Zimbabwe

2012

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- Since the inception of the Inclusive Government of Zimbabwe in February 2009, Zimbabwe has been recovering from a low economic base. Growth decelerated between 2010 and 2012 due to policy inconsistencies and political uncertainty showing that while it is relatively easy to ignite recovery, sustaining it requires consistent policies that address the binding constraints on growth.
- Regulations involving the economic empowerment programme and dilapidated infrastructure will continue to constrain the economy.
- Though recent employment data does not exist, it is estimated that unemployment, especially youth unemployment, increased over time.

Overview

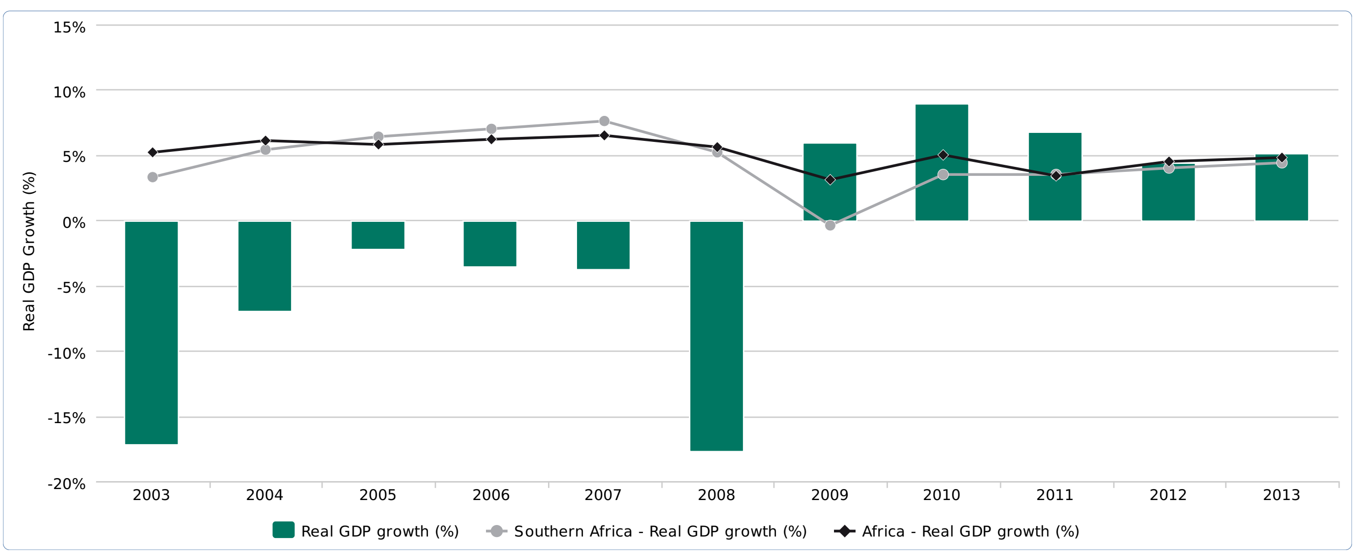
Real gross domestic product (GDP) growth decelerated to 6.8% in 2011, from 9.0% in 2010 and is projected to decelerate further to 4.4% in 2012, before improving to 5.5% in 2013.

The subdued growth reflects challenges facing the economy, including: limited capital sources and its high cost; uncertainties arising from policy inconsistencies, especially with respect to economic empowerment and indigenisation regulations; dilapidated infrastructure; obsolete technologies and machinery; frequent breakdown of the existing machinery; and power and water shortages. These challenges are further compounded by contestations among the Inclusive Government of Zimbabwe (IG) partners around issues of the new constitution, the national referendum to adopt it, as well as pending national elections.

Even though the government is operating on a cash budget principle, the budget balance for 2011, estimated at -3.2 per cent of GDP, is an improvement on the level of -4.3% recorded in 2010. Projections for 2012 and 2013 are similar at -2.8% and -3.0% respectively. Inflation is estimated at 5.3% in 2011, up from 3.1% in 2010. It is projected to rise to 6.5% in 2012 and 6.7% in 2013. Inflationary developments in the short to medium term will continue to be influenced by the US dollar/rand exchange rate, inflation developments in South Africa, international oil prices and local utility charges.

Unemployment was officially last estimated in the Labour Force Survey of 2004 at 9.3%. While there is no recent official data on unemployment, it is projected to have increased over the years since the last official estimate. Youths aged 15-24 years constituted the bulk of the unemployed, accounting for almost 60% of all unemployed persons in 2004. The IG adopted the Zimbabwe National Employment Policy Framework (ZiNEPF) in June 2010, which integrates youth employment initiatives to address the high rates of youth unemployment.

Figure 1: Real GDP growth (Southern)



Figures for 2010 are estimates; for 2011 and later are projections.

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Table 1: Macroeconomic Indicators

	2010	2011	2012	2013
Real GDP growth	9	6.8	4.4	5.1
Real GDP per capita growth	8.2	5.4	2.4	2.7
CPI inflation	3.1	5.3	6.5	6.7
Budget balance % GDP	-4.3	-3.2	-2.8	-3
Current account % GDP	-19.7	-25.5	-24.5	-26.8

Figures for 2010 are estimates; for 2011 and later are projections.

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Recent Developments & Prospects

Table 2: GDP by Sector (percentage of GDP)

	2006	2011
Agriculture, forestry, fishing & hunting	15.6	19.8
Mining and quarrying	24	14.9
of which oil	-	-
Manufacturing	28.4	15.1
Electricity, gas and water	2.7	4.9
Construction	1.5	1.5
Wholesale and retail trade, hotels and restaurants	17	10.6
of which hotels and restaurants	-	-
Transport, storage and communication	2.1	14.3
Finance, real estate and business services	4.1	5.9
Financial intermediation, real estate services, business and other service activities	-	-
General government services	-	-
Public administration & defence; social security, education, health & social work	-	-
Public administration, education, health	0.7	3
Public administration, education, health & other social & personal services	-	-
Other community, social & personal service activities	-	-
Other services	3.7	10.1
Gross domestic product at basic prices / factor cost	100	100

Figures for 2010 are estimates; for 2011 and later are projections.

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Economic growth in Zimbabwe continues to improve from the low base of 2007/08, though recovery remains fragile. Real GDP growth is driven by growth in sectors such as agriculture, mining, manufacturing and transport. Growth in agriculture is driven by tobacco, maize, sugar and cotton. However, for 2012, agricultural output is expected to be weighed down by the late onset of rains, and delays in the distribution of inputs. The mining sector continues to benefit from recovery in international commodity prices.

Capacity utilisation in the manufacturing sector at the end of the first half of 2011 was estimated at 57.2%, an improvement from 43.7% in 2010. It is projected to rise to almost 59% in 2012. However, capacity utilisation in the manufacturing sector is constrained by the limited and high cost of capital, erratic power and water supplies, the high cost of utilities, dilapidated infrastructure, obsolete technologies and frequent machinery breakdown.

According to the World Bank's *Doing Business 2012* report, Zimbabwe slipped from a ranking of 168 in 2011 to 171 in 2012 out of 183 countries. This slippage is associated with the persistent downside risks in the economy. The World Economic Forum's Global Competitiveness Report shows that Zimbabwe improved slightly in the index from 136 out of 139 countries in 2010/11 to 132 out of 142 countries in 2011/12.

In December 2010, the government launched a one-stop shop investment centre that is expected to reduce the registration of businesses from 50-plus days to 11 days. Though needed, this improvement had minimal impact on the overall doing business environment as other risks and challenges persist.

Public Finances as a percentage of GDP remain in deficit. While the primary balance records a small surplus in all the years after 2008, with the exception of 2010, the overall balance deficit, albeit small, persists. The bulk of expenditures are current, effectively crowding out capital expenditure essential for medium and longer-term recovery and growth.

Both the trade and current account balances are projected to continue to worsen in the medium term on the back of rising imports.

Macroeconomic Policy

Fiscal Policy

In line with the cash budgeting principle associated with the multi-currency regime, total expenditures were largely contained within the available resource envelope and are estimated at USD 2.89 billion. The fiscal outturn for 2011 shows that the total revenues amounted to USD 2.92 billion against the 2011 national budget projection of USD 2.7 billion. Improved revenue administration coupled with good macroeconomic performance, have allowed revenues to continue to rise from USD 933.6 million in 2009 to USD 2.34 billion in 2010, and to USD 2.92 billion in 2011. Tax on income and profits contributed an amount of USD 45.2 million to total revenue for 2011. On the overall, the value added tax (VAT) at USD 911.7 million was the largest contributor to gross revenues for 2011, accounting for 34%. Other major contributors include individual taxation through the "pay-as-you-earn" (PAYE) system (USD 587.6 million or 22%), customs duties (USD 332.9 million), corporate tax (USD 296.4 million) and excise duties, which amounted to USD 306.6 million.

Fiscal space remains severely constrained by the lack of full engagement of the international development partners, the lack of transparency with respect to mineral revenues, in particular diamonds, and the overly consumptive orientation of the budget with 63% of revenues going towards employment costs in 2011. International best practices require that employment costs are contained at 30% of the total budget or 10% of GDP. To date, no measures have been adopted to control the wage bill, including implementation of the results of the Payroll and Skills Audit, freezing of non-critical vacant posts and overall establishment rationalization.

The budget is weakly linked to policy priorities because of the very limited fiscal space, which allows only for recurrent expenditures, especially employment costs; hence the focus is on short-term objectives. The government introduced a budget strategy paper (BSP) in August 2011 to broaden participation and promote debate on the national priorities for the 2012 budget. As stated in the BSP, alignment of spending with national policy priorities and ministries' strategic plans is yet to be achieved, and hence the need to build consensus on national priorities. The major challenge of fiscal policy is to re-orient the budget from a focus on stabilisation to inclusive development.

The absence of effective financial management systems has been highlighted by the Minister of Finance as a major shortcoming, and hence the current challenges with implementing a results-based management system in government. The government is working on rebuilding policy management capacity and accountability in the management of public resources. While the Public Finance Management Act requires that the Minister of Finance submit monthly and quarterly reports to parliament until the end of 2011, the ministry only provided consolidated quarterly reports.

Table 3: Public Finances (percentage of GDP)

	2003	2007	2008	2009	2010	2011	2012	2013
Total revenue and grants	25	3.6	2.5	16.8	14.1	17	18.3	18.7
Tax revenue	24	3.4	2.5	15.2	12.9	16.2	17.6	17.9
Oil revenue	-	-	-	-	-	-	-	-
Grants	0.1	0	0	0.7	0.4	0	0	0
Total expenditure and net lending (a)	25.3	6.8	4.9	18.5	18.4	20.2	21.1	21.8
Current expenditure	22.3	5.4	4.6	17.7	15.7	16.6	16.9	16.8
Excluding interest	21.1	3.2	2	14.8	11.9	12.6	12.3	12.2
Wages and salaries	9.6	1.6	1	8.8	7	7.2	7	6.7
Interest	1.3	2.2	2.7	2.9	3.8	4.1	4.6	4.6
Primary balance	2	-1	0.3	0.8	2.7	3.5	4.2	4.9
Overall balance	1	-3.2	0.3	1.3	-0.5	0.8	1.8	1.6

Figures for 2010 are estimates; for 2011 and later are projections.

Monetary Policy

Since the beginning of February 2009, Zimbabwe adopted a multi-currency regime, a strategy that effectively means the government no longer has control over monetary policy. Consequently, no significant changes have occurred in the area of monetary policy between 2010 and 2011. The 2012 national budget allocated USD 100 million to the Reserve Bank of Zimbabwe (RBZ) to be used in the lender of last resort function (LOLR). While this is an important step forward, there is need to simplify the terms and conditions for accessing the facility by banks. Moreover, the USD 7 million allocated in 2011 has not been accessed by banks because of the rigid terms. One of the conditions is that banks have to provide title deeds of immovable property as a requirement just for overnight accommodation (i.e. a short-term bridging loan).

Nominal lending rates in the banking sector have remained generally high largely due to the prevailing liquidity crunch coupled with a high demand for credit in the economy. This also reflects the high returns being demanded by sources of funds to compensate for the high risk profile of the country. According to the RBZ, as at end of October, nominal lending rates quoted by banks ranged between 8% and 32%. The weighted average lending rate increased marginally to 13.2% in November, up from 13.1% in October 2011.

This is in contradiction to the low interest rates on deposits and the relatively high transaction costs and bank charges. Deposit rates have remained low, reflecting the maintenance of idle bank balances by depositors owing to a lack of alternative high return earning short term investments. As a result, savings and demand deposit rates remained constant, ranging between 0.1% and 17% in 2011. The level of short-term interest rates is distorted largely because the central bank is not conducting open market operations.

Broad money (M3), which has been redefined to equal deposits in the banking system increased by 41.7% on an annual basis in November, down from 49.3% in October 2011. The total nominal deposits held by banks rose by USD 958.2 million, from the USD 2.3 billion recorded in November 2010, partly reflecting growth in economic activity and improved confidence in the banking sector. Total banking sector deposits maintained their upward trend, increasing by 1.3% in November to USD 3.25 billion, up from USD 3.21 billion in October 2011. Short-term deposits, consisting of demand, savings and under 30-day deposits constituted 89.3% of the total deposits of the banking sector in November 2011, with long term deposits accounting for only 10.7%.

Total credit advanced by the banking sector increased to USD 2.88 million in November, up from USD 2.83 million in October 2011, an increase of 1.6%. On an annual basis, lending by banks increased from USD 1.56 million in November 2010 to USD 2.88 million in November 2011, an increase of 84.3%. The loan to deposit ratio rose from 86.8% in October to 87.3% in November 2011. In view of the high liquidity risk, more than 70% of banking sector credit is for a term of less than 12 months. The continued roll-over of loans, combined with revolving credit facilities such as overdrafts have cushioned the economy from the potential adverse impact of short-term loans. The main recipients of the loans and advances were for businesses in the distribution sector (21.9%), the agricultural sector (20.6%), the manufacturing sector (17.8%) and individuals (12.4%).

Economic Cooperation, Regional Integration & Trade

Zimbabwe is a member of the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA). It has been negotiating the new Economic Partnership Agreements (EPAs) with the European Union (EU) under the Eastern and Southern Africa (ESA) grouping. In view of a strained relationship with the western countries, the country has increasingly sought to strengthen its relationship with the east.

The Current Account has now been fully liberalised, allowing authorised dealers to process all transactions for imports without seeking prior exchange control approval. In 2011, imports amounted to USD 6.28 billion, an increase of 148% over the USD 2.53 billion recorded in 2010. The increase in foreign payments is attributed to the country's continued dependence on imported goods and services due to subdued domestic production due to political and economic turbulence. Exports amounted to USD 3.67 billion in 2011, 65% above the USD 2.22 billion in 2010. The mining sector remains the dominant exporting sector with 66% of the total, followed by tobacco (18.9%), agriculture (9.4%), manufacturing (5.1%) and horticulture (0.3%). Thus, agriculture, tobacco and mining account for 94.3% of total exports.

In terms of imports, South Africa remains the major trading partner accounting for 48% of the country's imports in 2011 compared to 41% in 2010, followed by the United Kingdom at 11% (up from 6% in 2010), India and China at 5% (up from 1% and 4% in 2010, respectively), the United States and Mauritius at 4% (up from 2% and constant at 4% in 2010, respectively). In terms of cross-border investments, total outflows for 2011 amounted to USD 265 thousand compared with USD 18.1 million in 2010. This precipitous decline in cross-border outflows can be accounted for by the improvement in confidence following the introduction of the multi-currency regime.

Table 4: Current Account (percentage of GDP)

	2003	2007	2008	2009	2010	2011	2012	2013
Trade balance	-2	-5.2	-18.6	-27.6	-19	-28.2	-28.7	-31
Exports of goods (f.o.b.)	26.7	32.1	31.8	27.8	36	39	36.4	34.8
Imports of goods (f.o.b.)	28.7	37.3	50.4	55.4	55	67.2	65.1	65.8
Services	-3.5	-2.5	-4	-4.6	-4.7	-3.6	-2.2	-1.3
Factor income	-3.1	-4.3	-4.3	-3.5	-2.1	-2.1	-1.9	-1.8
Current transfers	2.7	7.8	12	16	6.1	8.4	8.3	7.4
Current account balance	-5.8	-4.3	-14.9	-19.7	-19.7	-25.5	-24.5	-26.8

Figures for 2010 are estimates; for 2011 and later are projections.

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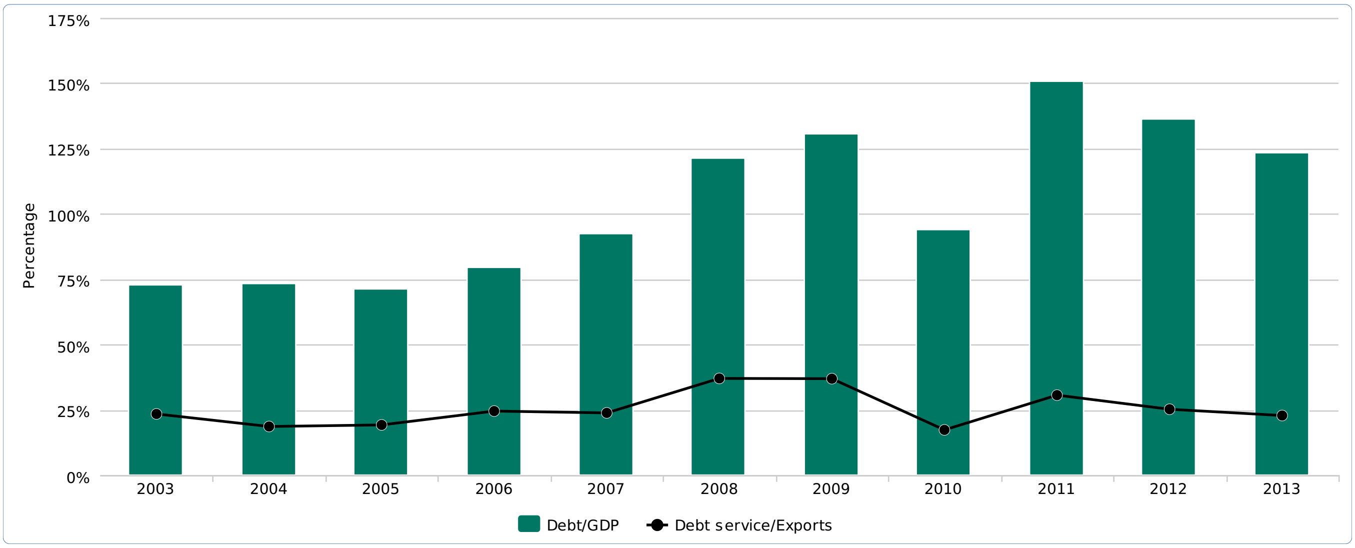
Debt Policy

Zimbabwe's external public debt stood at USD 7.15 billion as at 31 December 2011. On 16 November 2010, the Government of Zimbabwe approved the Zimbabwe Accelerated Arrears, Debt and Development Strategy (ZAADS), whose main objective is to facilitate re-engagement of all creditors and the international community on arrears clearance, a comprehensive debt relief programme and mobilising new financing. Significant progress has already been made in setting up and operationalising the Zimbabwe Aid and Debt Management Office (ZADMO), which is co-ordinating the implementation of the debt strategy. ZADMO is in the process of validating a public and publicly guaranteed debt database with assistance from the United Nations Conference on Trade and Development (UNCTAD) and the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI). Owing to the debt reconciliation exercise by government to ascertain the correct debt position of the country, the total debt stock will not be updated until its completion.

The 2011 budget projected aid support at USD 500 million. However, during the course of the first half of the year, an additional USD 118.3 million was pledged giving a total of USD 618.3 million in donor support. This support was targeted at programmes in the areas/sectors of health, agriculture, water and sanitation, social protection, technical assistance and governance. By end of July 2011, a total of USD 142.5 million had been disbursed. In comparison, in 2010, USD 600 million was pledged by donors. Foreign direct investment (FDI) inflows into the country were projected at USD 125 million in 2011, a marginal increase from USD 123 million in 2010.

Figure 2: Stock of total external debt (percentage of GDP) and debt service (percentage of exports of goods and services)



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Economic & Political Governance

Private Sector

The macroeconomic environment in Zimbabwe remains uncertain, being weighed down by the downside risks arising from the weakened position of the IG. According to the World Bank's *Doing Business 2012* report, Zimbabwe slipped from a ranking of 168 in 2011 to 171 in 2012 out of 183 countries. Lack of clarity and policy uncertainties, especially with respect to the indigenisation and economic empowerment regulations has impacted negatively on investment. Serious contradictions have emerged within the IG on this issue as well as outstanding Global Political Agreement (GPA) issues relating to governance, media and security sector reforms, bringing a closure to the land issue, finalisation of the new constitution, national referendum on the new constitution and national elections.

In December 2010, Zimbabwe launched its One-stop Investment Shop under the auspices of the Zimbabwe Investment Authority. It brings under one roof a number of key institutions such as the deeds office, the Reserve Bank of Zimbabwe, the mines ministry, Zimbabwe Electricity Supply Authority (ZESA), the Environmental Management Authority (EMA), local government and the immigration department. Its mission is to expedite the processes required for an investor to start an enterprise in Zimbabwe. The one-stop investment centre is a means to facilitate investment, streamline and simplify business set-up processes – such as company registration, immigration permits, taxation and customs clearance issues, access to office space, access to utilities such as water, electricity and telecommunication facilities and any other requirements of investors – to lower the time and costs associated with doing business in Zimbabwe.

Financial Sector

As at 13 January 2012, there were 27 banking institutions, 16 asset management companies, and 145 microfinance institutions. As at 31 December 2011, 20 out of 27 banking institutions were in compliance with the prescribed minimum capital requirements, while all the 16 asset management companies were compliant with the minimum capital requirement of USD 500 000.

Though the financial sector remains generally safe and sound there are inherent downside risks emanating from several factors, including: volatile deposits of a short term nature, absence of an active inter-bank market, lack of an effective lender of last resort function, market illiquidity, cash-based transactions and limited access to external credit lines. To allow the non-compliant banks to meet the prescribed capital requirements, and to enhance soundness in the financial sector, government is encouraging mergers amongst the banks.

An estimated 70% of the population does not have access to banking services. To enhance inclusive banking, banks have introduced mobile banking products in conjunction with mobile phone service providers.

Public Sector Management, Institutions & Reform

Policy co-ordination and responsiveness remains a challenge, especially in the context of the reforms being demanded by the SADC in order to ensure free and fair elections, particularly as the political parties are gearing for the possibility of elections in 2012. There remains a multiplicity of government ministries with overlapping mandates. For instance, socio-economic ministries, such as those overseeing youth employment, economic empowerment and indigenisation yield significant economic influence, sometimes overshadowing ministries responsible for economic facilities.

As the public sector payroll and skills audit revealed, hiring practices have not been aligned with the detailed establishment tables (DET), pointing to a civil service where some skills have been depleted while there is an overabundance in others. As of January 1, 2010 more than 35 thousand appointments were made without treasury concurrence; some of whom do not have a designation or have a designation that does not exist in the DET. Thus, the need to restore confidence in the payroll and hiring system is critical, as well as the need for inclusive debate on policies to compensate and retain staff in areas of skill shortage, areas that are essential for a medium term policy framework for compensation and employment. Given the small salary differentials between grades, it is important for government to decompress the earnings structure in order to compensate for skills and experience.

The payroll and skills audit also revealed that at the end of 2009, 48% of civil servants worked in government less than five years; 31% of civil servants are less than 30 years of age and two thirds of the civil service is below the age of 40. Even though government has adopted a performance-based management system, it has not been systematically implemented. The need to depoliticise the civil service remains a challenge.

To deal with these challenges, government is receiving support from the World Bank, the United Nations Development Programme (UNDP) and the African Development Bank towards strengthening transparency and accountability in public resource use through the revamping of the Public Finance Management System (PFMS).

Natural Resource Management & Environment

Even though the precise state and condition of Zimbabwe's environment is not known (as the last State of the Environment Report was published in 1998) the country is currently facing a number of environmental challenges; these include: deforestation and overgrazing, especially in communal and resettlement areas; social erosion as a result of deforestation and poor farming practices; pollution and depletion of natural resources; and declining biodiversity. This is exacerbated by the fact that about 70% of the population lives in rural areas where they exploit natural resources for food, fuel and other basic needs. This inevitably leads to environmental degradation and loss of biodiversity.

Protection and sustainable use of natural resources and the management of pollution still lags behind, and may not be prioritised. This is exacerbated by the high levels of poverty where issues of survival take precedent over the environment. Air and water quality, sustainable water management, waste management, conservation management and natural resources management still need attention.

The Ministry of Environment and Natural Resources Management is responsible for crafting and implementing environmental policy. It is also tasked with co-ordinating all other relevant ministries, stakeholders and agencies on environmental matters. However, the policy making and co-ordinating unit of the ministry does not have the capacity (in terms of funding and technical capacity) to deal with the increasing number of environmental issues.

The Environmental Management Agency (EMA), a parastatal statutory body established in 2002 by the Environmental Management Act, is charged with ensuring the sustainable development and protection of Zimbabwe's environment. Although the country is committed to sound environmental management there are many obstacles, including a lack of resources (human, technical and financial) to implement and enforce sound environmental policies and regulations. Owing to financial constraints the EMA has failed to adequately raise awareness on conservation issues.

Zimbabwe also has a number of environment projects being spearheaded by nongovernmental organisations (NGOs), such as the Zimbabwe Conservation Task Force (ZCTF), the Communal Areas Management Programme for Indigenous Resources (CAMPFIRE) Association, the Zambezi Society and the Wildlife & Environment Zimbabwe (WEZ). However, these NGOs work mainly in the districts at the local level and often environmental components are derivatives of broader livelihood and development needs programmes.

Political Context

Following the formation of the Government of National Unity (also known as the IG), progress towards the implementation of the Global Political Agreement (GPA) has been mixed. The main political parties do not agree over key issues such as security sector reforms, reconstitution of the electoral commission, media reforms, finalisation of the new constitution or the adjoining referendum for its adoption and the road map for elections. Contestation around these issues has required the mediator, South Africa, to be more actively involved in reconciling the divergent positions. The parties to the GPA all agree that the IG is not functioning as per agreement due to divergent issues and, therefore, the disagreement on the road map to free and fair elections. The two main electoral parties remain in disagreement over the timing of the next election, with the ZANU-PF insisting that elections should be held immediately without recourse to the new constitution, while the MDC formations insist on elections being held after the finalisation of the new constitution, governance, security sector and electoral reforms.

The latter insist that following the road map would help deal with issues of violence and ensure that elections are free and fair. As a result of these differences, the relationship between the GPA parties is strained. Although ZANU-PF insists elections should be held in 2012, no funds were allocated for this in the 2012 budget, and the reforms needed to ensure that violence is minimised and that the elections are free and fair may not be completed in the short term. The SADC mediator, the President of South Africa is now seized with reconciling the GPA parties on the basis of an agreed election road map.

Social Context & Human Development

Building Human Resources

As a result of the formation of the IG, there has been a positive development in health, education and prevention and treatment of HIV/AIDS, tuberculosis and malaria. For instance, schools and hospitals that had closed and scaled down operations have re-opened and scaled up their operations. The focus of donor support on humanitarian assistance has largely facilitated this recovery of the social sectors.

In 2011, development partners pledged USD 618.3 million focusing on humanitarian assistance, targeting health, education and social protection programmes, as well as agriculture, energy, water and sanitation and governance. However, the support is off budget. Though not part of the budget and government control, per se, the basket funded multi-development partners' investments in social sectors in Zimbabwe – such as under UNICEF's Education and Health Transition Funds – have promoted joint programming, implementation, monitoring and evaluation. The following funds are operational under the management of UNICEF: the National Action Plan for Orphans and Vulnerable Children Phase II (2011/15), implemented with the support of the Child Protection Fund; the Education Transition Fund II; and the Health Transition Fund.

The budget allocation towards education increased from 12.3% of the budget in 2010 to 22.8% in 2011 and 25.1% in 2012. Similarly, the allocation for health increased from 7% of the budget in 2010 to 9.3% in 2011 and 8.6% in 2012. Allocations to the water sector improved from 0.1% in 2010 to 1.4% in 2011 and 1.8% in 2012.

Poverty Reduction, Social Protection & Labour

Equity of public resource use remains a problem; in fact, it is worsening as a result of the rising proportion of revenues taken up by employment costs, which at 63% in 2011, up from 44.7% in 2010, leaves little room for other recurrent expenditures. The absence of a clear poverty strategy, and link between the budget and such priorities, exacerbated by the short-term focus of fiscal planning, makes for a weak public resource framework geared towards poverty reduction. The absence of up-to-date data on poverty (the last survey was undertaken in 2003) makes targeting marginalised and vulnerable groups next to impossible.

Social safety nets are more pronounced in terms of assisting orphaned and vulnerable children's access to education through the Basic Education Assistance Module (BEAM). Until recently, two parallel social protection systems were in existence, one co-ordinated by co-operating partners under UNICEF and another under government. The latter was not adequately resourced and was undermined by a weak administrative capacity. Efforts are underway to merge these two systems.

Zimbabwe has ratified the eight core International Labour Organisation (ILO) standards on fundamental rights and principles at work. While the labour market regulatory framework has been streamlined in line with international best practice, the bulk of the workforce now lies outside the framework of such regulations, with four out of every five jobs informalised. With the collapse of the formal sector and emergence of the informal sector, and the consequent massive deficit in 'decent' work that characterise it, only a few workers enjoy the rights enshrined in the ratified conventions.

With widespread poverty and the dilution of institutions, community-driven initiatives have been weakened overtime. Pension and old-age programmes were affected by the hyper-inflationary period, and are only in a recovery mode. Although the minimum pay out to retirees was raised from USD 25 in 2009 to USD 40 in 2011 and USD 60 in 2012, it remains inadequate. Moreover, pension funds do not cover all employees, focusing only on those in formal employment.

Gender Equality

While the legislative and institutional framework (such as the National Gender Policy of 2004) to promote gender equality has been put in place and government has ratified several international and regional conventions towards the elimination of gender-based discrimination, gender inequalities persist. This is because these frameworks have not been translated into practical action plans owing to inadequate budgetary allocations and human capacity. While gender parity has been achieved with respect to enrolments at primary school level, inequalities increase with level of education. The worst area of gender inequality that is susceptible to cultural and religious traits is the area of equal access for men and women to productive and economic resources such as land and credit. Thus, in spite of the significant progress that has been made at the legislative level, gender inequalities abound.

Zimbabwe, like most other developing countries, is still a long way from attaining the Millennium Development Goals (MDGs). According to the *Human Development Report* (HDR) for 2011, 17.9% of parliamentary seats are held by women, with 48.8% of women having reached secondary or a higher form of education as compared to the 62% for men. In terms of the labour market participation, 60% of women participate in the labour market as compared to 74.3% for men. Also for every 100,000 live births in the country, 790 women die from pregnancy related complications. The adolescent fertility rate is 64.6 births per 1,000 live births.

Thematic analysis: Promoting Youth Employment

The last official survey of unemployment is the Labour Force Survey of 2004, which estimated unemployment to be at 9.3%. Although there is no recent official data on unemployment, it is projected to have increased over the years. Youth aged 15-24 years constituted the bulk of the unemployed, accounting for 62.1% in 1994, 65% in 1999, 67.5% in 2002 and 59.6% in 2004.

In the context of high structural unemployment and endemic poverty, the IG adopted the Zimbabwe National Employment Policy Framework (ZiNEPF) in June 2010 which integrates Youth Employment Initiatives. This policy framework was developed through a consultative process that included key stakeholders, such as the Zimbabwe Congress of Trade Unions (ZCTU), the Employers' Confederation of Zimbabwe (EMCOZ), the Zimbabwe Youth Council and the National Association of Non-Governmental Organisations (NANGO). Government participation in the development of ZiNEPF was co-ordinated by the Ministry of Labour and Social Services and the Ministry of Youth, Indigenization and Economic Empowerment.

The overall objective of the ZiNEPF is *to promote and secure sustainable, full, productive and freely chosen decent employment for all under conditions of freedom, equity, security and human dignity*. It seeks to mainstream employment objectives across all policy frameworks (macro, fiscal, monetary and sectoral); promote growth in labour-intensive sectors; transition informality to formality; promote the development of small- and medium-sized enterprises (SMEs) and their integration into the value chains and systems of established (large) firms and exploitation of economies of scale through clustering; improve the quality of labour supply (employability); enhance employment services; and to achieve better co-ordination across various sectors and agencies.

To facilitate implementation of ZiNEPF, the Tripartite Negotiating Forum encompassing government, business and labour, with the support of the ILO, launched an Employment Forum on 20 May 2011, a vehicle for monitoring the implementation of the policy. A key mandate of the Employment Forum is to organise annual job summits at which status reports on the implementation of the policy will be presented.

The National Youth Policy was reviewed in 2010 in line with the ZiNEPF and the African Youth Charter by the Ministry of Youth Development, Indigenization and Empowerment. The National youth policy action plan was developed to facilitate its implementation. The Youth Employment Support, Jobs for the Unemployed and Marginalized Young People (YES-JUMP) Project was adopted in April 2009 by government, Workers' and Employers' representatives, in conjunction with the ILO. It is an ongoing project where 1,018 jobs have been created in Gokwe South, Goromonzi and Norton.