



## **Table of Contents**

1. Overview of the Economy.....	1
1.1.Domestic Economy.....	1
1.1.1. COVID-19 Pandemic in Zimbabwe.....	3
1.2.Global Economy.....	3
1.2.1. COVID-19 Pandemic Around the Globe.....	4
2. Inflation.....	4
3. Foreign Currency Market.....	9
4. Various Sectors of the Economy.....	13
4.1.Manufacturing Sector.....	13
4.1.1. New Highlights.....	13
4.2.Mining Sector.....	13
4.2.1. New Highlights.....	13
4.3.Agricultural Sector.....	13
4.3.1. New Highlights.....	14
5. Labour Market.....	15
5.1.Labour Force Participation Rate (LFPR).....	15
5.2.Employment to Population Ratio (EPR).....	15
5.3.Distribution of Employed Persons by Industry.....	15
5.4.Distribution of Employed Persons by Occupation.....	16
5.5.Distribution of Employed Persons by Highest Level of Education.....	16
5.6.Informal Economy.....	17
5.7.Wages – Collective Bargaining Agreements .....	17

### **1. Overview of the Economy**

#### **1.1.Domestic Economy**

Zimbabwe faces continued cycles of economic challenges such as high inflation and prohibitive and volatile foreign exchange controls; which are currently being fueled by the COVID-19 pandemic whose recurrent waves have continued to ravage the whole world. The country is currently in the middle of the 4<sup>th</sup> wave characterised by the Omicron variant of the coronavirus. The Zimbabwean economy continues to be suffocated by volatile parallel market exchange rates which perennially fuel a spike in prices. Nevertheless, the economy is still expected to rebound in 2021, mostly supported by a recovery of the agriculture sector characterized by a bumper harvest and also due to implementation of a rule-based monetary policy. The COVID-19 pandemic continues to negatively affect economic activity in the country, limiting employment growth and improvement in living standards. However, the government, through the Ministry of Health and Child Care, is already implementing a COVID-19 vaccination programme, since February 2021. The vaccination programme has been shown to be highly effective and one of the best not only in the Southern African region but also in the world. This has gone a long way in managing the pandemic. This week, the week ending 31 December 2021, the Ministry of Health and Child Care started administering COVID-19 booster shots for frontline workers who were vaccinated more than six months ago. This is being done to increase their immunity against the deadly pandemic. The booster

shot administration comes at a time when the country is recording an increase in COVID-19 deaths and infections. What is quite encouraging is the announcement, earlier this month, by the President, His Excellency E. D. Mnangagwa, that Zimbabwe had procured enough vaccines to enable it to administer booster shots to eligible citizens. The country is targeting to vaccinate at least 10 million people to achieve herd immunity. As we speak, at least 4 million people have received their first dose while at least 3 million people have received their second jab. The relatively lower vaccine uptake can be attributed to skepticism regarding the efficacy of the vaccines. The Statutory Instrument 127 of 2021 (SI 127-2021) announced by the government in May 2021 entails civil penalties for all economic agents that override the Banking and Use Promotion Act (24:24) and the Foreign Exchange Act (22:05). SI 127-2021 is not economically justifiable in the sense that not everyone or every business can easily access forex on the RBZ auction system. After all, the Zimbabwe dollar is currently overvalued on the auction market, hence its heightened depreciation in alternative markets. Currently, parallel rates range between ZW\$210 and ZW\$250 to US\$1. With the official exchange rate at ZW\$110.0360 as at 31 December 2021, parallel market premiums have now clearly increased well beyond 50%. Since the promulgation of SI 127-2021, it is now at least 50% more expensive to buy US\$1 on the black market relative to the official market. SI 127-2021 is a threat to business continuity. Despite the economic hurdles posed by the pandemic and the country's "command economics", the Reserve Bank of Zimbabwe (RBZ) still believes that the anticipated economic growth of 7.4% in 2021 is attainable, anchored, mostly on fiscal sustainability, good agricultural sector performance, price and financial system stability. The central bank had previously projected that annual inflation would fall below 25% by end of 2021. Through this Economic Bulletin, EMCOZ noted that this was very unlikely given the current inflationary pressures largely driven by local currency money supply growth, large payment to farmers in respect of the maize bumper harvest, payments to government contractors as investment in infrastructure intensifies, and the not so efficient foreign currency auction system. As of 3 December 2021, the central bank averred that inflation would end the year at between 58% and 60% and at less than 20% in 2022. While these current annual inflation projects sound more realistic for 2021, the same is questionable for 2022 as it will largely depend on exchange rate developments and consequent inflationary pressures. On the other side of the same coin, the Ministry of Finance and Economic Development revised upwards the year-end inflation target to between 52% and 58%, citing recent inflationary pressures. In the recent 2021 mid-term budget review, the Ministry of Finance and Economic Development reviewed Gross Domestic Product (GDP) targets up to 7.8% arguing that the projection would be anchored on bullish international mineral prices, the scaling up of a vaccination drive to combat the COVID-19 pandemic as well as positive spin-offs from a good agricultural season following high rainfalls received in the past season.

Below is a summary of economic growth forecasts for Zimbabwe:

Table 1: Economic growth forecasts for Zimbabwe

Authority/Year	2020	2021	2022
World Bank	-10%	2.9%	-
International Monetary Fund (IMF)	-10.4%	3.1%	-
Ministry of Finance & Economic Development	-4.1%	7.8%	5.4%

Takeaway: the government's growth projections may not be realistic especially given the current threat of a 4<sup>th</sup> COVID-19 wave, the new Omicron variant and the effects of SI 127-

2021. Government's immediate policy priorities should be biased towards liquidity management to stabilize exchange rates, controlling the spread of COVID-19, as well as ensuring adequate and widespread COVID-19 vaccine deployment.

### 1.1.1. COVID-19 Pandemic in Zimbabwe

Zimbabwe's COVID-19 situation report by the Ministry of Health and Child Care (MoHCC) as of 31 December 2021 indicated that there were 213 258 cumulative cases, 5 004 total deaths, 180 570 total recovered cases; with a 27 684 active cases and a national recovery rate of approximately 85%. Zimbabwe continues to lead all mainland southern Africa when it comes to procuring and administering vaccines. The country set aside US\$100 million for COVID-19 vaccine acquisition. In October 2021, the World Health Organization (WHO) rated Zimbabwe amongst the best countries in the world when it comes to buying and acquiring supplies of COVID-19 vaccines. Government is already moving to have frontline health workers, those with chronic illnesses and the elderly get access to the boosters instantly. With new cases across the country alarmingly surging in the wake of the Omicron variant, initially detected in Botswana and South Africa and now confirmed in Zimbabwe, it has become necessary for all the eligible persons to be jabbed the booster shots.

## 1.2. Global Economy

As vaccination campaigns are in progress, the global economy is slowly trying to recover from the COVI-19 pandemic. Most developed economies have already vaccinated large parts of their population, while the outcome is more mixed in developing countries, especially those from Africa. Global GDP growth in 2021 will be mainly consumer driven, as spending opportunities, mainly in services, are beginning to open up. Global GDP growth is likely to be threatened by the spread of new, more transmissible variants of the coronavirus such as the Omicron variant. Such a downside scenario may significantly push down growth in 2021 and even beyond. The World Bank remains optimistic that the global economy will expand by approximately 4% in 2021, making a return to growth, following a 4.3% contraction in 2020. Below is a summary of economic growth forecasts for economies around the globe:

Table 2: Economic growth forecasts for economies around the globe

Economy/Year	2020	2021
United States of America (USA)	-3.6%	3.5%
Eurozone	-7.4%	3.6%
Japan	-5.3%	2.5%
China	-2%	7.9%
Emerging market & developing economies, including China	-2.6%	5%
Emerging market & developing economies, excluding China	-5%	3.4%
Low income economies	-0.9%	3.3%

Source: World Bank (2021)

As shown in table 2 above, in 2021, China is projected to experience the highest growth rebound of approximately 8%, following a 2% contraction in 2020. China's economy was outperforming in early-2021, but other regions have eventually caught up in recent months. Global trade is projected to grow by 6% in 2021, followed by a similar amount in 2022. According to the UNCTAD, world trade's recovery from the COVID-19 pandemic reached a record high in the 1<sup>st</sup> quarter of 2021, increasing by an estimated 10% year-on-year. This rebound has been mostly driven by exports from East Asian Economies, specifically China,

while other developing regions and countries including Russia have experienced trade recovery more slowly. This rebound apparently continued into the 2<sup>nd</sup> quarter of the year, with combined value of goods and services reaching nearly \$6.6 trillion. Also, worthy to note on the global scenario is that prices of key raw materials for crude oil shot up by more than 100% in the global market. This implies that edible oils producers will need more foreign currency to maintain current production levels and meet demand. The surge in prices on the global market also shades more light on the sharp increase in the prices of cooking oil on the domestic market.

### 1.2.1. COVID-19 Pandemic Around the Globe

Table 3: COVID-19 situation around the globe as at 31 December 2021

Country	Total Cases
United States of America (USA)	55 864 519
India	34 889 132
Brazil	22 291 507
United Kingdom (UK)	13 100 458
Russia	10 519 733
France	10 191 926
Turkey	9 519 281
Germany	7 196 154
Spain	6 294 745
Italy	6 266 939

Source: WHO (2021)

Table 3 shows the leading countries in terms of total COVID-19 cases. As shown in table 3 above, the pandemic is continuously ravaging the world. USA is currently leading, globally, in terms of the number of total cases. Table 3 hints the need for all countries around the world to continue adhering to COVID-19 prevention and control measures as outlined by the World Health Organization (WHO). New coronavirus variants that are being detected pose a threat to the fight against the pandemic. This also indicates that the pandemic is far from ending and thus there is need for continued efforts to control it, by both government and the private sector.

Takeaway: It is important to note that vaccine development, investment, deployment and uptake around the globe is key to sustaining recovery of the global economy.

## 2. Inflation

Figure 1: Month-on-month inflation rates

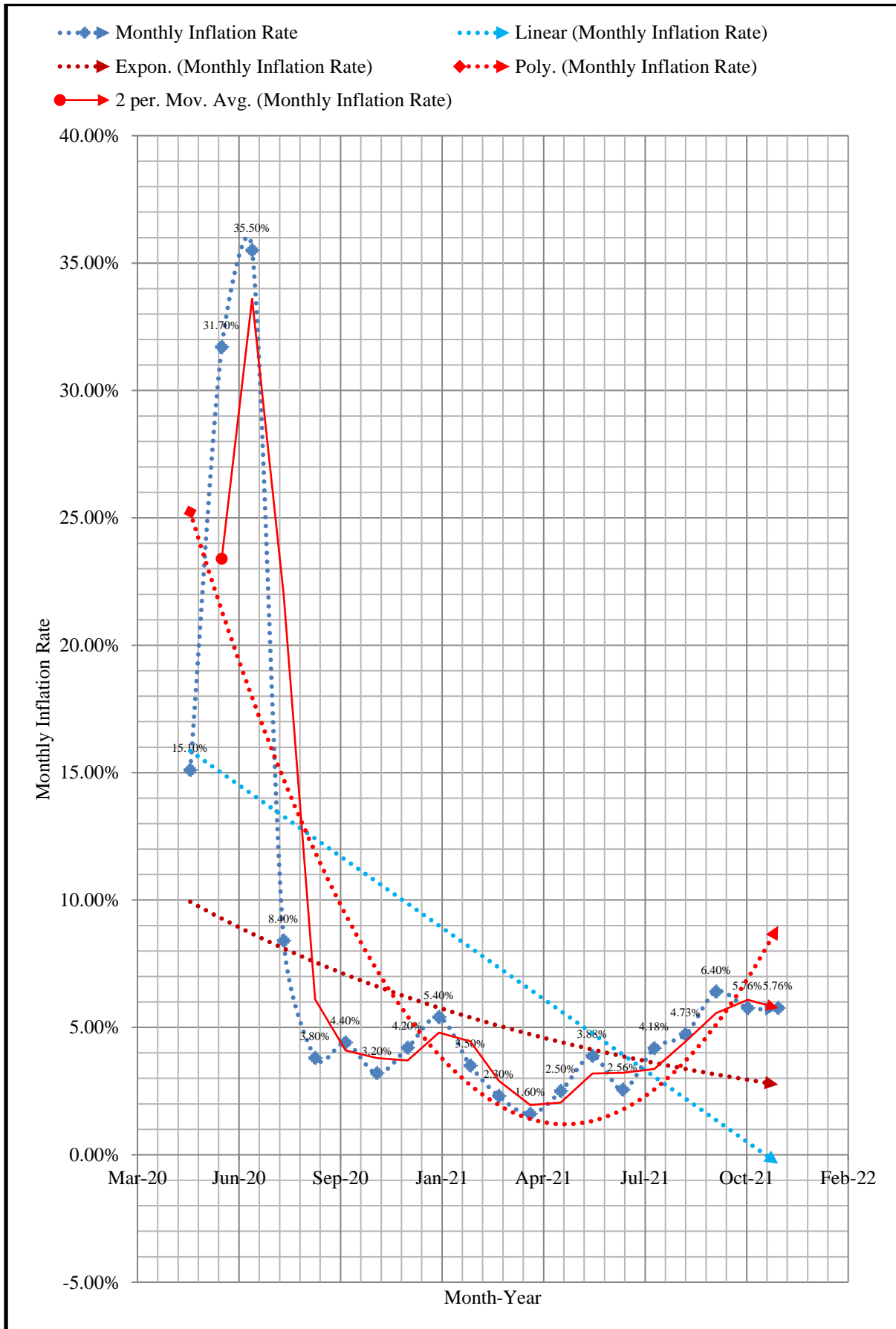
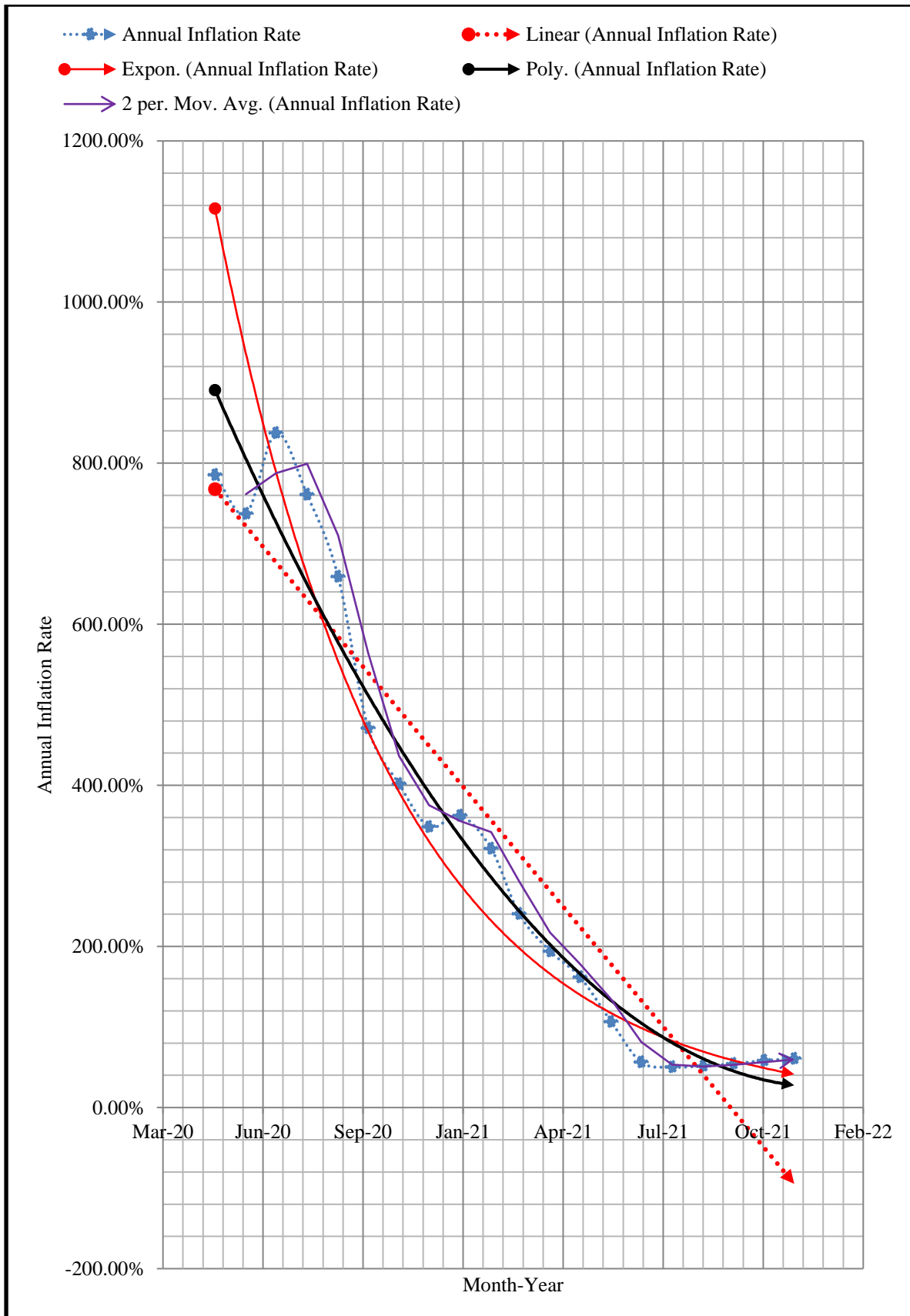


Figure 2: Annual inflation rates



Source of data: Zimbabwe National Statistics Agency (ZIMSTAT) (2021)

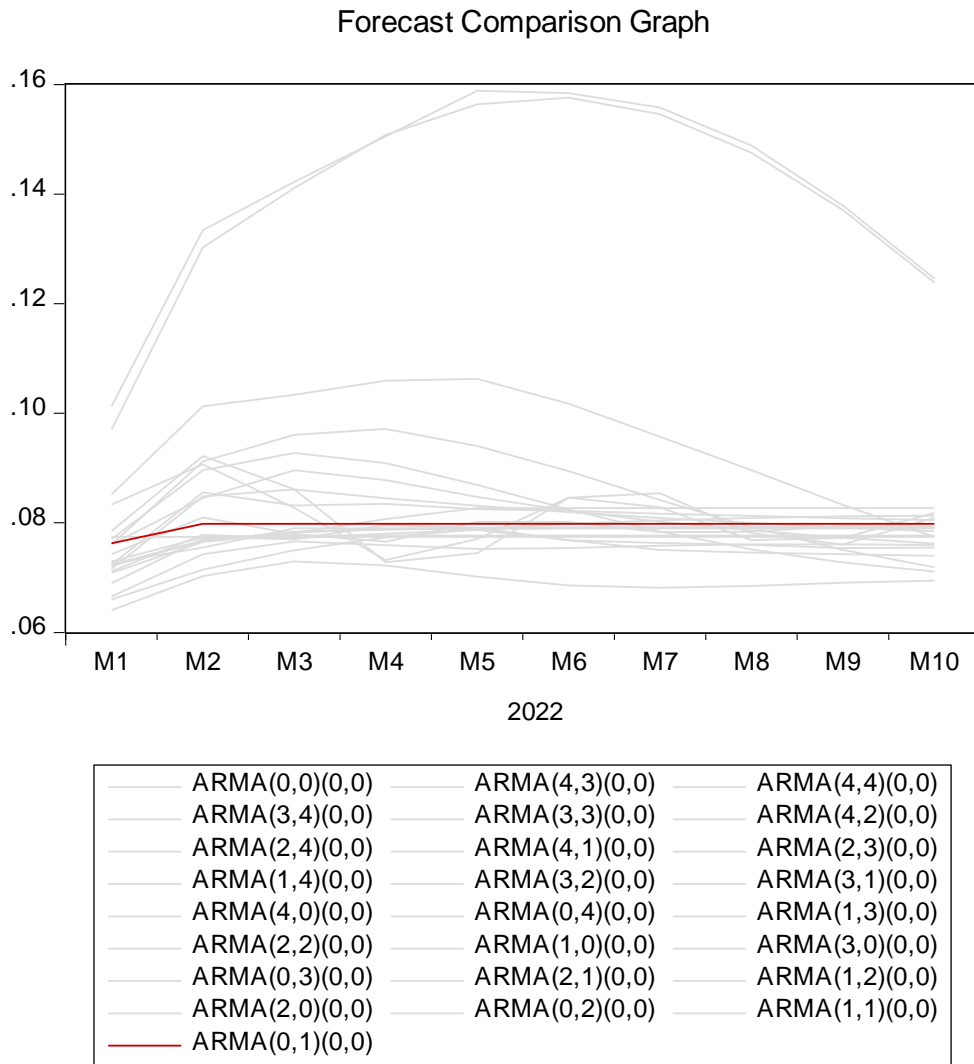
As shown in figures 1 and 2, Zimbabwe's annual inflation rate eased to 58.4% in August 2021 from 362.3% in January 2021. Since July 2020, annual inflation rate has been falling in the country, indicating the central bank's commitment to sustaining the disinflationary path. At the beginning of the year, the RBZ projected that year-on-year inflation will decline to less than 55% by end of the year 2021. The disinflationary trend is attributed to the introduction of a foreign exchange auction trading system in June 2020, which has played a pivotal role in restoring stability in the foreign exchange market. Figures 1 and 2, also show that monthly inflation has been generally declining over the period May 2020 to July 2021. However, the month of May 2021 witnessed a slight increase in month-on-month inflation from 1.6% in April 2021 to 2.5%. This marginal increase of 0.9% may have been triggered by the fluctuating exchange rate in alternative markets, which is still a basis of price determination for goods and services across the country. Similarly, the month of June witnessed a slight increase in month-on-month inflation from 2.5% in May 2021 to 3.88%. The marginal increase of almost 1.34% could be attributed to fluctuating exchange rates in alternative markets as necessitated by announcement of SI 127-2021. Figure 2 also shows that Zimbabwe's annual inflation for the month of August 2021 slowed down to 50.24%. Month-on-month inflation rate in July declined by approximately 34%, to about 2.56% from last month's 3.88%. Month-on-month inflation rate in August 2021 was 4.18%, gaining 1.62 percentage points on the July 2021 rate of 2.56%. In September 2021, inflation soared 4.73% - gaining 0.55 percentage points on the August inflation rate of 4.18%. Zimbabwe's month-on-month inflation for October climbed to 6.4%, its highest level since August 2020 when it touched its highest point of 8.4%. Furthermore, for the first time since January 2021, annual inflation increased from 50.24% in August 2021 to 51.55% in September 2021. The year on year inflation rate (annual percentage change) for the month of October 2021 stood at 54.49% up from 51.5% in September. This is the second consecutive time annual inflation rate has trended upwards. The month-on-month inflation rate for November 2021 stood at 5.76% after shedding 0.64% on the October 2021 rate of 6.4%. This implies that monthly prices increased by an average rate of 5.76% from October 2021 to November 2021. Month-on-month inflation for December has remained constant at 5.76%. The year on year inflation rate for the month of November 2021 stood at 58.4%. This implies that prices increased by an average of 58.4% between November 2020 and November 2021. The year on year inflation rate for the month of December 2021 stood at 60.74%. This means that prices increased by an average of 60.74% between December 2020 and December 2021. It is important to note that parallel markets remain the basis of price determination for goods and services across the country.

Takeaway: inflation rate is likely to remain on a generally downwards trajectory given the central bank's conservative monetary policy stance. The recent developments indicate that annual inflation is likely to end the year between 47% to 65%.

Figure 3: Predicted month-on-month inflation rates<sup>1</sup>

---

<sup>1</sup> As shown in the forecast comparison graph, the optimal forecasting model for the data set is the ARMA (0, 1) model. After conducting relevant stationarity tests, the dependent variable,  $X$  (monthly inflation rate, May 2020 to December 2021) was found to be stationary. Technically,  $X$  is an  $I(0)$  variable.



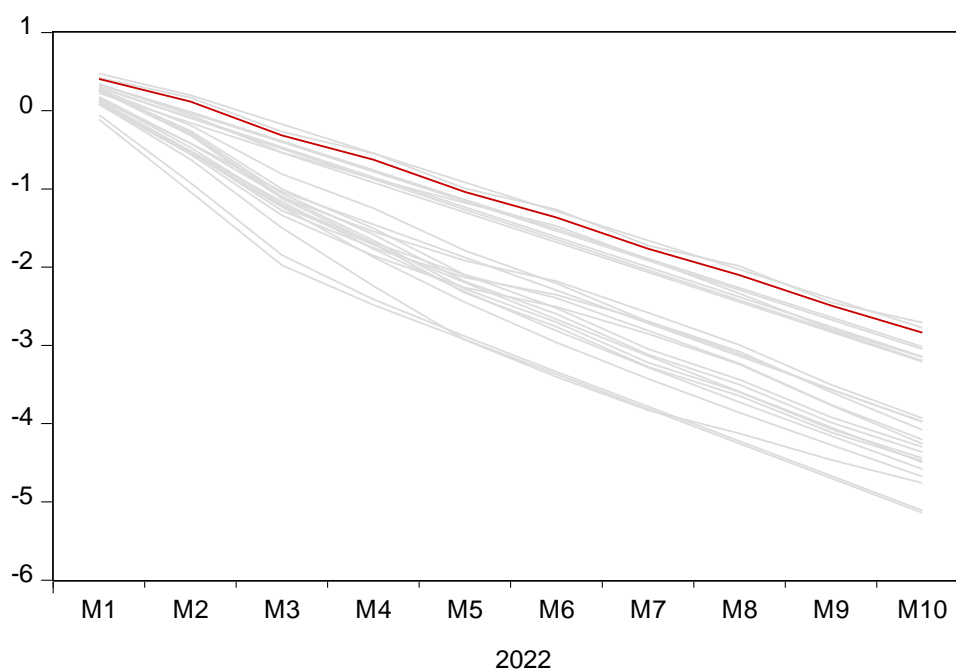
Based on the selected optimal ARMA (0, 1) model, month on month inflation rates for the next two months (January and February 2022) are likely to hover around 7.628%.

Figure 4: Predicted annual inflation rates<sup>2</sup>

<sup>2</sup> As shown in the forecast comparison graph, the optimal forecasting model for the data set is the ARIMA (1, 1, 2) model. After conducting relevant stationarity tests, the dependent variable, Y (annual inflation rate, May 2020 to December 2021) was found to be integrated of order one. Technically, Y is an I (1) variable.



Forecast Comparison Graph



ARMA(4,4)(0,0)	ARMA(2,2)(0,0)	ARMA(3,2)(0,0)
ARMA(4,2)(0,0)	ARMA(2,1)(0,0)	ARMA(4,1)(0,0)
ARMA(1,1)(0,0)	ARMA(2,0)(0,0)	ARMA(3,4)(0,0)
ARMA(4,3)(0,0)	ARMA(1,4)(0,0)	ARMA(0,2)(0,0)
ARMA(0,1)(0,0)	ARMA(0,4)(0,0)	ARMA(1,0)(0,0)
ARMA(1,3)(0,0)	ARMA(2,4)(0,0)	ARMA(3,3)(0,0)
ARMA(0,0)(0,0)	ARMA(3,1)(0,0)	ARMA(3,0)(0,0)
ARMA(2,3)(0,0)	ARMA(4,0)(0,0)	ARMA(0,3)(0,0)
ARMA(1,2)(0,0)		

Based on the selected optimal ARIMA (1, 1, 2) model, annual inflation rates for January 2022 and February 2022 are likely to be around 40.4631% and 11.5535%, respectively.

### 3. Foreign Currency Market

During the month of December 2021, the USD gained against 12 out of 18 currencies in the basket under consideration and lost against 6 as shown in table 4 below. The USD lost the most against the Norwegian krone while it gained most against the Zimbabwean dollar. Table 4 below is a summary of the December 2021 exchange rate analysis:

Table 4: Exchange rate analysis

Currency/USD	1 December 2021	31 December 2021	Change (%)
Zimbabwean dollar	105.6896	108.666	2.82
ZAR-South African rand	15.8076	15.912	0.66
GBP-British pound	1.33215	1.35	1.34
JPY-Japanese yen	113.455	115.095	1.46

BWP-Botswana pula	0.0858	0.0849	-1.05
CHF-Swiss franc	0.9202	0.91385	-0.69
AUD-Australian dollar	0.7165	0.7256	1.27
NOK-Norwegian krone	9.0169	8.8146	-2.24
SEK-Swedish krone	9.0122	9.0439	0.35
CAD-Canadian dollar	1.27375	1.27385	0.0000785
EUR	1.13305	1.1321	-0.000839
CNY-Chinese yuan	6.363	6.374	0.17
INR-Indian rupee	74.8625	74.29	-0.76
BRL-Brazilian real	5.6244	5.5715	-0.94
RUB-Russian rubble	73.8072	74.7876	1.34
FRF-French franc	7.43295	7.4372	0.06
HKD-Hong Kong dollar	7.7728	7.7981	0.34
ARS-Argentine Peso	100.94	102.69	1.73

Source of data: RBZ (2021)

The table below shows the daily midpoint rates of the ZWL/USD exchange rate for the month of December 2021. The Zimbabwe dollar lost value by an overall margin of 2.82% against the USD. It is important to remember that the Zimbabwe dollar remains overvalued in the auction market; this is the reason why it is always depreciating in alternative markets.

Table 5: Zimbabwe/USD exchange rate for December 2021

Date – December 2021	Midpoint Rate (ZWL/USD) – December 2021
1	105.6896
2	105.6896
3	105.6896
6	105.6896
7	105.6896

8	108.6678
9	108.6678
10	108.6678
13	108.6678
14	108.6678
15	108.666
16	108.666
17	108.666
20	108.666
21	108.666
23	108.666
24	108.666
28	108.666
29	108.666
30	108.666
31	108.666

Source of data: RBZ (2021)

### ***RBZ Foreign Currency Auction Market***

The auction market resumed on the 12<sup>th</sup> of January 2021. So far, the USD has gained 32.37% against the Zimbabwean dollar, from 82.0914 as at 12 January 2021 to 108.666 as at 31 December 2021.

### ***Foreign exchange auction for 1<sup>st</sup> of week of December 2021***

Table 6: Foreign exchange auction for 1<sup>st</sup> of week of December 2021:

<b>PURPOSE</b>	<b>AMOUNT ALLOTTED SME AUCTION</b>	<b>AMOUNT ALLOTTED MAIN AUCTION</b>
Raw Materials	1,763,630.63	14,048,652.00
Machinery and Equipment	2,286,330.76	10,549,444.22
Consumables (Incl. Spares, Tyres, Electricals, etc)	637,511.53	3,081,031.44

Services (Loans, Education, Dividends, Disinvestments, etc)	497,741.21	1,994,435.40
Retail and Distribution (Incl. Food, Beverages, etc)	458,991.16	2,850,071.31
Fuel, Electricity and Gas	9,970.00	
Pharmaceuticals and Chemicals	351,252.03	1,476,312.67
Paper and Packaging	142,402.34	672,550.74
<b>TOTAL</b>	<b>6,147,829.66</b>	<b>34,672,497.78</b>
<b>GRAND TOTAL AWARDED</b>	<b>40,820,327.44</b>	

On the 1<sup>st</sup> week of December 2021, US\$40,820,327.44 was allocated to various sectors of the economy. As shown in table 6 above, most the funds were allocated towards machinery and equipment for SMEs while most of the funds were directed towards raw materials for the rest of economy.

#### *Foreign exchange auction for 2<sup>nd</sup> week of December 2021*

Table 7: Foreign exchange auction for 2<sup>nd</sup> week of December 2021:

<b>PURPOSE</b>	<b>AMOUNT ALLOTTED SME AUCTION</b>	<b>AMOUNT ALLOTTED MAIN AUCTION</b>
Raw Materials	2,018,353.38	15,570,248.34
Machinery and Equipment	2,311,651.63	9,488,158.89
Consumables (Incl. Spares, Tyres, Electricals, etc)	802,046.62	2,834,278.31
Services (Loans, Education, Dividends, Disinvestments, etc)	575,449.58	2,214,287.84
Retail and Distribution (Incl. Food, Beverages, etc)	423,215.30	2,637,477.63
Electricity	32,201.34	-
Pharmaceuticals and Chemicals	328,024.72	1,345,307.98
Paper and Packaging	184,728.17	1,012,477.85
<b>TOTAL</b>	<b>6,675,670.74</b>	<b>35,102,236.84</b>
<b>GRAND TOTAL AWARDED</b>	<b>41,777,907.58</b>	

On the 2<sup>nd</sup> week of December 2021, US\$41,777,907.58 was allocated to various sectors of the economy. As shown in table 7 above, most the funds were allocated towards machinery and equipment for SMEs while most of the funds were directed towards raw materials for the rest of economy.

For the month of December 2021, US\$82,598,235.02 was accumulatively allocated to various sectors of the economy with the bulk of funds being committed towards machinery and equipment as well as raw materials.

Takeaway: There is no doubt, the auction system is playing a critical role in stabilizing the financial system and therefore, the central bank should continue conserving and supporting the foreign exchange auction system. However, parallel, or alternative market rates remain a cause for concern as they are now hovering between ZW\$210 and ZW\$250 against the official rate. This is, however, an indication that the auction foreign exchange market still has a long way to go in terms of meeting the requirements of economic agents in the country. In the short run, local currency is likely to weaken further, due to pressure coming from alternative markets and the increased demand for foreign currency. The RBZ is encouraged to tighten money supply and address the foreign exchange allotment backlog in order to deal with the gap between official and parallel exchange rates.

## **4. Various Sectors of the Economy**

### **4.1. Manufacturing Sector**

Employing at least 80,000 workers and contributing between 9% and 11% of exports and 12% to 14% of the country's GDP, the manufacturing sector remains one of the most strategic sectors in Zimbabwe. The sector's capacity utilization improved by 11% to 47% in 2020 from 36.4% in 2019. In 2021, capacity utilization is projected to rise to 61% on the back of a good agricultural season, COVID-19 vaccination programme, availability and access to foreign currency as well as improvements in electricity supply.

#### **4.1.1. New Highlights**

- ✓ Exports of processed foods increased by 18%. Under National Development Strategy 1 (NDS1), this upward trajectory is expected to continue.
- ✓ South African vehicle manufacturer expected to open plant in the country on the 1<sup>st</sup> of July 2021. This will go a long way in terms of job creation and stimulating economic growth.

### **4.2. Mining Sector**

The sector is on track to achieve its target of generating US\$12 billion annual revenue by 2023. Under the US\$12 billion mining roadmap, gold is projected to contribute US\$4 billion, platinum US\$3 billion, while chrome, iron, steel, diamonds, and coal are expected to rake in US\$1 billion. Lithium is projected to bring-in US\$500 million while other minerals will contribute US\$1.5 billion. In the diamond mining sector, 3 million carats are expected to be produced in 2021. Various thermal power projects are reportedly in various stages of development within the coal and hydrocarbons sector. Companies within the chrome, nickel and steel sector are set to expand their capacities in 2021. Jinan Corporation, for instance, has reportedly started expanding its smelting capacity. Companies such as Zimplats, Unki and Mimosa are expanding their operations with new projects reportedly in various stages of development.

#### **4.2.1. New Highlights**

- ✓ Removal of a clause (section 36) in the Finance Act (No. 2) of 2020 that was thought of as a re-introduction of the 51/49 shareholding structure in favor of indigenous entities.
- ✓ Nickel now the top forex earner, followed by gold and tobacco. ZimStats notes that the metal brought-in US\$985 million, tantamount to 22.4% of Zimbabwe's 2020 forex receipts.
- ✓ "use it or lose it" policy implemented by government with the aim of allocating mines to other companies willing to start production immediately.

### **4.3. Agriculture Sector**

The Ministry of Agriculture, Fisheries, Water and Rural Resettlement's agriculture and food systems transformation strategy is set to achieve:

- ✓ 100% food security by 2022
- ✓ 100% increase in household income by 2024
- ✓ 40% increase in value addition by 2024
- ✓ Create 1 million jobs by 2030
- ✓ Boost exports by 60% before 2030
- ✓ 80% import substitution by 2024

Various programmes are already operational in order to enhance food security in the country and these include:

- ✓ Pfumvudza
- ✓ Accelerated Irrigation Rehabilitation
- ✓ Farm Mechanization (Belarus; John Deere)
- ✓ Local manufacture of farm implements
- ✓ More Food Africa
- ✓ Soil and Water Conservation

In the 2020/21 farming season, crop hectareage increased for crops such as maize, sorghum, soya beans, cotton and tobacco as shown below:

Table 8: Crop hectareage

Crop	Area planted during the 2019/20 season	Area planted during the 2020/21 season	% Change
Maize	1,549,324	1,821,030	17.5%
Sorghum	305,865	322,274	5.4%
Soya beans	33,599	79,359	136.2%
Cotton	304,703	382,157	25.4%
Tobacco	100,426	107,558	7.1%
Millet	166,429	160,144	-3.8%
Sunflower	24,595	15,843	-35.6%
Sesame	11,534	10,279	-10.9%

Source: Ministry of Agriculture, Fisheries, Water and Rural Resettlement (2021)

#### 4.3.1. New Highlights

- ✓ Granadilla producer started exporting first fruits to the United Kingdom (UK), setting pace on the horticultural sector.
- ✓ Government is set invest US\$4 billion under the Presidential Inputs Scheme for grain production.
- ✓ The marketing season for cotton farmers started on the 18<sup>th</sup> of May 2021. Farmers have started delivering their bales, however; no payment has been done, cotton farmers are currently owed about ZW\$1.5 billion for the last crop season.
- ✓ Promulgation of SI 2021-97 – Grain Marketing (Control of Sale of Soya Beans). Under this new law, farmers should not store or transport above 100kgs of soya beans without permission from the Grain Marketing Board (GMB).
- ✓ Government to increase tobacco production to 300 million kilograms by 2025
- ✓ Tobacco sales for this season (which closed on the 14<sup>th</sup> of July 2021) increased by 31% to US\$515.9 million compared to last year's US\$393.9 million (Tobacco Industry Marketing Board, 2021).

- ✓ At least ZW\$13.2 billion worth of grain delivered to GMB. ZW\$8.3 billion has already been paid to the farmers.

### 5. Labour Market

The Labour Force Framework (LFF) developed by ZimStats in 2019 shows the following key statistics concerning the architecture of the labour market in Zimbabwe:

- ✓ Total population – 14,215,809
- ✓ Below 15 years – 6,114,294 (43%)
- ✓ 15 years and above – 8,101,515 (57%)
- ✓ Outside labour force – 4,638,003 (57%)
- ✓ Potential labour force – 2,291,623 (49%)
- ✓ Unemployed – 566,449 (16%)
- ✓ Youth (15-24 years) unemployment – 27%
- ✓ Youth (15-35 years) unemployment – 21%
- ✓ Employed – 2,897,064 (84%)

Unemployment, according to ZimStats, is the proportion of persons of working age who are without work, available for work and are actively seeking work. As indicated by the LFF, unemployment in Zimbabwe stands at 16%. However, a health economy should have an unemployment rate of about 5%. Zimbabwe's unemployment rate is an indication of underlying problematic macroeconomic fundamentals as well as the COVID-19 pandemic. Youth unemployment 27% for youths aged 15-35 years. Countries with highest youth unemployment in Africa are Namibia (39.5%) and Botswana (37.3%).

#### 5.1. Labour Force Participation Rate (LFPR)

- ✓ Male LFPR – 53%
- ✓ Female LFPR – 34%

Takeaway: Economic policies that increase unemployment rates such as heavy labour market regulation lead to a decrease in labour force participation.

#### 5.2. Employment to Population Ratio (EPR)

- ✓ National EPR – 36%
- ✓ Male EPR – 44%
- ✓ Female EPR – 29%

Zimbabwe's EPR is 36%. This low EPR means that an important proportion of the population in the working age is unemployed, which is also reflected in the country's lower GDP per capita. It also indicates that, in this country, many people are struggling economically. This also means that Zimbabwe's ability to create jobs is still comprised. A good EPR should be at least 70% while an EPR of less than 50% is deemed low.

#### 5.3. Distribution of Employed Persons by Industry

Table 9: Employment by industry

Industry	Distribution
Accommodation and food service	1.4%
Administrative and support service	1.7%
Human health and social work	2%
Public administration and defense	2.4%
Other services	2.5%
Transportation and storage	2.9%

Other industrial sectors	3.3%
Construction	3.6%
Household activity	5.7%
Education	6.8%
Mining and quarrying	7.2%
Manufacturing	7.5%
Retail trade	17%
Agriculture, forestry and fishing	36%

Source: ZimStats (2019)

As shown in table 11, most people, that is, 36%; are employed in the agriculture, forestry and fishing industry. The accommodation and food services industry only employs 1.4%.

#### 5.4. Distribution of Employed Persons by Occupation

Table 10: Employment by occupation

Occupation	Distribution
Elementary occupations	29.4%
Skilled, agricultural, forestry and fishing	19.9%
Service and sales workers	17.7%
Craft and related trades	9.5%
Plant and machine	9.1%
Professionals	8.2%
Technicians	2.7%
Managers	1.9%
Clerical support workers	1.6%
Armed forces occupations	0.2%

Source: ZimStats (2019)

Most people (29.4%) are employed in elementary occupations. The occupation with the lowest employees is the armed forces occupation.

#### 5.5. Distribution of Employed Persons by Highest Level of Education

Table 11: Employment by education level

Level of education	Distribution
ECE	0%
Primary	25.3%
Vocational – national	0.3%
Lower secondary	54.3%
Upper secondary	2.8%
Vocational - certificate	2%
Vocational - apprenticeship	3.5%
Tertiary - short cycle	3.3%
Tertiary - higher national	5.3%
Masters / Medical Doctors	1.2%
Ph.D	0%
No education	1.7%
Level not known	0



Source: ZimStats (2019)

Most people (54.3%) in Zimbabwe's labour market hold a lower secondary qualification. About 1.7% have no education.

### 5.6. Informal Economy

According to ZimStats, the informal economy in Zimbabwe is categorized into informal sector and informal employment. Informal sector refers to an establishment not registered with the registrar of companies. However, enterprises involved in agricultural activities are not considered as in the informal sector. Informal employment includes own account workers, employers in their own informal sector enterprises, members of informal producers' cooperatives as well as paid employees not entitled to pension funds by employer, paid annual leave, paid sick leave and written contract with employer. 34% of all employed persons are in the informal sector while 76% are informally employed. This implies that the informal economy in the country has become significant and can no longer be undermined as it now contributes to at least 48% of GDP and an estimated 42% of the total national employment.

### 5.7. Wages – Collective Bargaining Agreements

A minimum wage can be thought of as the price floor below which employees may not sell their labour. It can also be defined as the lowest remuneration that employers can legally pay their employees. While most countries around the globe have a nation-wide minimum wage that all workers must be paid, Zimbabwe is yet to have a mandatory minimum wage for workers. Pay rates are agreed upon directly with the employer through collective bargaining or other means of negotiating a fair minimum wage.

Table 12: Minimum wage for the lowest paid employee by sector or employment council

SECTOR OR EMPLOYMENT COUNCIL	MONTHLY MINIMUM (ZWL\$)	HOUSING ALLOWANCE	TRANSPORT ALLOWANCE	EFFECTIVE DATE	NEXT REVIEW DATE
<b>Chemicals, Fertilizers, Battery and Plastics Manufacturing Industry</b>					
Phosphates and Explosives	16 289.10			01/01/2021	
Paints and Printing Inks	14 000	52 USD	44 USD	01/04/2021	
Fertilizers and agro-chemicals	13 050	3 320	3 652	01/01/2021	
Industrial chemicals sector	12 500	40 USD or ZWL\$ equivalent	44 USD or ZWL\$ equivalent	01/01/2021	
Pharmaceutical and Beauty Care sector	12 595.73	40 USD or ZWL\$ equivalent	44 USD or ZWL\$ equivalent	01/01/2021	
Battery manufacturing	15 300	40 USD	22 USD	01/01/2021	31/12/2021
Plastics manufacturing	23 287.97	2 156.02	2 156.02	07/09/2021	
<b>Welfare and Educational</b>	200 USD	60 USD	43 USD	31/03/2021	

<b>Institutions</b>					
<b>Air Transport</b>	15 425	5 000	3 200	01/08/2021	
<b>Transport Operating Industry</b>	17 477.50			01/11/2021	
<b>Detergents, Edible Oils and Fats Industry</b>	17 100	3 800	3 600	01/04/2021	
<b>Banking Undertaking</b>	5 815.67 No agreement for 2021 but a 348.6% increase effected in January 2021			01/01/2020	
<b>Printing, Packaging and Newspaper Industry</b>	38 500			12/10/2021	
<b>Medical and Allied Industry</b>	222.50 USD			01/10/2021	
<b>Harare Municipal Undertaking</b>	11 710			01/01/2021	
<b>Zimbabwe Schools Development Associations</b>	10 000			07/05/2021	
<b>Engineering, Iron and Steel Industry</b>	23 724.58			01/10/2021	
<b>Tourism industry</b>	11 235.10	553.13	553.13	01/10/2021	
<b>Funeral Industry Employers</b>	14 026.74			01/03/2021	31/12/2021
<b>Mining Industry</b>	24 500 RTGS & 145 payable in USD			19/05/2021	
<b>Cotton Industry</b>	12 410			01/01/2021	
<b>Food and Allied Industries</b>					
Baking sector	19 000	2 000	1 750	01/04/2021	
Sweets and confectionary sector	17 200	2 150	1 850	01/04/2021	
Sugar refinery sector	18 900	2 050	2 100	01/04/2020	
Brewing and distilling sector	19 091.40	1 950	1 710	01/04/2021	
Food processing	17 150	3 045	2 100	01/04/2021	

sector					
Meat, Fish, Poultry, Abattoir, and Meat Processing sector	17 275.30	1 924	2 300	01/04/2021	
<b>Lumber Milling, Timber Processing and Trading Industry</b>	13 200			01/03/2021	
<b>Construction Industry</b>	127.04 <i>per hour plus</i>			01/11/2021	
<b>Textile Industry</b>	17 000			01/07/2021	
<b>Clothing Industry</b>	10 730.35			27/05/2021	
<b>Agricultural Industry</b>					
General agricultural sector	6 469			01/10/2021	
Tobacco sector (miscellaneous)	18 250			01/01/2021	
Cigarette and Tobacco Manufacturing Industry	13 200			29/01/2021	
Timber sector	10 750			01/10/2021	
Tea and Coffee sector	3500 ZWL and 20 USD component			01/10/2021	
Sugarcane sector	9 348			01/10/2021	
Horticulture sector	6 927			01/10/2021	
Agro sector	8 201			01/10/2021	
Kapenta sector	12 012			01/09/2021	
<b>Catering Industry</b>	14 612.13	2 534	1 267	16/04/2021	
<b>Soft drinks Manufacturing</b>	18 000			01/04/2021	
<b>Motor Industry</b>	18 000			02/09/2021	
<b>Zimbabwe Revenue Authority Undertaking</b>	31 170	7 033.29	7 901.59	01/01/2021	
<b>Security Industry</b>	8 500	1 500	10 <i>per shift</i>	01/04/2021	
<b>Brick Making and Clay Products Manufacturing Industry</b>	5 200			01/01/2021	
<b>Insurance and Pensions Industry</b>	16 390	4 750	3 960	01/01/2021	
<b>Furniture</b>	17 400			01/04/2021	
<b>Cement and</b>	16 569.36			01/07/2020	

<b>Lime and Allied Industry</b>	No agreement for 2021 yet				
<b>Electronics, Communications, Radio, TV Manufacturing and Allied Industry</b>	28 489.69			29/09/2021	31/12/2021
<b>Commercial Sectors of Zimbabwe</b>	12 000			01/04/2021	
<b>Leather and Shoe, Sports Equipment, Animal Skin Processing and Taxidermy, Leather goods, Travel and Canvas goods Manufacturing Industries</b>					
Travel goods sector	11 077.80	1 107.78	1 107.78	01/01/2021	
Canvas goods sector	11 077.80	1 107.78	1 107.78	01/01/2021	

Source: EMCOZ (2021)

Table 13 above details the registered minimum wage for the lowest paid employee by sector or employment council. The table shows the agreement time frame – not all sector use the same wage year, some start at the beginning of the calendar year, while others start in-between a year. Some sectors have a separate allowance for housing and transport, while others have an all-inclusive wage that is inclusive of all allowances. The sectors with empty boxes for housing and transport have all-inclusive wages. Sector wage negotiations have been observed to take longer periods, in some instances resulting in agreements being reached well into the year.