets the needs of the population and prioritises basic needs (a human rights, equity-growth approach);

- Nurturing a culture of ‘job-creation’ as opposed to ‘job-seeking’ and promoting an entrepreneurial culture;
- In order to achieve well-targeted policies and programmes requires an efficient and effective Labour Market Information System that is appropriately decentralised; and
- An employment and gender-sensitive national and local budget framework.

### 2.2.3 Strategies of the Policy Framework

#### a) **Macroeconomic Stabilisation, Broad-based and Inclusive Economic Recovery and Transformation**

- Pursue an employment-intensive stabilisation and recovery programme encapsulating fiscal, monetary, trade, agrarian, industrial and other sectoral policies by integrating employment objectives as cross-cutting issues;
- Promote employment-intensive rehabilitation and development of infrastructure as a basis for broad-based and inclusive growth;
- Specifically integrate the non-formal sectors through empowerment measures including maximally utilising land by promoting the prime factors behind the successful smallholder-led agricultural revolution of the early 1908s, namely, provision of financial and human resources, efficient markets, technological innovation, a favourable macroeconomic environment for agriculture and farmer support services (credit, fertilizer, seed distribution systems and marketing). This integrative, transformative agenda should also focus on strengthening backward and forward linkages through the exploitation of value chains and value systems among firms and sectors, including outsourcing and networking to create employment multiplier effects;
- Promote business linkage programmes, (including franchising, contracting, toll manufacturing and outsourcing), mentorship and internship programmes to achieve more inclusive outcomes than is the case in individual firm or sector approaches. Such coalitions involving coordinating or sharing value chains with coalition partners broaden the effective scope of the firm or sector’s chain, which is ultimately more integrative and employment-intensive. Useful examples have emerged in recent years in sectors such as tea / coffee growing, textiles and clothing, furniture, poultry, fish farming and other sectors of the economy. Sectors with the highest potential for employment creation are targeted, such as agriculture, mining, forestry, manufacturing, services, tourism and construction among others (See Annex 5). The Ministry of Youth Development and Employment Creation is attempting to do this by signing memoranda of understanding with various companies and sectors such as the pig, poultry and other related industries where youths undergo internships for eventual self employment and enterprise development;
- Adopt an industrial strategy that promotes value-addition (beneficiating raw materials) to lock benefits internally and increase the scope for job creation;

b) **Active Labour Market Policy Measures**

- Implement active labour market policy measures, with some of the following interventions, to help integrate and mainstream hitherto marginalized groups and sectors:

i) **Employability**

The following should be established:

- ✓ Innovative, gender-sensitive training and skills development programmes, such as apprenticeship programmes, mentorship, business incubators, promoting a culture of entrepreneurship, etc
- ✓ Vocational training programmes designed and implemented in partnership with the private sector
- ✓ Basic education programmes for school dropouts.

ii) **Employment creation**

Areas for job creation include the following:

- ✓ SME and cooperatives promotion and development;
- ✓ Labour-based public works;
- ✓ Business linkages;
- ✓ Self-employment programmes;
- ✓ Service provision in fields such as HIV/AIDS, waste management and environmental protection, through public/private partnership;
- ✓ Community-based service provision such as access to micro-credit.

iii) **Equal Opportunity**

- ✓ The reintegration of ex-combatants;
- ✓ Promoting the employment of young women;
- ✓ Programmes targeting people with disabilities and other vulnerable groups (see ILO, 2005)<sup>29</sup>.

To achieve the above, there is need to strengthen the various components of the labour administration system by among other things:<sup>30</sup>

- Empowering National Employment Councils to play a more proactive role in the provision of employment services, including vocational counseling and career guidance, specialized labour market information, training and labour inspection;
- Creating a unified labour inspectorate as per Convention 150 and its Recommendation of 1949 to enhance efficiency and effectiveness;
- Upgrading employment services along the lines of the model employment office in Harare established in 2000;
- Developing a computerised integrated labour market information system;
- Redeveloping and implementing the Enhanced Social Protection Programme (ESPP) adopted by the social partners in 2000 with the following components:

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<sup>29</sup> ILO, 2005: **Report of the Southern Africa Sub-Regional Conference on Youth Employment: The Youth Employment Challenge in Southern Africa: Policy Responses and Programmes Targeting Young Women and Men at National and Sub-Regional Level**, 17-19 October, ILO-SRO, Harare.

<sup>30</sup> Governments are strengthening the system of labour administration on the basis of ILO Convention 150 and its Recommendation 158 of 1978.

- ✓ Basic Education Assistance Module (BEAM), which aims to reduce the number of people failing to attend school because of hardships, and providing school fees waivers to reduce the rate of drop outs;
- ✓ Children in Especially Difficult Circumstances (CEDC),<sup>31</sup> which aims to identify and assist children in difficult circumstances through community support and implementation of component;
- ✓ Public Works Component (PWC), which seeks to put in place labour-intensive public works that offer employment to the poor. This temporarily avails income to the poor;
- ✓ Emergence Drugs and Medical Supplies component; and
- ✓ A National Health Insurance Scheme.

c) **Creating an Enabling Legal and Regulatory Framework for Investment and Employment Creation**

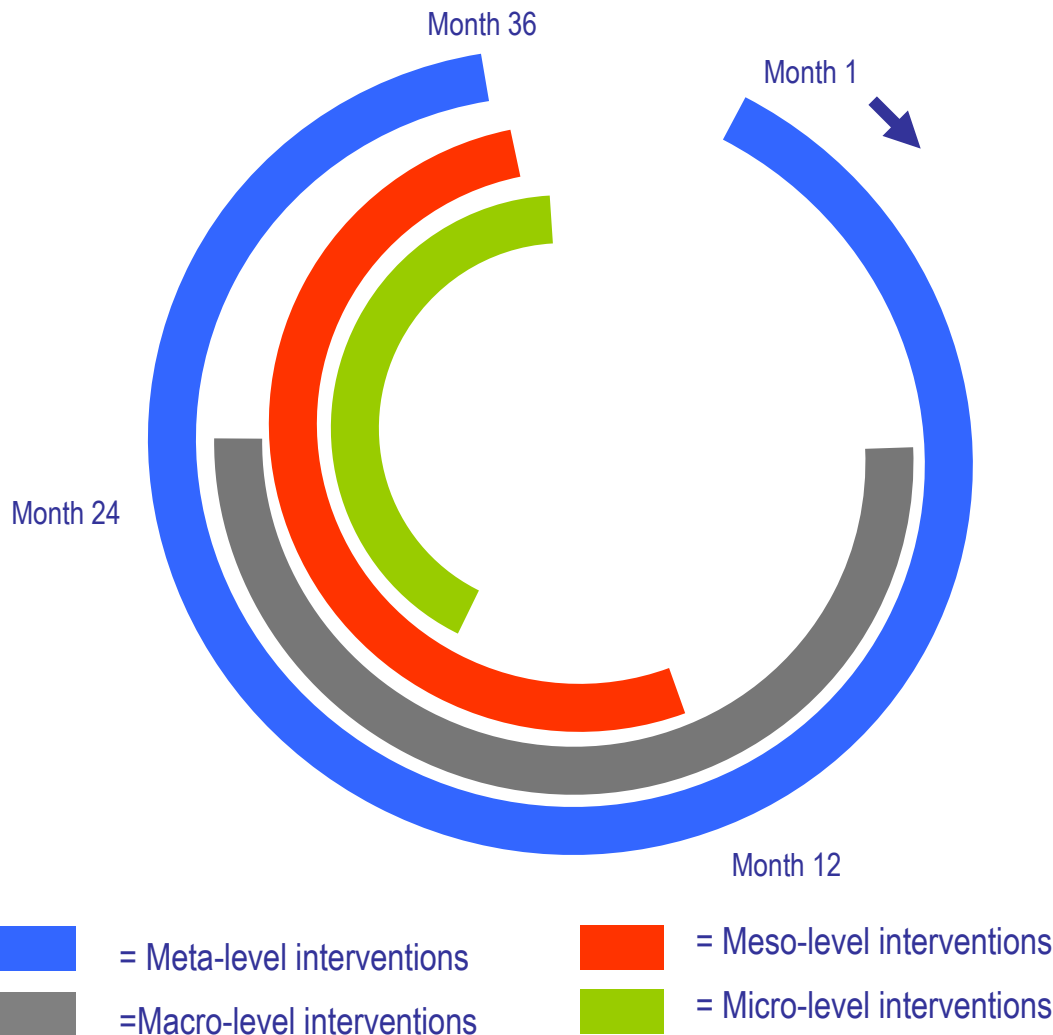
- Some national laws, regulations and by-laws that are in existence hamper the development of SMMEs and the labour market entry of youths. For instance, the regulation stipulating that casuals be paid double the wage rate for permanent employees prices youths out of temporary jobs, which are often a gateway into permanent jobs or work experience that will put them in good stead for employment. In addition, health regulations and other by-laws and requirements may hinder the establishment of SMMEs. It is necessary for the deregulation or rather rationalization committee under the Ministry of Local Government be reactivated to identify such regulations so that they are reviewed in order to create an enabling environment for the development of SMMEs.

d) **Promotion of SMMEs (Enterprise Development)**

- ✓ Inculcate and nurture a culture of entrepreneurship;
- ✓ Adopt a systemic approach to enterprise development involving: changing the perception about self-employment at the meta level; creating an enabling policy environment for enterprise development at the macro level; promote Business Development Services at the meso level; and appropriate micro-level interventions. Since the sequencing of the measures is key to success, the interventions should start from the meta level to the micro-level as indicated below.

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<sup>31</sup> These are now officially referred to as Orphans and Vulnerable Children (OVCs).



e) **Education and Training**

i) **Basic education**

Recent years have witnessed some reversal of the gains made in basic education provision. There is need to consolidate the gains made in education, in both access and quality by providing requisite resources. The adoption of the 'pathways' approach should be strengthened through improved stakeholder participation in the provision of education.

ii) **Technical and Vocational Education and Training (TVET)**

The delivery patterns in TVET worldwide reflect a variety ranging from school-based provision to non-formal training arrangements, or a combination of the two. In response to globalisation, the trend favours a more market-oriented approach since skills are required to respond flexibly to rapidly changing demands. The restructuring of TVET systems worldwide suggests the following trends:

- Generally a policy shift from input-based to output-based activities;
- Exclusive Government-controlled TVET systems are opening up to a linkage with private TVET institutions and skills development providers (including company-based training), sometimes co-financed from national budgets;

- Entrepreneurship in TVET and skills development is encouraged through micro-financing;
- Greater autonomy is being granted to TVET institutions;
- The involvement of all partners is favoured;
- New financing and certification mechanisms are envisaged;
- The curricula for the training of trainers and apprenticeship are being revised;
- Dual forms of training are promoted;
- Promoting gender equality and equity in access to TVET and de-stigmatising courses available to girls and boys;
- Shift by agencies of international cooperation towards Programme Based Approaches (PBA) since the 1990s to avoid fragmentation of development assistance, to achieve enhanced coordination of financial means and better cooperation. Ownership of development programmes by recipient countries and the support of partners' institutional development are strongly emphasised, which could not be satisfactorily achieved under the project-based approach;
- Basket funding (BF), implying joint funding by several donors;
- The development of national policy frameworks of good governance and decentralisation, and also in the context of Poverty Reduction Strategies and MDGs (see UNEVOC, 2004).<sup>32</sup>

The Ministry of Higher and Tertiary Education is already in the process of restructuring TVET as reflected in its Policy Review Framework of 2006 which was developed with inputs from other stakeholders.

#### f) **Productivity**

There is need to reactivate and resource the National Productivity Institute (NPI) launched in March 2003 to make it operational. The NPI has already developed a strategic plan, which needs to be activated and fully implemented as a matter of urgency. A Board including all key stakeholders such as Government, Employer and Worker representatives, as well as SIRDC is already in place.

#### g) **Integrated, Co-ordinated and Inclusive Approach to Labour Administration**

To ensure proper co-ordination and harmony of labour market policies, a multi-sectoral Labour / Employment Forum is proposed, as a specialized structure of the Tripartite Negotiating Forum. The multi-sectoral composition of the Employment Forum reflects the new paradigm where employment is seen as a cross-cutting issue to be mainstreamed across all policies.

A well functioning labour administration system requires consultation, cooperation and negotiation between the public authorities and the most representative organisations of employers and workers at the national, regional and local levels and within the various sectors. The coordinating Ministry should ensure appropriate representation of the system in administrative and consultative bodies where information is collected and decisions are made

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<sup>32</sup> UNESCO-UNEVOC, 2004: **Agencies for International Cooperation in Technical and Vocational Education and Training: A Guide to Sources of Information**, International Centre for Technical and Vocational Training, Bonn, Germany, April.



on social and economic policies. Each aspect of the labour administration with specific competencies is expected to provide periodic information /reports on its activities to the Ministry and the Employment Forum. Such information should include appropriate statistics for planning which should be appropriately published and disseminated to all stakeholders. Constant review of the structures of the national system of labour administration, in consultation with social partners is essential for effective delivery. This should be the role of the proposed Labour / Employment Forum.

## **PART III: POLICY IMPLEMENTATION**

Granted that the national employment policy is part of an overall development strategy that prioritises the goal of creating decent work for all, this objective should be reflected, and indeed integrated in all macroeconomic and sectoral policies if full employment is to be attained. This way, the national employment framework is meant to provide the vehicle through which other sectoral policies take a cue to achieve synergies and impact on the challenge. Macroeconomic policies impact growth, which is a requirement for employment creation. However, as shown above, it is not only the quantity of growth that matters for employment; it is both sustained high levels of growth and their employment intensity that make the difference. This has been missing as policies tended to be crafted in isolation with each other, and in recent years, as the objectives of employment creation and poverty reduction have been treated as a residual, with stabilisation taking centre stage.

Furthermore, the extent to which the marginalised and vulnerable groups, and especially women, youths, those living with disabilities and HIV/AIDS benefit depends on their human capabilities, the integrability factor. Because of their weak human capabilities, these marginalised and vulnerable groups have tenuous links in the labour market, and hence are relegated to the low productivity, low income non-formal sectors (communal and informal) where all forms of insecurity prevail. In this context, the growth, elasticity and integrability factors are critical for sustained employment creation and poverty reduction. Thus, the empowerment of the marginalised groups and integration of marginalised sectors is a vital requirement for sustainable employment creation and poverty eradication.

This therefore implies that the challenge of creating decent work is multidimensional, requiring the active participation of all key stakeholders, who need to be properly coordinated to avoid fragmentation, incoherence and hence ineffectiveness of their interventions.

On a positive note, the turn of the new millennium has witnessed the integration of employment and poverty issues alongside those of economic growth. This political consciousness and urgency has resulted in the adoption of frameworks such as the MDGs, the return of full employment under decent conditions as specific objectives to be consciously integrated in development policies. These international commitments have been domesticated through the AU Declaration and Plan of Action on Employment Creation and Poverty Alleviation adopted in Ouagadougou, Burkina Faso in September 2004, and the regional Youth Employment Challenge in Southern Africa in October 2005. This national employment policy framework is therefore an expression of these commitments and their operationalisation at the national level.

### **3.1 IMPLEMENTATION AND INSTITUTIONAL ARRANGEMENTS**

A plethora of institutions exist in Zimbabwe dealing with issues of employment and overall development policies, including the National Economic Consultative Forum (NECF), the Tripartite Negotiating Forum (TNF), the National Economic Recovery Council (NERC), the National Incomes and Pricing Commission (NIPC), relevant cabinet taskforces and indeed Ministries. It needs pointing out that under the 'Jobs for Africa: Poverty Reducing

Employment Strategies for Africa (JFA-PRESA)' of 1999 which is now part and parcel of the Decent Work Country Programme (DWCP), an institutional coordinating body, the Zimbabwe National Network Advocacy Group (ZIMNNAG) was created. It included all key Ministries and stakeholders beyond the tripartite framework, and including rural areas and other initiatives towards poverty alleviation.

Most of these institutions could lay a claim to coordinating the NEPF. However, their ad hoc nature and lack of implementation capacity and mandate disqualifies them for the task of coordinating the NEPF. It may therefore be advisable to revive ZIMNNAG and rename it the Labour or Employment Forum under the Tripartite Negotiating Forum. Instead of the technical focus of ZIMNNAG, the proposed Labour / Employment Forum should comprise the key stakeholders represented at the policy level. It will also fill the void in labour market coordination, where specialised tripartite committees exist, without an overall labour market policy coordinating body. The Labour or Employment Forum will have overall responsibility for coordinating labour market policy, including the NEPF, focusing on management and organisation of labour market policy activities. Its functions will include the following:

- Setting goals, roles and responsibilities at national, regional and local levels;
- Putting in place systems for management and monitoring of labour market policies and programmes;
- Establishing models of tripartite cooperation between the Government, employers' organisations and trade unions;
- Finding methods for cost effective administration; and
- Adopting methods for recruitment, training and development of staff.<sup>33</sup>

A computerised labour market information system needs to be created and updated as a solid basis for the following:

- Job matching operations;
- Formulation of labour market strategies;
- Activity planning;
- Statistical labour market analysis;
- Forecasting;
- Monitoring and evaluation of labour market programmes in cooperation with social partners.

It is therefore a key function of the Labour / Employment Forum to ensure that the labour administration system is functioning efficiently, effectively in a sustainable cost-effective way. Given the need for NEPF to be a broad-based policy initiative, the Labour / Employment Forum will comprise of high ranking officials from all relevant Government Ministries, labour market institutions such as National Employment Councils, employers' and workers' representatives, the National Productivity Institute, the National Manpower Council (NAMACO), NGOs, the Youth Council, the Coalition of Women's Organisations, Faith-based organisations and the Zimbabwe Local Government Association (ZILGA). This structure should be integrated into the Labour Act.

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<sup>33</sup> Such a structure was first mooted by the tripartite technical committee that visited Sweden, The Netherlands and the EU in 1996 and South Africa in 1998 to study their systems of labour administration.

## **3.2 RESOURCE MOBILISATION**

While some of the interventions are generally funded by the national budget, there is need for others to be covered in conjunction with development partners. It is essential that synergies be built and strengthened across existing programmes, especially in education and training and business development services. Given its mandate, the ILO will be a strategic partner in this initiative, and will be invited to provide technical backstopping services and technical advisory services whenever necessary. The coordinating Ministries of Public Service, Labour and Social Welfare and Youth Development and Employment Creation will facilitate the mobilisation of requisite resources.

## **3.3 MONITORING AND EVALUATION**

Monitoring and evaluation of the programme falls under the auspices of the Labour / Employment Forum. Such evaluations should be conducted at regular intervals, say first year, after two years or so depending on the programmes and projects being implemented. However, effectiveness of the monitoring and evaluation will be enhanced by the Labour Market Information collected by the various bodies responsible for the various aspects of the NEPF. Regular reports, preferably annually will have to be produced. A major review of the policy will have to be undertaken after every five years to allow for necessary adjustments and to build in flexibility.

## ANNEX 1: NATIONAL EMPLOYMENT POLICY ACTION PLAN

*Overall Output: Secure, sustainable, full, productive and freely chosen decent employment for all Zimbabweans under conditions of freedom, equity, security and human dignity.*

### **Priority Area A: Create an enabling environment for sustainable employment creation**

**Objective 1:** To actively integrate and place employment creation at the heart of all development policies through investment and employment-friendly legal and policy frameworks.

**Objective 2:** To improve the institutional capacity to ensure efficiency and effectiveness in coordination of interventions and enhance implementation capacity.

### **Strategy 1: Adopt Investment-friendly, Employment-Intensive Policies and Regulations for Economic Recovery and Transformation**

- Adopt an employment-friendly recovery programme encapsulating fiscal, monetary, trade, agrarian, industrial and other sectoral policies that integrate employment objectives: a well coordinated multi-sectoral approach;
- Specifically integrate the non-formal sectors through empowerment measures including maximally utilising land by promoting the prime factors behind the successful smallholder-led agricultural revolution of the early 1908s, namely, provision of financial and human resources, efficient markets, technological innovation, a favourable macroeconomic environment for agriculture and farmer support services (credit, fertilizer, seed distribution systems and marketing). This integrative, transformative agenda should also focus on strengthening backward and forward linkages through the exploitation of value chains and value systems among firms and sectors, including outsourcing and networking to create employment multiplier effects;
- Promote business linkage programmes, (including franchising, contracting, toll manufacturing and outsourcing), mentorship and internship programmes to achieve more inclusive outcomes than is the case in individual firm or sector approaches. Such coalitions involving coordinating or sharing value chains with coalition partners broaden the effective scope of the firm or sector's chain, which is ultimately more integrative and employment-intensive. Useful examples have emerged in recent years in sectors such as tea / coffee growing, textiles and clothing, furniture, poultry, fish farming and other sectors of the economy. Sectors with the highest potential for employment creation are targeted first, such as agriculture, mining, forestry, manufacturing, services, and construction among others.
- Adopt an industrial strategy that promotes value-addition (beneficiating raw materials) to lock benefits internally and increase the scope

- for job creation;
- Promote stakeholder participation in economic decision-making processes and the reorganisation and consolidation of the various institutional frameworks for stakeholder participation (NECF, TNF and the proposed National Economic Council - NEC).

**Strategy 2: Implement Active Labour Market Policy Measures with some of the following interventions to help integrate and mainstream hitherto marginalized groups and sectors:**

i) **Employability**

The following should be established:

- ✓ Innovative, gender-sensitive training and skills development programmes, such as apprenticeship programmes, mentorship, business incubators, promoting a culture of entrepreneurship, etc
- ✓ Vocational training programmes designed and implemented in partnership with the private sector
- ✓ Basic education programmes for school dropouts.

ii) **Employment creation**

Areas for job creation include the following:

- ✓ SME and cooperatives promotion and development;
- ✓ Labour-based public works;
- ✓ Business linkages;
- ✓ Self-employment programmes;
- ✓ Service provision in fields such as HIV/AIDS, waste management and environmental protection, through public/private partnership;
- ✓ Community-based service provision such as access to micro-credit.

iii) **Enterprise Development**

- ✓ Finalize, adopt and implement the Micro, Small and Medium Enterprise Policy and Strategy Framework: 2008-2012.

iv) **Equal Opportunity**

- ✓ The reintegration of ex-combatants;
- ✓ Promoting the employment of young women;
- ✓ Programmes targeting people with disabilities and other vulnerable groups.

To achieve the above, there is need to strengthen the various components of the labour administration system by among other things:

- Empower National Employment Councils to play a more proactive role in the provision of employment services, including vocational counseling and career guidance, specialized labour market information, training and labour inspection;
- Create a unified labour inspectorate as per Convention 81 and its Recommendation of 1947 to enhance efficiency and effectiveness;
- Upgrade employment services along the lines of the model employment office in Harare established in 2000;
- Develop computerised integrated labour market information systems;
- Adopt a National Social Protection Policy Framework with the following components:
  - ✓ Basic Education Assistance Module (BEAM), which aims to reduce the number of people failing to attend school because of hardships, and providing school fees waivers to reduce the rate of drop outs;
  - ✓ Orphans and Vulnerable Children (OVCs), which aims to identify and assist children in difficult circumstances through community support and implementation of component;
  - ✓ Public Works Component (PWC), which seeks to put in place labour-intensive public works that offer employment to the poor;
  - ✓ Emergence Drugs and Medical Supplies component.

**Strategy 3: Create an enabling regulatory framework (e.g. health issues and security of employment).**

- Create an enabling legal and regulatory environment to simplify the complex regulations, remove the multiplicity of bureaucratic requirements and establish the Small Business Act to provide an effective mechanism for giving incentives to SMMEs under Phase II of the Deregulation project under the Ministry of Local Government;
- Undertake investment promotion involving provision of incentives for SMMEs at their start-up and growth stages, as well as striking a balance between promoting and taxing small business, with tax breaks and concessions;
- Provide financial assistance through the establishment of institutions to provide unsecured funding at concessionary rates of interest, provision of incentives to existing institutions that are SMME friendly, provision of title deeds to land holders so that they can be used for collateral security, credit guarantee to address access to finance and resolve collateral constraints, establishment of credit unions and group insurance, especially for cooperatives and rural women, and establishment of secondary markets for SMMEs;
- Initiate market promotion/penetration support measures through provision of market intelligence, business linkages, marketing and distribution support, quality assurance, and trade facilitation;
- Facilitate technology and infrastructure support through assistance in technology information access and adaptation of technologies via assistance from such institutions as the Scientific, Industrial, Research and Development Centre (SIRDC) and the Centre for Innovation and Enterprise Development, provision of workspace, business incubators, support from the National Productivity

- Institute (NPI) and use of electronic commerce;
- Promote entrepreneurial, management and skills development (business development services);
- Provide targeted support in the form of cluster based development for women, youths and rural areas;
- Build relationships and partnerships such as joint ventures franchise arrangements;
- Initiate institutional reform to achieve greater coordination and harmony among the various support organisations; and
- Review and update the 2002 SMMEs Action Plan.

**Strategy 4: Activate and Resource the National Productivity Institute launched in March 2003.**

**Strategy 5: Develop infrastructure through employment-intensive techniques for inclusive participation in economic development to attract investment:**

- Increase private sector participation in infrastructural development by promoting public-private partnerships (PPPs);
- Promote and extend utilisation of employment-intensive methods for infrastructure development;
- Actively coordinate the various Ministries, local authorities and organisations involved in infrastructure development and promote ‘good practices’ in employment-intensive infrastructure development; and
- Promote the participation of communities at all stages of the project development and implementation to enhance ownership of programmes and encourage decentralisation.

**Strategy 6: Promote Social Security Protection**

- Develop a comprehensive National Social Security Policy Framework
- Components to be included should focus on Decent Work, Retention, Brain Drain, Migration, Etc

**Strategy 7: Adopt a co-ordinated approach to Labour Administration and Labour Market Information**

- Establish a Labour /Employment Forum within the proposed Tripartite Negotiating Forum to promote stakeholder dialogue and participation in labour market issues;
- Undertake agreed capacity building activities targeting stakeholders to enhance their participation in the labour market policy framework;
- Adapt and regularly update Key Labour Market Indicators;
- Participate in the formulation, implementation, monitoring and evaluation processes of all development policies to integrate social



objectives, and in particular employment creation.

- Constantly review the structures of the national system of labour administration, in consultation with social partners, to ensure effective delivery and relevance.

**Strategy 8: Facilitate the adoption and implementation of sectoral and workplace programmes on HIV/AIDS.**

- Facilitate the adoption and implementation of education and training programmes on HIV/AIDS at sectoral and enterprise levels;
- Identify, show case and promote ‘best practices’ on sectoral and workplace based HIV/AIDS programmes; and
- Promote the active participation of workers and employers and their representative bodies in HIV programmes, including communities.

**Priority Area B: Produce functionally skilled and employable labour force**

**Objective 1:** To transform the education and training system to make it responsive to the needs of the labour market while ensuring equal access for all.

**Objective 2:** To develop a fully functional labour market information system (LMIS).

**Strategy 1: Review and reform the basic education system to strengthen the ‘pathways approach’ and make it universally accessible.**

- Consolidate the gains in the provision of basic education and improve its quality by making the requisite resources available;
- Build the necessary infrastructure in the newly resettled areas and other areas where there is a deficit of schools and infrastructure;
- Promote the early identification of aptitudes and create an entrepreneurial culture by correcting the negative attitudes towards self-employment;
- Strengthen the implementation of the adopted ‘pathways approach’ to secondary education by promoting the participation of all stakeholders, especially the private sector and communities;
- Promote an inclusive and diversified curricula to facilitate the ‘pathways strategy.’

**Strategy 2: Review and reform the technical education and training system to meet the varied needs of the economy**

- Adopt a more demand-driven vocational education and training system and the participation of all stakeholders at all levels;

- Promote broad-based apprenticeships or learnerships such as the traditional apprenticeship system which is more inclusive;
- Identify areas of critical skill shortages and accelerate training in these areas to mitigate the impact of the ‘brain drain;’
- Refocus ZIMDEF resources to its core business, training;
- Review and adjust the curricula in line with the diverse needs and dictates of the economy;
- Strengthen the provision of Labour Market Information related to training and conduct regular tracer studies to determine the effectiveness of training programmes; and
- Strengthen the institutional arrangement for stakeholder participation in TVET (NAMACO) and the role of industry in training to achieve a better fit between supply and demand.

### **Monitoring and Evaluation**

- Develop tools and mechanisms for monitoring and evaluation of policy implementation;
- Capacitate the various components of the labour administration system through training and provision of requisite human, financial and material resources;
- Undertake regular studies and surveys on the key indicators of the labour market as a basis for policy review;
- Establish relevant committees at the national and sectoral levels to oversee the implementation of the policy.

## ANNEX 2: NATIONAL EMPLOYMENT POLICY LOGICAL FRAMEWORK

Priority Area	Objective	Strategies	Main Activities	Indicators	Means of Verification /Results
<b>An enabling environment for sustainable employment creation</b>	To actively integrate and place employment creation at the heart of all development policies through employment-friendly legal and policy frameworks.	1. Adopt Employment-Intensive and Friendly Macroeconomic and Sectoral Policies for Economic Recovery and Transformation	<ul style="list-style-type: none"> <li>• Adopt An employment friendly recovery programme encapsulating fiscal, monetary, trade, agrarian, industrial and infrastructure policies that integrate employment objectives;</li> <li>• Specifically integrate the non-formal sectors through empowerment measures including maximally utilising land by promoting the prime factors behind the successful smallholder-led agricultural revolution of the early 1908s, namely, provision of financial and human resources, efficient markets, technological innovation, a favourable macroeconomic environment for agriculture and farmer support services (credit, fertilizer, seed distribution systems and marketing). This integrative, transformative agenda should also focus on strengthening backward and forward linkages through the exploitation of value chains and value systems among firms and sectors, including outsourcing and networking to create employment multiplier effects;</li> <li>• Promote business linkage programmes, (including franchising, contracting, toll manufacturing and outsourcing), mentorship and internship programmes to achieve more inclusive outcomes than is the case in individual firm or sector approaches. Such coalitions involving coordinating or sharing value chains with coalition partners broaden the effective scope of the firm or sector's chain, which is ultimately more integrative and employment-intensive. Useful examples have emerged in recent years in sectors such as tea / coffee growing, textiles and clothing, furniture, poultry, fish farming and other sectors of the economy. Sectors with the highest potential for employment creation are targeted first, such as agriculture, mining,</li> </ul>	<p>Macroeconomic stability and economic recovery: improved macroeconomic indicators e.g. low (single digit) inflation, low budget deficit, sustainable debt position, improved balance of payments.</p> <p>Empowerment initiatives targeting the communal and informal economy, increased agricultural productivity and a third inclusive agrarian revolution. An integrated economy with strong inter-sectoral linkages.</p> <p>Sector-based business linkages programmes, with strong value chains and clusters Reduced concentration ratios, broad economic base, with regional distribution</p>	<p>Employment-friendly macroeconomic and sectoral policies that are inclusive</p> <p>Economic and social indicators</p> <p>Linkages programmes and reports from the sectors and CSO data base</p>

	<p>To improve the institutional capacity to ensure efficiency and effectiveness in coordination of interventions and enhance implementation capacity.</p>		<p>forestry, manufacturing, services, and construction among others.</p> <ul style="list-style-type: none"> <li>• Adopt an industrial strategy that promotes value-addition (beneficiating raw materials) to lock benefits internally and increase the scope for job creation;</li> <li>• Promote stakeholder participation in economic decision-making processes and the reorganisation of the various institutional frameworks for stakeholder participation (NECF, NERC, TNF etc) to achieve synergies.</li> </ul>	<p>Increased share of industry in GDP,</p>	<p>Industrial strategy report, Ministry of Industry and International Trade reports</p>
		<p>2. Implement Active Labour Market Policy Measures to help integrate and mainstream hitherto marginalized groups and sectors.</p>	<p><b>Employability</b> The following should be established:</p> <ul style="list-style-type: none"> <li>✓ Innovative, gender-sensitive training and skills development programmes, such as apprenticeship programmes, mentorship, business incubators, promoting a culture of entrepreneurship, etc</li> <li>✓ Vocational training programmes designed and implemented in partnership with the private sector</li> <li>✓ Basic education programmes for school dropouts.</li> </ul> <p>iv) <b>Employment creation</b> Areas for job creation include the following:</p> <ul style="list-style-type: none"> <li>✓ SME and cooperatives promotion and development;</li> <li>✓ Labour-based public works;</li> <li>✓ Business linkages;</li> <li>✓ Self-employment programmes;</li> <li>✓ Service provision in fields such as HIV/AIDS, waste management and environmental protection, through public/private partnership;</li> <li>✓ Community-based service provision such as access to micro-credit.</li> </ul> <p>iii) <b>Equal Opportunity</b></p> <ul style="list-style-type: none"> <li>✓ The reintegration of ex-combatants;</li> <li>✓ Promoting the employment of young women;</li> <li>✓ Programmes targeting people with disabilities and other vulnerable groups.</li> </ul>	<p>More skilled youths with increased participation of women</p> <p>Shared responsibility in TVET provision and greater efficiency, effectiveness and relevance of training. School drop outs are readmitted.</p> <p>Increased employment in the reinvigorated cooperative and SME sector, increased labour-based public works, business linkages and self-employment initiatives.</p> <p>Increased targeted services in areas such as HIV/AIDS, waste management and environmental protection initiatives and community-based services such as micro-credit schemes.</p> <p>Integration of ex-combatants, young women and people with disabilities and other vulnerable groups.</p>	<p>Labour market information compiled by the various bodies such as Ministry of Public Service, Labour and Social Welfare, Ministry of Youth Development and Employment Creation and Ministry of Higher and Tertiary Education. NAMACO reports.</p> <p>Reports from the Ministry of Education, Sport and Culture.</p> <p>Reports from the Ministries of Small and Medium Enterprises Development; Local Government and local authorities and other stakeholders.</p> <p>Information from the relevant bodies and Ministries</p>

		<p>3. Strengthen the various components of the labour administration system</p>	<ul style="list-style-type: none"> <li>● Empower National Employment Councils (NECs) to play a more proactive role in the provision of employment services, including vocational counseling and career guidance, specialized labour market information, training and labour inspection;</li> <li>● Create a unified labour inspectorate as per Convention 81 and its Recommendation of 1947 to enhance efficiency and effectiveness;</li> <li>● Upgrade employment services along the lines of the model employment office in Harare established in 2000;</li> <li>● Develop computerised integrated labour market information systems;</li> <li>● Develop a National Social Protection Policy with the following components: <ul style="list-style-type: none"> <li>✓ Basic Education Assistance Module (BEAM), which aims to reduce the number of people failing to attend school because of hardships, and providing school fees waivers to reduce the rate of drop outs;</li> <li>✓ Orphans and Vulnerable Children, which aims to identify and assist children in difficult circumstances through community support and implementation of component;</li> <li>✓ Public Works Component (PWC), which seeks to put in place labour-intensive public works that offer employment to the poor. This temporarily avails income to the poor;</li> <li>✓ Emergence Drugs and Medical Supplies component;</li> </ul> </li> </ul>	<p>Increased and more proactive role of NECs;</p> <p>Unified labour inspectorate;</p> <p>Upgraded and modernised employment services;</p> <p>A computerised integrated labour market information system is in place; An enhanced social protection programme is under implementation;</p> <p>More children that had dropped out or under such risk are integrated;</p> <p>Children in difficult circumstances are assisted;</p> <p>Public works programmes are under implementation;</p> <p>Emergence drugs and medical supplies are available; An effective social protection</p>	<p>Reports from the Ministry of Public Service, Labour and Social Welfare and NECs</p> <p>Reports from the Ministry of Public Service, Labour and Social Welfare</p> <p>Reports from the Ministry of Public Service, Labour and Social Welfare</p> <p>Reports from the Ministry of Public Service, Labour and Social Welfare</p> <p>Reports from the Ministry of Education, Sport and Culture</p> <p>Reports from the Ministry of Public Service, Labour and Social Welfare</p> <p>Reports from the Ministry of Public Service, Labour and Social Welfare</p> <p>Reports from the Ministry of Health and Child Welfare Reports from the Ministry of</p>
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				strategy is developed.	Public Service, Labour and Social Welfare
		4. Promote an integrated approach to SMMEs (Enterprise) Development) by implementing the national SMMEs policy	<ul style="list-style-type: none"> <li>● Create an enabling legal and regulatory environment to simplify the complex regulations, remove the multiplicity of bureaucratic requirements and establish the Small Business Act to provide an effective mechanism for giving incentives to SMMEs under Phase II of the Deregulation project under the Ministry of Local Government;</li> <li>● Undertake investment promotion involving provision of incentives for SMMEs at their start-up and growth stages, as well as striking a balance between promoting and taxing small business, with tax breaks and concessions;</li> <li>● Provide financial assistance through the establishment of institutions to provide unsecured funding at concessionary rates of interest, provision of incentives to existing institutions that are SMME friendly, provision of title deeds to land holders so that they can be used for collateral security, credit guarantee to address access to finance and resolve collateral constraints, establishment of credit unions and group insurance, especially for cooperatives and rural women, and establishment of secondary markets for SMMEs;</li> <li>● Initiate market promotion/penetration support measures through provision of market intelligence, business linkages, marketing and distribution support, quality assurance, and trade facilitation;</li> <li>● Facilitate technology and infrastructure support through assistance in technology information access and adaptation of technologies via assistance from such institutions as the Scientific, Industrial, Research and Development Centre (SIRDC) and the Centre for Innovation</li> </ul>	<p>Increased and sustained development of SMEs;</p> <p>Incentives for SMMEs are in place and being implemented;</p> <p>SMME access finance;</p> <p>Market intelligence and support services are available for SMMEs;</p> <p>SMMEs are availed appropriate technologies and infrastructure support;</p>	Reports from the Ministry of Small and Medium Enterprises Development

			<p>and Enterprise Development, provision of workspace, business incubators, support from the National Productivity Institute (NPI) and use of electronic commerce;</p> <ul style="list-style-type: none"> <li>● Promote entrepreneurial, management and skills development (business development services);</li> <li>● Provide targeted support in the form of cluster based development for women, youths and rural areas;</li> <li>● Build relationships and partnerships such as joint ventures franchise arrangements;</li> <li>● Initiate institutional reform to achieve greater coordination and harmony among the various support organisations; and</li> <li>● Finalise the SME Policy Framework: 2008-2012.</li> </ul>	<p>An entrepreneurial culture is inculcated and better management skills exist resulting in better management of business;</p> <p>Joint ventures and other networking arrangements are developed;</p> <p>An updated SMMEs Action Plan is adopted and implemented.</p>	
		5. Activate and Resource the National Productivity Institute launched in March 2003	<ul style="list-style-type: none"> <li>● Activate and resource the National Productivity Institute.</li> </ul>	The National Productivity Institute is up and running.	Reports from the National Productivity Institute and the Ministry of Public Service, Labour and Social Welfare.
		6. Develop infrastructure for inclusive participation in economic development and to attract investment through employment-intensive techniques	<ul style="list-style-type: none"> <li>● Enhance private sector participation in infrastructural development by promoting public-private partnerships (PPPs);</li> <li>● Promote and extend utilisation of employment-intensive methods for infrastructure development;</li> <li>● Actively coordinate the various Ministries, local authorities and organisations involved in infrastructure development and promote 'good practices' in employment-intensive infrastructure development; and</li> <li>● Promote the participation of communities at all stages of the project development and implementation to enhance ownership of programmes and encourage decentralisation.</li> </ul>	<p>Increased private sector participation in infrastructure development and increased public-private partnerships;</p> <p>Increased utilisation of employment-intensive methods of infrastructure development;</p> <p>Coordinated delivery of employment-intensive infrastructure projects and emergence of 'best practices;'</p> <p>Active community participation and ownership of projects.</p>	Reports from the relevant bodies and Ministries.
		7. Adopt an integrated, co-	<ul style="list-style-type: none"> <li>● Establish a tripartite-plus Labour</li> </ul>	A tripartite-plus Labour /	Reports from the Ministry of

		ordinated and inclusive approach to Labour Administration	<p>/Employment Forum to promote stakeholder dialogue and participation in labour market issues;</p> <ul style="list-style-type: none"> <li>• Undertake agreed capacity building activities targeting stakeholders to enhance their participation in the labour market policy framework;</li> <li>• Participate in the formulation, implementation, monitoring and evaluation processes of all development policies to integrate social objectives, and in particular employment creation.</li> <li>• Constantly review the structures of the national system of labour administration, in consultation with social partners, to ensure effective delivery and relevance.</li> </ul>	<p>Employment Forum is established which includes all key stakeholders;</p> <p>Targeted capacity building activities are in place resulting in increased and more effective participation of key stakeholders;</p> <p>An inclusive approach is adopted;</p> <p>Regular reviews are conducted in consultation with stakeholders.</p>	<p>Public Service, Labour and Social Welfare Reports from the Tripartite Negotiating Forum</p>
		8. Facilitate the adoption and implementation of sectoral and workplace programmes on HIV/AIDS	<ul style="list-style-type: none"> <li>• Facilitate the adoption and implementation of education and training programmes on HIV/AIDS at sectoral and enterprise levels;</li> <li>• Identify, show case and promote 'best practices' on sectoral and workplace based HIV/AIDS programmes; and</li> <li>• Promote the active participation of workers and employers and their representative bodies in HIV programmes, including communities.</li> </ul>	<p>Increased adoption of HIV/AIDS programmes at sectoral and workplaces;</p> <p>Best practices are identified and promoted;</p> <p>Employers, workers and communities participate in HIV programmes.</p>	<p>Ministry of Public Service, Labour and Social Welfare and other social partners' reports.</p>
<b>Functionally skilled and employable labour force</b>	<p>To transform the education and training system to make it responsive to the needs of the labour market while ensuring equal access for all.</p> <p>To develop a fully functional labour market information system</p>	1. Review and reform the basic education system to strengthen the 'pathways approach' and make it universally accessible.	<ul style="list-style-type: none"> <li>• Consolidate the gains in the provision of basic education and improve its quality by making the requisite resources available;</li> <li>• Build the necessary infrastructure in the newly resettled areas and other areas where there is a deficit of schools and infrastructure;</li> <li>• Strengthen the implementation of the adopted 'pathways approach' to secondary education by promoting the participation of all stakeholders, especially the private sector and communities;</li> <li>• Promote an inclusive and diversified curricula to facilitate the 'pathways</li> </ul>	<p>Improved access and quality of education provision and improved resource allocation;</p> <p>New schools are built and adequately equipped in the resettlement areas;</p> <p>The 'pathways approach' to education is consolidated, with full participation of stakeholders;</p> <p>An inclusive and diversified</p>	<p>Reports from the Ministry of Education, Sport and Culture</p>



	(LMIS).		strategy.’	curricula is in place.	
		2. Review and reform the technical education and training system to meet the varied needs of the economy	<ul style="list-style-type: none"> <li>● Promote a more demand-driven vocational education and training system and the participation of all stakeholders at all levels;</li> <li>● Promote broad-based apprenticeships or learnerships such as the traditional apprenticeship system which is more inclusive;</li> <li>● Identify areas of critical skill shortages and accelerate training in these areas to mitigate the impact of the ‘brain drain;’</li> <li>● Refocus ZIMDEF resources to its core business, training;</li> <li>● Review and adjust the curricula in line with the diverse needs and dictates of the economy;</li> <li>● Strengthen the provision of Labour Market Information related to training and conduct regular tracer studies to determine the effectiveness of training programmes; and</li> <li>● Strengthen the institutional arrangement for stakeholder participation in TVET (NAMACO) and the role of industry in training to achieve a better fit between supply and demand.</li> </ul>	<p>A more demand-driven VET system is in place with effective participation of stakeholders;</p> <p>A broad-based apprenticeship system is revived and broadened;</p> <p>Areas of critical skill shortages are identified and targeted training is in place;</p> <p>The Manpower Act is amended and ZIMDEF resources target training;</p> <p>The curricula is reviewed and adjusted;</p> <p>Specific training-related labour market information is documented and tracer studies are conducted on a regular basis;</p> <p>The institutional arrangement for stakeholder participation in TVET is strengthened.</p>	Reports from the Ministry of Higher and Tertiary Education and NAMACO.

### ANNEX 3: NATIONAL EMPLOYMENT POLICY IMPLEMENTATION MATRIX

Expected Key Outputs	Key activities/outputs & targets	Time Frame (Years)					Responsible Party	Planned Budget (Indicative)		
		1	2	3	4	5		Sources of Funds	Budget Description	Estimated Amount (US\$)
1. <b>An enabling environment for sustainable employment creation</b>	1. Adopt an Employment-Intensive and Friendly Macroeconomic and Sectoral Policies for Economic Recovery and Transformation.	X					Ministries of Public Service, Labour & Social Welfare; Youth Development & Employment Creation; Economic Development; & Finance	GoZ; cooperating partners	1. Promotion of employment-intensive, inclusive recovery & growth strategies and mainstreaming employment in all policies	10,000
a. Employment creation integrated into all development policies through employment-friendly legal and policy frameworks.		X	X	X	X	X		GoZ, cooperating partners	2. Empowerment initiatives targeting the communal and informal economy, increased agricultural productivity and a third inclusive agrarian revolution	50,000
		X	X	X	X	X			3. Sector-based business linkages programmes, with strong value chains and clusters	50,000
<b>Sub-total</b>										<b>110,000</b>
b. To improve the institutional capacity to ensure efficiency and effectiveness in coordination of interventions and enhance implementation capacity.	2. Review and unify institutions for stakeholder participation in economic decision-making processes (NECF, TNF etc)	X					Ministry of Public Service, Labour & Social Welfare	GoZ; cooperating partners	Review of institutional framework & setting up the proposed Tripartite Negotiating Forum	20,000
	3. Active Labour Market Policy Programmes to help integrate and mainstream hitherto marginalized groups and sectors.	X	X	X	X	X	Ministries of Public Service, Labour & Social Welfare; and Youth Development & Employment Creation	GoZ & cooperating partners; private sector & NGOs	<b>Employability</b> <ul style="list-style-type: none"> <li>✓ Innovative, gender-sensitive training and skills development programmes, such as apprenticeship programmes, mentorship, business incubators, promoting a culture of entrepreneurship, etc</li> <li>✓ Vocational training programmes designed and implemented in partnership with the private</li> </ul>	500,000

									sector ✓ Basic education programmes for school dropouts.	
									<b>Employment creation</b> ✓ SME and cooperatives promotion and development; ✓ Labour-based public works; ✓ Business linkages; ✓ Self-employment programmes; ✓ Service provision in fields such as HIV/AIDS, waste management and environmental protection, through public/private partnership; ✓ Community-based service provision such as access to micro-credit.	1,000,000
									<b>Equal Opportunity</b> ✓ The reintegration of ex-combatants; ✓ Promotion of the employment of young women; ✓ Programmes targeting people with disabilities and other vulnerable groups.	200,000
<b>Sub-total</b>										<b>1,720,000</b>
	4. Strengthen the various components of the labour administration system	X	X	X	X	X	Ministries of Public Service, Labour & Social Welfare; & Youth Development & Employment Creation	GoZ; cooperating partners; private sector	<ul style="list-style-type: none"> <li>• Empowerment of National Employment Councils (NECs) to play a more proactive role in the provision of employment services, including vocational counseling and career guidance, specialized labour market information, training and labour inspection;</li> <li>• Creation of a unified labour inspectorate as per Convention 81 and its</li> </ul>	2,000,000

										<p>Recommendation of 1947 to enhance efficiency and effectiveness;</p> <ul style="list-style-type: none"> <li>● Upgrading employment services along the lines of the model employment office in Harare established in 2000;</li> <li>● Development of computerised integrated labour market information systems;</li> <li>● Implementation of the Enhanced Social Protection Programme (ESPP) adopted by the social partners in 2000 with the following components: <ul style="list-style-type: none"> <li>✓ Basic Education Assistance Module (BEAM), which aims to reduce the number of people failing to attend school because of hardships, and providing school fees waivers to reduce the rate of drop outs;</li> <li>✓ Children in Especially Difficult Circumstances (CEDC), which aims to identify and assist children in difficult circumstances through community support and implementation of component;</li> <li>✓ Public Works Component (PWC), which seeks to put in place labour-intensive public works that offer decent employment to the poor. This temporarily avails income to the poor;</li> <li>✓ Emergence Drugs and Medical Supplies component; and</li> </ul> </li> </ul>
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									✓ Social Protection Strategy (SPS), which sets studies, analyses, consultations and technical assistance aimed at improving strategic planning, monitoring and implementing programmes in the Ministry exists.	
<b>Sub-Total</b>										<b>2,000,000</b>
	5. Promote an integrated approach to SMMEs (Enterprise Development) by implementing the national SMMEs policy	X	X	X	X	X	Ministry of Small & Medium Enterprises Development	GoZ; cooperating partners; private sector & NGOs	<ul style="list-style-type: none"> <li>• Creation of an enabling legal and regulatory environment to simplify the complex regulations, remove the multiplicity of bureaucratic requirements and establish the Small Business Act to provide an effective mechanism for giving incentives to SMMEs under Phase II of the Deregulation project under the Ministry of Local Government;</li> <li>• Investment promotion involving provision of incentives for SMMEs at their start-up and growth stages, as well as striking a balance between promoting and taxing small business, with tax breaks and concessions;</li> <li>• Provision of financial assistance through the establishment of institutions to provide unsecured funding at concessionary rates of interest, provision of incentives to existing institutions that are SMME friendly;</li> <li>• Initiation of market promotion/penetration support measures through provision of market intelligence, business linkages, marketing and distribution support, quality</li> </ul>	<b>3,000,000</b>

									<p>assurance, and trade facilitation;</p> <ul style="list-style-type: none"> <li>● Facilitation of technology and infrastructure support through assistance in technology information access and adaptation of technologies;</li> <li>● Promotion of entrepreneurial, management and skills development (business development services);</li> <li>● Provision of targeted support in the form of cluster based development for women, youths and rural areas;</li> <li>● Building relationships and partnerships such as joint ventures franchise arrangements;</li> <li>● Initiation of institutional reform to achieve greater coordination and harmony among the various support organisations; and</li> <li>● Review and update of the 2002 SMMEs Action Plan.</li> </ul>	
<b>Sub-total</b>										<b>3,000,000</b>
	6. Activate and Resource the National Productivity Institute.	X	X	X	X	X	Ministries of Public Service, Labour & Social Welfare; Finance	GoZ; cooperating partners; private sector	Activation & operationalisation of the National Productivity Institute	<b>500,000</b>
	7. Develop infrastructure for inclusive participation in economic development and to attract investment through employment-intensive techniques.	X	X	X	X	X	Ministries of Public Service, Labour & Social Welfare; Local government & Local Authorities	GoZ; Cooperating partners	<ul style="list-style-type: none"> <li>● Increased private sector participation in infrastructural development by promoting public-private partnerships (PPPs);</li> <li>● Promotion &amp; extension in utilisation of employment-intensive methods for infrastructure development;</li> <li>● Coordination of the various</li> </ul>	<b>1,500,000</b>

									Ministries, local authorities and organisations involved in infrastructure development and promotion of 'good practices' in employment-intensive infrastructure development; and	
	8. Adopt an integrated, co-ordinated and inclusive approach to Labour Administration	X					Ministry of Public Service, Labour & Social Welfare	GoZ; cooperating partners	<ul style="list-style-type: none"> <li>• Promotion of the participation of communities at all stages of the project development and implementation.</li> </ul>	150,000
	9. Facilitate the adoption and implementation of sectoral and workplace programmes on HIV/AIDS	X	X	X	X	X	Ministry of Public Service, Labour & Social Welfare; the social partners	GoZ; cooperating partners; NECs; private sector	<ul style="list-style-type: none"> <li>• Adoption and implementation of education and training programmes on HIV/AIDS at sectoral and enterprise levels;</li> <li>• Identification, show casing and promotion of 'best practices' on sectoral and workplace based HIV/AIDS programmes; and</li> <li>• Promotion of the active participation of workers, employers and communities in HIV programmes.</li> </ul>	200,000
<b>2. Functionally skilled</b>	1. Review and reform the basic education system to strengthen the	X	X	X	X	X	Ministries of Education, Sport &	GoZ; cooperating	<ul style="list-style-type: none"> <li>• Consolidation of the gains in</li> </ul>	

<b>and employable labour force</b>	'pathways approach' and make it universally accessible.						Culture; Finance	partners, private sector & other stakeholders	<p>the provision of basic education and improving its quality by making the requisite resources available;</p> <ul style="list-style-type: none"> <li>● Building the necessary infrastructure in the newly resettled areas and other areas where there is a deficit of schools and infrastructure;</li> <li>● Strengthening of the implementation of the adopted 'pathways approach' to secondary education by promoting the participation of all stakeholders, especially the private sector and communities;</li> <li>● Promotion of an inclusive and diversified curricula to facilitate the 'pathways strategy.'</li> </ul>	
a) An education and training system to make it responsive to the needs of the labour market while ensuring equal access for all.	2. Review and reform the technical education and training system to meet the varied needs of the economy	X	X	X	X	X	Ministries of Higher & Tertiary Education; Finance	GoZ; cooperating partners; ZIMDEF	<ul style="list-style-type: none"> <li>● Promotion of a more demand-driven vocational education and training system and the participation of all stakeholders at all levels;</li> <li>● Promotion of broad-based apprenticeships or learnerships such as the traditional apprenticeship system;</li> <li>● Identification of areas of critical skill shortages and acceleration of training in these areas to mitigate the impact of the 'brain drain;'</li> <li>● Refocusing ZIMDEF resources to its core business, training;</li> <li>● Review and adjustment of the curricula in line with the diverse needs and dictates of the economy;</li> <li>● Strengthening the provision of Labour Market Information</li> </ul>	500,000



									related to training and conducting regular tracer studies to determine the effectiveness of training programmes; and	
									<ul style="list-style-type: none"> <li>● Strengthening the institutional arrangement for stakeholder participation in TVET (NAMACO) and the role of industry in training.</li> </ul>	
3. Fully functional labour market information system (LMIS).	Develop an integrated, coordinated, decentralised, computerised labour market information system	X	X	X	X	X	Ministries of Public Service, Labour & Social Welfare, Education, Sport & Culture; Higher & Tertiary Education; NECs; CSO	GoZ; cooperating partners, ZIMDEF	Creation of a computerised labour market information system as a basis for: <ul style="list-style-type: none"> <li>● Job matching operations;</li> <li>● Formulation of labour market strategies;</li> <li>● Activity planning;</li> <li>● Statistical labour market analysis;</li> <li>● Forecasting; and</li> <li>● Monitoring/evaluation of labour market programmes in cooperation with social partners.</li> </ul>	1,000,000
<b>Total Cost</b>										10,680,000

### Annex 4: Key Interventions / strategies by various Ministries and other Stakeholders on Employment Creation

Ministry / Organisation	Departments / Programmes	Impact of the Programmes	Challenges
Ministry of Labour and Social Services	<b>Departments</b> 1. Orphans and Vulnerable Children (OVC)  2. Disaster / Public Works Programme – Drought Relief Measure - food for work 3. Community Recovery and Rehabilitation Programme	No impact analysis, but interventions cannot cope with the extent of the challenges in the context of the crisis.	<ul style="list-style-type: none"> <li>✚ Harsh macroeconomic environment</li> <li>✚ Low interest rates which affect the capital base</li> <li>✚ Inadequate budget allocations which are restricting the expansion of the programme.</li> <li>✚ Low repayment rate</li> <li>✚ Lack of business skills</li> <li>✚ Shortages of inputs required in the business operations e.g. fuel, foreign currency</li> <li>✚ Information gaps</li> <li>✚ Fewer women participants</li> </ul>
Ministry of Youth Development, Indigenisation and Empowerment	1. National Youth Service (NYS) 2. Self-help projects 3. Youth Business Forums 4. Cooperatives	✚ No impact analysis, but interventions have not been able to deal with the challenges of employment creation among youths.	<ul style="list-style-type: none"> <li>✚ Instead of the departments complementing each other, they compete for resources</li> <li>✚ Capacity Building Programmes coming through the Ministry of Foreign Affairs lacks coordination. There is increased centeredness</li> <li>✚ Inadequate resources</li> <li>✚ Overlap of activities with the Ministry of Small and Medium Enterprises (SMEs) since most of the youths are found in the small to medium business activities</li> <li>✚ The Act is not so binding</li> <li>✚ The programmes are supply driven rather than demand driven</li> <li>✚ Lack of an efficient system of tenure creating insecurity on farm lands</li> <li>✚ Poor coordination within the ministry and the Ministry of Education, Sports and Culture</li> <li>✚ Limited workspace and evaluation for the work shelter programmes due to the ever changing evaluation experts</li> <li>✚ Lack of patent rights, quality control and marketing especially in the arts industry such as sculpturing and handicrafts</li> <li>✚ Brain drain which affects institutional memory</li> </ul>

<p>Ministry of Small and Medium Enterprises Development</p>	<p><b>Departments:</b></p> <ol style="list-style-type: none"> <li>1. Policy Development and Legal Services</li> <li>2. Capacity Building for SMEs</li> <li>3. Resource Mobilisation and Project Management</li> <li>4. Administration and Finance</li> </ol> <p><b>Programmes:</b></p> <ol style="list-style-type: none"> <li>1. Revolving Fund for Distressed Companies</li> <li>2. SMEs Revolving Fund administered by SEDCO</li> </ol>	<ul style="list-style-type: none"> <li>✚ See under SEDCO which is the implementing body of the Ministry</li> </ul>	<ul style="list-style-type: none"> <li>✚ Lack of political commitment</li> <li>✚ Fragmented institutional infrastructure for SMME support with little coordination</li> <li>✚ Piecemeal and uncoordinated support services provided by such institutions as SEDCO, Zimbabwe Development Bank, Credit Guarantee Company of Zimbabwe, Agricultural Development Bank (Agribank), and the Venture Capital Company of Zimbabwe.</li> <li>✚ Inadequate financing from the fiscus</li> <li>✚ Lack of an SMEs HIV/ AIDS policy</li> <li>✚ Lack of sustainability of enterprises</li> <li>✚ High attrition rate of about 70%</li> <li>✚ Lack of proper coordination with the Ministry of Women Affairs, Gender and Community Development (WGCD). For example, WGCD should hand over community development projects big enough to be called enterprises to the Ministry of SMEs but this is not being done. Hence it creates tensions between ministries</li> </ul>
<p>Ministry of Industry and International Trade</p>	<p>Industrial Policy and Strategy 1996-2006 of 1997: to “promote the development of new products and industries, especially in knowledge-based and information technology sub-sectors”; to develop SMEs in the form of “appropriate fiscal measures and incubation arrangements” with the aim of generating one million new formal jobs 2006</p>	<ul style="list-style-type: none"> <li>✚ Policy expired without delivering.</li> </ul>	<ul style="list-style-type: none"> <li>✚ Adversely affected by the macroeconomic environment</li> <li>✚ Too supply driven a strategy.</li> <li>✚ Encroaching mandate of the Ministry of SME Development.</li> </ul>
<p>Department of</p>		<ul style="list-style-type: none"> <li>✚</li> </ul>	<ul style="list-style-type: none"> <li>✚ High staff turnover affecting institutional</li> </ul>

Indigenisation and Economic Empowerment			<ul style="list-style-type: none"> <li>memory</li> <li>✚ Inadequate office equipment such as computers</li> <li>✚ Inadequate stationery</li> <li>✚ Budget cuts</li> <li>✚ Agenda setting driven by donors instead of being locally demand driven</li> </ul>
Small Enterprise Development Corporation (SEDCO)	<ol style="list-style-type: none"> <li>1. Loan Booth Programme</li> <li>2. Business Management and Entrepreneurship Training (BMET) Programme</li> <li>3. Career Guidance Staff Development Programme</li> <li>4. Common Services Centres / Business Shelters Programme e. g. in Harare, Gweru, Gwanda, Bindura</li> <li>5. Factory Shells/ People's Shops</li> <li>6. Networking and Linkages Programme</li> </ol>	<ul style="list-style-type: none"> <li>✚ Between 2001-2005, 7 778 new jobs were created</li> <li>✚ Between 2001-2002, 7 047 jobs were sustained</li> <li>✚ In 2005, 1 473 jobs were also sustained</li> <li>✚ In 2001 and 2005, 45% and 38% of the total applications approved were for females, respectively</li> <li>✚ Between 2001 and 2005, about 56% of total trained under the BMET Programme were females</li> <li>✚</li> </ul>	<ul style="list-style-type: none"> <li>✚ Undercapitalisation</li> <li>✚ Low interest rates undermining cash flow</li> <li>✚ Shortages of funds and fuel limiting the organisation's outreach and monitoring programmes</li> <li>✚ High default rate as a result of harsh economic environment</li> <li>✚ Skewed pricing policies by the Government hence affecting revue generation</li> </ul>
Ministry of Women Affairs, Gender & Community Development	<ol style="list-style-type: none"> <li>1. Women in Agriculture</li> <li>2. Women in Mining</li> <li>3. Women in Trade</li> <li>4. Spider Web Project</li> <li>5. Village Banks</li> <li>6. Women's Bakeries</li> <li>7. Women's Club</li> <li>8. Projects : <ul style="list-style-type: none"> <li>✚ Cassava Project</li> <li>✚ Jatropha Project</li> <li>✚ Sugarcane Project</li> <li>✚ Paprika Project</li> <li>✚ Animal Husbandry</li> </ul> </li> </ol>	<ul style="list-style-type: none"> <li>✚</li> </ul>	<ul style="list-style-type: none"> <li>✚ High staff turnover</li> <li>✚ Resistance from communities to new ideas and innovations</li> </ul>
EMPRETEC	1. Entrepreneurship	✚	✚ Inadequate finances to run programmes

	<p>Development Workshops (EDW)</p> <p>2. Corporate Entrepreneurship Programme</p> <p>3. Micro Sector Entrepreneurship Training</p> <p>4. Short Courses:</p> <ul style="list-style-type: none"> <li>✚ Business Idea Generation Course</li> <li>✚ Customer Care Course</li> <li>✚ EDW Refresher Course</li> <li>✚ Financial Management Course</li> <li>✚ Information Communication Technology (ICT) Training</li> </ul>		<ul style="list-style-type: none"> <li>✚ Long bureaucratic procedures with partner Government Ministries</li> <li>✚ Delays in payment by the Government Ministries</li> </ul>
<p>Zimbabwe Developing Communities Programme (ZDCP)</p> <p>A partnership programme between the Government of Zimbabwe, the European Union and the Non-State Actors Forum (NSAF), an umbrella body of Zimbabwe's civil society launched in 1999.</p>	<p>Programme started in 5 poor districts and now covers 10 districts (one per province) and 20 wards. Uses an integrated approach to development in four areas: education, food security, health and economic empowerment. The programme brings all arms of government and NGOs. The empowerment programme focuses on demand-driven capacity building and skills development to strengthen the capacity of communities to get out of poverty.</p>	<ul style="list-style-type: none"> <li>✚ Promising interventions to empower poor communities in a demand-driven way. However, effectiveness hampered by the macroeconomic environment.</li> </ul>	<ul style="list-style-type: none"> <li>✚ Lack of adequate financial resources</li> <li>✚ Management deficiencies</li> <li>✚ Changes in EDF procedures</li> <li>✚ High staff turnover</li> </ul>

<p>Practical Actions (former Intermediate Technology Development Group (ITDG))</p>	<p>1. Infrastructure Development using new technologies e.g. borehole drilling, light engineering</p> <p>2. Alternative food production programmes e.g. water harvesting</p> <p>3. Making markets work for the poor programme; Projects include Mushroom production, beekeeping, bean production, engineering and tile production</p>	<p>✚ By 2004:</p> <p>(i) 33 people - 30 males and 3 - females were engaged in the Bulawayo Light Engineering Project. Each employed an average of 2 people. Hence, at least 66 jobs were created.</p> <p>(ii) Of the 10 000 beekeepers (mostly below 40 years of age), 13% were women</p> <p>(iii) Of the 1 400 trained in guar bean production, 350 participated in the bean production in the 2003/04 season</p>	<p>✚ Limited financial resources affecting (i) delivery of training programmes which covers technical skills, marketing, customer care and business management</p> <p>(ii) outreach and marketing work</p> <p>✚ High prices affecting delivery of products to the most disadvantaged members of communities</p>
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**ANNEX 5: TARGETED SECTORS FOR EMPLOYMENT CREATION IDENTIFIED AT THE STAKEHOLDERS' VALIDATION WORKSHOP, 10 JANUARY 2009**

1. TOURISM – TOUR GUIDES, LODGES, SPORT, CULTURE, HOBBY
2. INFRASTRUCTURE – CONSTRUCTION, MAINTENANCE, REHAB
3. AGRICULTURE - BASIC FARMING, PROCESSING OF MATERIALS, CONTRACT FARMING
4. MINING AND MINERAL PROCESSING
5. ENTERTAINMENT, SPORTING AND CULTURAL PERFORMANCES.
6. HORTICULTURE
7. ENVIRONMENTAL PROTECTION
8. MUNICIPAL SERVICE PROVISION – REFUSE COLLECTION
9. MANUFACTURING AT ALL LEVELS – METAL FABRICATION, WELDING
10. FORESTRY INDUSTRY – PLANTING AND PRODUCTION
11. ENERGY PRODUCTION – NATURAL GAS, SOLLAR, ELECTRICITY PRODUCTION, JATROPHA – MAIN SOURCE OF FUEL
12. FISH FARMING
13. FOOD INDUSTRY – DIETRY, NUTRITION, MARKETING FOOD PRODUCTS
14. ANIMAL PRODUCTION – RANCHING AND SMALL ANIMALS
15. ARTS AND CRAFT
16. ICT

## **ANNEX 6: INTERNATIONAL LABOUR STANDARDS RELEVANT TO WORK AND YOUNG PERSONS<sup>34</sup> (as identified by the Resolution concerning youth employment, International Labour Conference, 2005)**

### **Freedom of association, collective bargaining and industrial relations**

- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)\*<sup>35</sup>
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)\*
- Workers' Representatives Convention (No. 135) and Recommendation (No. 143), 1971

### **Forced labour**

- Forced Labour Convention, 1930 (No. 29)\*
- Forced Labour (Indirect Compulsion) Recommendation, 1930 (No. 35)
- Abolition of Forced Labour Convention, 1957 (No- 105)\*

### **Elimination of child labour and protection of children and young persons**

- Minimum Age convention (No. 138)\* and Recommendation (No. 146), 1973
- Worst Forms of Child Labour Convention (No. 182)\* and Recommendation (No. 190), 1999
- Medical Examination of Young Persons (Industry) Convention, 1946 (No. 77)
- Medical Examination of Young Persons (Non-Industrial Occupations) Convention, 1946 (No. 78)
- Medical Examination of Young Persons Recommendation, 1946 (No- 79)

### **Equality of opportunity and treatment**

- Equal Remuneration Convention (No. 100)\* and Recommendation (No. 90), 1951
- Discrimination (Employment and Occupation) Convention (No.111)\* and Recommendation (No.111), 1958

### **Labour inspection and administration**

- Labour Inspection Convention (No. 81) and Recommendation (No. 81), 1947
- Protocol of 1995 to the Labour Inspection Convention, 1947 (No. 81)
- Labour Inspection (Agriculture) Convention (No. 129) and Recommendation (No. 133), 1969
- Labour Administration Convention (No. 150) and Recommendation (No. 158), 1978

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<sup>34</sup> The full text of these International Labour Standards is available on the ILO web site at the following address: <http://www.ilo.org/youth>

<sup>35</sup> The asterisk indicates the eight ILO Core Conventions



### **Employment policy and promotion**

- Employment Policy Convention (No. 122) and Recommendation (No. 122), 1964
- Employment Policy (Supplementary Provisions) Recommendation (No. 169), 1984
- Vocational Rehabilitation and Employment (Disabled Persons) Convention (No. 159) and Recommendation (No. 168), 1983
- Private Employment Agencies Convention (No. 181) and Recommendation (No. 188), 1997
- Employment Service Convention (No. 88) and Recommendation (No. 83), 1948
- Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189)
- Promotion of Cooperatives Recommendation, 2002 (No. 193)

### **Vocational guidance and training**

- Human Resources Development Convention, 1975 (No. 142)
- Human Resources Development Recommendation, 2004 (No. 195)

### **Wages**

- Protection of wages convention (No. 95) and Recommendation (No. 85), 1949
- Minimum Wage Fixing Convention (No. 131) and Recommendation (No. 135), 1970

### **Working time**

- Hours of Work (Industry) Convention, 1919 (No. 1)
- Hours of Work (Commerce and Offices) Convention, 1930 (No. 30)
- Night work convention (No. 171) and Recommendation (No. 178), 1990
- Part-Time work convention (No. 175) and Recommendation (No. 182), 1994

### **Occupational safety and health**

- Occupational Safety and Health Convention (No. 155) and Recommendation (No. 164), 1981
- Protocol of 2002 to the Occupational Safety and Health Convention, 1981 (No. 155)
- Safety and Health in Agriculture Convention (No. 184) and Recommendation (No. 192), 2001

### **Social security**

- Social Security (Minimum Standards) convention, 1952 (No. 102)
- Employment Promotion and Protection against Unemployment Convention (No. 168) and Recommendation (No. 176), 1988

### **Maternity protection**

- Maternity Protection Convention (No. 183) and Recommendation (No. 191), 2000

**Migrant workers**

- Migration for Employment Convention (Revised) (No. 97) and Recommendation (Revised) (No. 86), 1949
- Migrant workers (Supplementary provisions) convention, 1975 (No. 143)
- Migrant Workers Recommendation, 1975 (No. 151)

**Indigenous and tribal peoples**

- Indigenous and Tribal peoples Convention, 1989 (No. 169)